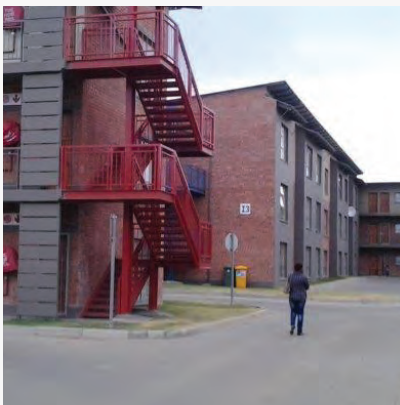


DEPARTMENT OF
HUMAN SETTLEMENTS

ANNUAL REPORT

2020 / 21

2020/2021
FINANCIAL YEAR



human settlements

Department of
Human Settlements
FREE STATE PROVINCE

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human settlements

Department of Human Settlements
FREE STATE PROVINCE

DEPARTMENT OF HUMAN SETTLEMENTS

VOTE NO. 13 ANNUAL REPORT 2020/2021 FINANCIAL YEAR

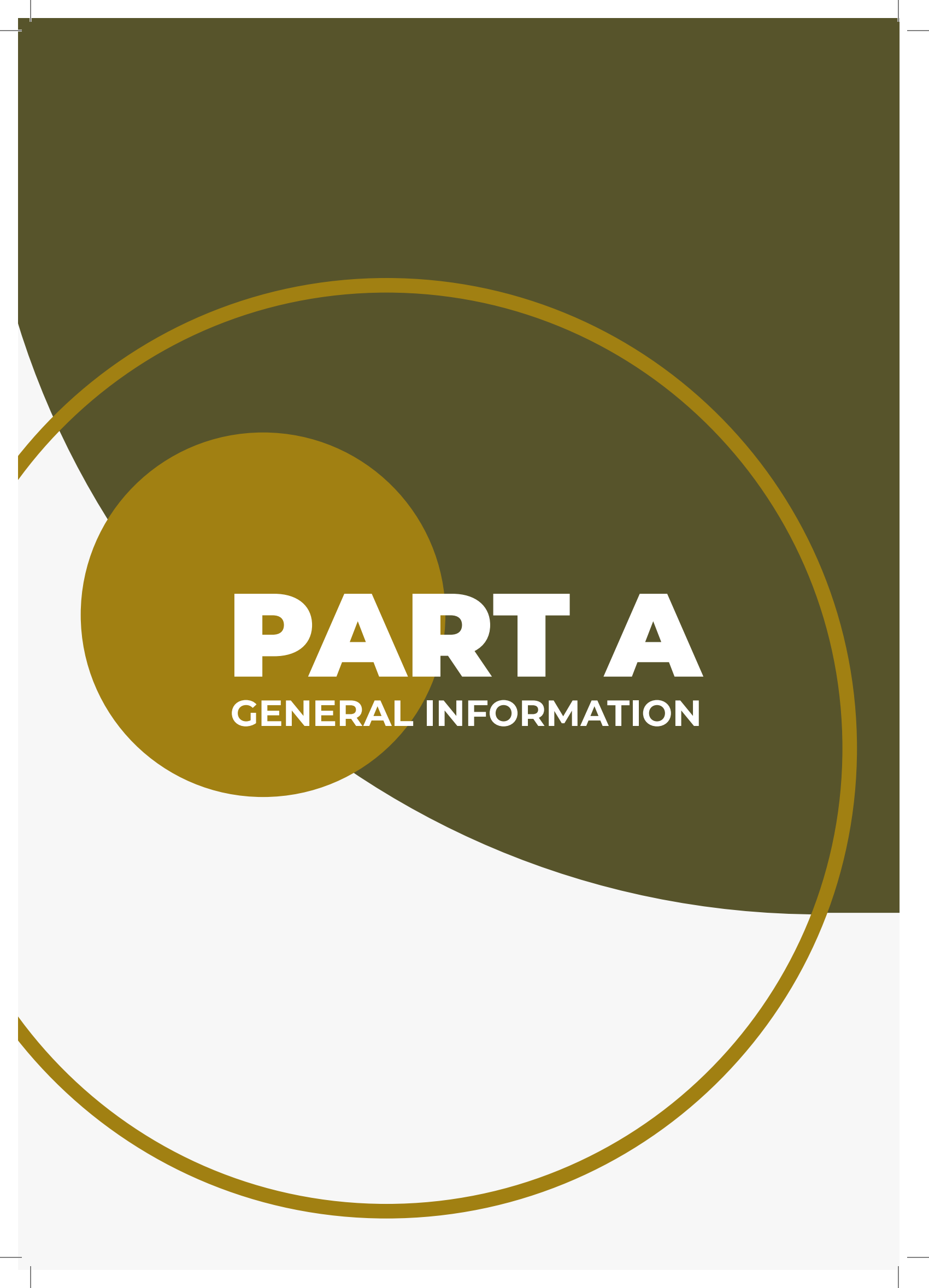
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PART A

GENERAL INFORMATION



DEPARTMENT GENERAL INFORMATION

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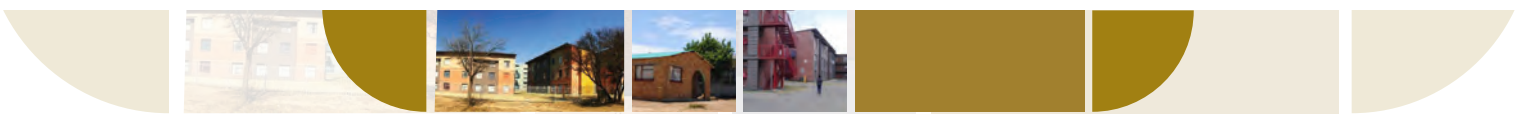
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EMAIL ADDRESS: hodhs@fshs.gov.za

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Acting CFO: evodia@fshs.gov.za

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LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statement
AGSA	Auditor-General of South Africa
AO	Accounting Officer
APP	Annual Performance Plan
BAS	Basic Accounting System
CFO	Chief Financial Officer
DPSA	Department of Public Service and Administration
EE	Employment Equity
EHW	Employee Health and Wellness
EPRE	Estimate of Provincial Revenue
EXCO	Executive Council
FSGDS	Free State Growth and Development Strategy
HOD	Head of Department
HRM	Human Resource Management
ICT	Information and Communication Technology
MACC	Minimum Anti-Corruption Capacity
MEC	Member of Executive Council
MFM	Municipal Finance Management
MFMA	Municipal Finance Management Act
MTEF	Medium Term Expenditure Framework
OHS	Occupational Health and Safety
PAIA	Promotion of Access to Information Act
PAJA	Promotion to Administrative Justice Act
PDMS	Performance and Development Management System
PERSAL	Personnel and Salary Information System
PFMA	Public Finance Management Act
PSDF	Free State Provincial Spatial Development Framework
QPR	Quarterly Performance Report
SDIP	Service Delivery Improvement Plan
SMS	Senior Management Service
TR	Treasury Regulations

FOREWORD BY THE MEC

The department committed to a number of priorities as per our Annual Performance Plan.

Amongst these were informal settlements upgrading and land acquisition, provision of housing units through various programmes, title deeds distribution and security of tenure as part of our role to the country's goal for land ownership.

An intense focus in service delivery for the Department of Human Settlements means an act of improving the lives of free state citizens.

In the 2020/2001 Budget injunctions, a commitment was made that people will have, amongst others, access to housing opportunities, water and sanitation and also land tenure rights. This commitment was made in line with the budgetary resources that were allocated.

The year, however, took a different turn due to COVID-19 and government in general faced serious pressures to conduct adjustment towards service delivery targets.

This affected Human capital, measures had to be put in place to address service delivery challenges whilst observing COVID-19 Regulations/ protocols. This meant that the delivery of infrastructure projects got delayed and this affected the performance of the department in general.

Based on the 2020/2021 audited predetermined objectives, the Department of Human Settlement has proved to have substantially made strides in achieving planned targets. This is a milestone that cannot be overlooked

The Department further obtained unqualified audit opinion with findings as per AGSA audit outcome. This is a reflection that the Department is really working hard to ensure commitment and compliance to prescripts for effective and efficient human settlements delivery.



MEC MOTSHIDISE KOLOZI

I therefore submit 2020/21 Annual Report of Human Settlements for tabling.

A handwritten signature in black ink, appearing to read 'M.A. Kolozi', written over a horizontal line.

MEC M.A KOLOI (MPL)
MEC OF THE DEPARTMENT OF INFRASTRUCTURE AND HUMAN SETTLEMENTS
PUBLIC WORKS,

DATE: 31 August 2021

REPORT OF THE ACCOUNTING OFFICER

In ensuring that our efforts are well directed, departmental plans have been fully aligned to the NDP, MTSF and other provincial priorities. The department has carried out its mission in ensuring that there is sound administration, functional settlements that are spatially, socially and economically integrated, provision of affordable housing in order to increase access to basic services and acceleration of land tenure rights. The Department like many other institutions was faced with several challenges of hard lockdown restrictions which delayed the Implementation of projects besides delivered I in that difficult environment



ADV. TSHEPO TSUAELI

A detailed report on departmental achievements are part of the programme performance in this report.

Overview of the financial results of the department:

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	160	141	19	173	725	(552)

than capital assets						
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	9	5	4	8	9	1
Sale of capital assets	40	1	39	-	12	(12)
Financial transactions in assets and liabilities	53 491	52 747	744	219	218	1
Total	53 700	52 894	806	400	964	(564)

The department is not a revenue generating entity, nevertheless the revenue generated during the two comparative financial years as stated above were from the following items:

- Sales of Goods and Services other than capital assets, the revenue was generated from sales of tender documents.
- Interest, dividends and rent on land, the revenue from this item was generated from interest charged on the debt owed by the staff members.
- Financial transactions in assets and Liabilities, the revenue is generated from recoveries from staff debt.
- Sales of capital assets is about revenue generated from sales of capital assets of the department.

During the 2019/ 20 financial year, the department collected actual revenue amounting to R0.964 million whilst the estimated revenue amounted to R0.400 million.

The over- collection of revenue was as a result of the following reasons

Sales of Goods and Services other than capital assets, the over- collection on this item was due to the amount of R0.173 million which was estimated but the actual collection amounted to R0.725 million. It should be indicated that more revenue was collected from the sales of tender documents as it was anticipated.

- Interest, dividends and rent on land, the estimated amount was R0.08 million and over collection of revenue amounted to R0.09 million which was collected on staff debt.
- Sales of capital assets, the department disposed capital assets during the financial year of which revenue amounting to R0.012 million was received although it was not projected.
- Financial transactions in assets and Liabilities, the estimated under-collection of revenue from recoveries of staff debt.

During the 2020/21 financial year the department collected revenue amounting to R052. 894 million whereas estimated revenue amounted to R053.700 million thus providing under-collected revenue amounting to R0.806 million.

The reasons for under-collection of revenue is mainly due to:

- Sales of Goods and Services other than capital assets, under-collected revenue amounting to R0.141 million due to low sales of tender documents.
- Interest, dividends and rent on land, an under-collected revenue amounting to R0.05 million due to the low collection of staff debt.
- Sales of capital assets, under-collected revenue amounting to R0.01 million due to Covid19 hence the lockdown instituted by the President of the country.
- Financial transactions in assets and Liabilities, lower revenue amounting to R052.747 million was collected whilst the estimated revenue amounted to R053 491 million.

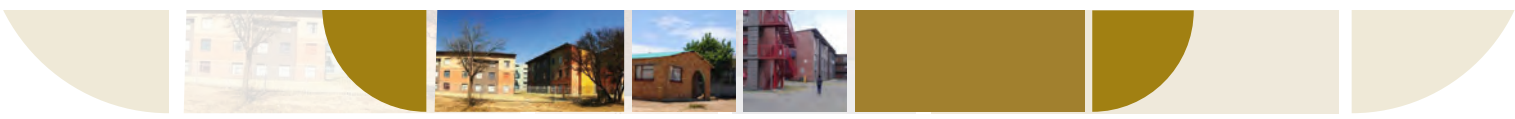
The department does not determine any tariffs to be charged since the department is not of generating revenue. Budgeted revenue on items as stated above is estimated based on assessed likelihood of collection on specified items.

Programme Expenditure

Sub- Programme Name	2020/2021			2019/2021		
	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
Administration	130 317	127 630	2 687	136 905	140 993	(4 088)
Housing Needs, Research & Planning	18 655	18 309	346	18 152	19 413	(1 261)
Housing Development	865 345	836 439	28 906	1 160 211	1 098 795	61 416
Housing Assets Management	1 403	1 387	16	619	1 260	(641)
Total	1 015 720	983 765	31 955	1 315 887	1 260 461	55 426

Programme 1: Administration – Expended 97.9 percent of its total allocated budget. The programme had budget cuts on Compensation of Employees and the goods and services due to Covid 19 in order to respond to Treasury's request on reprioritization of funds. It should be indicated that the budget cut impacted negatively on service delivery of the department.

Programme 2: Housing Needs, Research and Planning – Expended 98.1 percent of its allocated budget. Expenditure on the programme was mainly on cost driver item Training and Development.



Programme 3: Housing Development – Expended 96.7 percent of its total allocated budget. The Human Settlement Development Grant decreased by 7.9 percent, the allocation of the conditional grant was R849.981 billion in 2020/21. Due to poor performance of the grant, R100.000 million was also reduced at the end of the financial year.

Programme 4: Housing Asset Management – Expended 98.9 percent of its total allocated budget. The programme's cover-expenditure results from Cost of Employees due to an unfunded mandate.

Virements

- The total virement of R11 .000 million was approved, this include the amount of R8.000 million for the purpose training and development of Contractor Development Programme (CDP), these are contractors who are responsible for the demolition and reconstruction of two-roomed units. The amount of R3.000 million was for the Housing Subsidy System.
- The virement request amounting to R3.600 million was compiled for the purpose of making funds as there was a projected over expenditure on Compensation of Employees.
- The virement shifting amounting to R0.707 million was requested in order to pay the outstanding Audit fees. The Available funds were identified from programme 3, sub-programme Programme Design and Allocation Management.

Virements

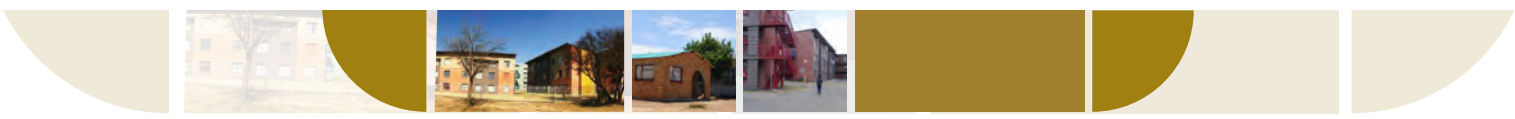
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Unauthorised Expenditure

The department has controls in place to detect and prevent re-occurrence of unauthorised expenditure. During the 2019/20 Financial Year, the department incurred unauthorised expenditure amounting to R5,107million due to appointments of Human Resources as a results of unfunded mandates. In 2020/21 Financial Year, the department did not incur additional



unauthorised expenditure.

Irregular Expenditure

The department is working on strengthening controls to ensure compliance with supply chain management procurement processes in order to prevent and detect occurrence of irregular and expenditure.

Fruitless and Wasteful Expenditure

The department is working on strengthening controls to ensure compliance with supply chain management procurement processes in order to prevent and detect occurrence of fruitless expenditure.

Public Private Partnerships

The department did not pursue any Public Private Partnerships in 2020/21 Financial Year.

Discontinued key activities / activities to be discontinued

There are no key activities that were discontinued in 2020/21 Financial Year.

New or proposed key activities

There are no new/ proposed key activities expected.

Supply chain management

The department did not conclude unsolicited bid during the period under review

Gifts and Donations received in kind from non-related parties

The department received Personal Protective Equipment (PPE) from Provincial Treasury as part of Covid-19 pandemic rescue.

Exemptions and deviations received from the National Treasury

The department did not receive any exemption from the PFMA or TR. However due to Covid-19 pandemic the department as well as the other department received extension to submit the 2021/20 Annual Financial Statements as well as the Audit report.

Events after the reporting date

No events after reporting date were reported for period under review.

Other

Covid-19 pandemic had an impact on delivery of services. The department could not have 100% capacity of employees due to Covid-19 regulations which had to be observed as a result, there was a slow delivery of services.

The hard work of the management and the entire staff during the trying time of experiencing the impact Covid 19 pandemic effects on service delivery is highly appreciated. The hard work can be witnessed when looking at the performance of the Department in terms of pre-determined objectives which is recognizable. Also the audit outcome as set by AGSA after auditing 2020/21, which the opinion is unqualified with findings reflected the commitment and dedication of management and staff in ensuring compliance on governance and administration in human settlements service delivery. That commitment is highly appreciated.

I submit 2020/21 Annual Report for tabling



Adv. Tshepo Tsuaeli
Acting Accounting Officer
Department of Human Settlements
Date: 31 August 2021

1. 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



Act. Accounting Officer
Name: Adv. Tshepo Tsuaeli
Date: 31 August 2021



7. STRATEGIC OVERVIEW

7.1. Vision

Integrated and sustainable human settlements

7.2. Mission.

The Department of Human Settlements will develop cohesive and integrated human settlements in the Free State, through:

- Sound administration and engagement of all spheres of government and social partners
- Functional settlements that are spatially, socially and economically integrated
- Provision of affordable housing
- Increased access to basic services
- Acceleration of land tenure rights

7.3 Values

- Professionalism, Integrity and Leadership
- Value for money and accountability
- Partnership
- Compassion and empathy
- Restoration of dignity and resilience
- Environmental friendly

8. LEGISLATIVE AND OTHER MANDATES

1. Constitutional Mandate	The Department derives its mandate from section 26(1) of the Constitution of the Republic of South Africa, Act 108, 1996
2. Legislative Mandates	
Public Finance Management Amended Act, 1999 (Act 29 of 1999)	Establishes the duties and responsibilities of government officials in charge of finances. The Act aims to secure transparency, accountability and sound financial management in government and public institutions
Public Service Act, 1994 (Act 103 of 1994)	To provide for the organisation and administration of the public service of the Republic, the regulation of the conditions of employment, terms of office, discipline, retirement and discharge of members of the public service, and matters connected therewith.
Skills Development Act, 1998 (Act 97 of 1998)	To provide an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African work force; to integrate those strategies within the National Qualifications Framework contemplated in the South African Qualifications Authority Act, 1995; to provide for learnership which lead to recognised occupational qualifications; to provide for the 'financing of skills development by means of a levy-grant scheme and a National Skills Fund; to provide for and regulate employment services; and to provide for matters connected therewith.
Labour Relations Act, 1995 (Act 66 of 1995)	The purpose of the labour relations act is not only to protect everyone in the workplace but to also promote economic development, fair labour practices, peace, democracy and social development
Division of Revenue Act of 2020	To provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2019/20 financial year; to provide for reporting requirements for allocations pursuant to such divisions; to provide for the withholding and the delaying of payments; to provide for liability for cost incurred in litigation in violation of the principles of co-operative governance and intergovernmental relations; and to provide for matters connected therewith.
Public Service Laws Amendment Act, 1997 (Act 47 of 1997 and 86 of 1998)	To amend the Public Service Act, 1994, so as to further define, to substitute or to delete certain expressions; to further regulate the application of the said Act; to provide for the readjustment of the functions of the Public Service Commission and the circumscription of the functions of the Minister for the Public Service and Administration and an executing authority; to make other provision in connection with the management, administration and functions of the South African Management and Development Institute and the administration of the Training Fund; to make further provision in connection with the implementation or limitation of actions affecting the public service or its members; to enable the said Minister to have access to certain documents and information; to make further provision in connection with the power of the President to amend Schedules 1 and 2 to the said Act; to make other provision in connection with the inclusion of posts in, or the exclusion of posts from, the A or B division; to make further provision in connection with appointments, promotions and transfers; to

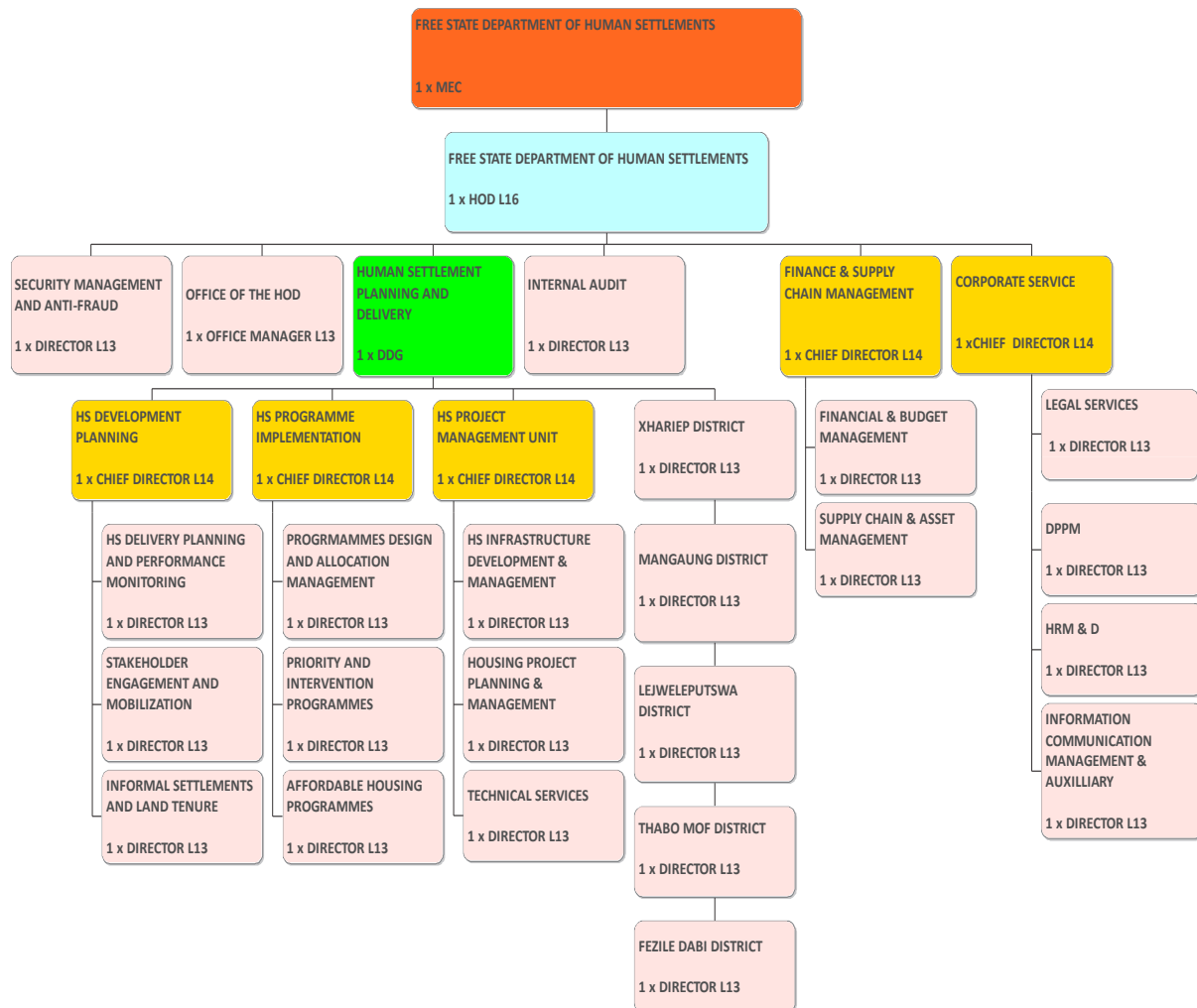
	make further provision in connection with the discharge of officers; to further regulate inefficiency and misconduct; to further regulate the receipt of unauthorised remuneration; to make other provision in connection with the reduction of salaries of officers; to make further provision in connection with grievances of officers and employees; to empower the said Minister to make regulations; and to empower the said Minister to assign certain functions to officers or employees of his or her department; and to repeal or to amend other laws relating to the public service so as to remove obsolete provisions or to effect certain consequential amendments arising from the readjustment of the functions of the said Commission; and to provide for incidental matters.
Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)	To regulate procurement of goods and services for the Department in compliance with section 217 of the Constitution by ensuring that all procurement processes are fair, transparent, equitable, competitive and cost effective.
Conversion of Certain Rights into Leaseholds or Ownership Act, 1988 (Act 81 of 1988)	This Act provides for the conversion of certain rights of occupation issued to a holder of a site situated in a township whether such township has been formalized or not- established under the now revoked Black Communities Act 4 of 1984, into leasehold or ownership. The Act therefore makes provision for the determination of affected sites or persons; an inquiry into affected sites; grievance (appeal) procedures; and the issuing of leaseholds or transfer of ownership.
Black Communities Development Act, 1994 (Act 4 of 1984)	The Act was repealed save for Chapter 6 and the Regulations thereto. As will appear from the above paragraph, this Act is the principal Act 81 of 1988 and makes provision for the designation of certain areas as development areas and makes provision for township establishment
Upgrading of Land Tenure Rights Act, 1991 (Act 112 of 1991)	This Act makes provision for the upgrading of informal rights, viz., and the deeds of grant, leaseholds and quitrent title permission to occupy
Interim Protection of Informal Land Rights Act, 1996 (Act 31 of 1996)	This Act recognizes certain informal rights to land. One of the functions of the section is to resettle people who are unlawfully occupying land. In the process, it is incumbent on the section to ensure that the informal rights to land are recognized in the process of such resettlement.
The Housing Act, 1997 (Act 107 of 1997)	Through this legislation, existing and future, and the Housing Code, the Department of Housing is carrying out its legislative imperative as set out in the Housing Act, 1997. Section 2 of the Housing Act, 1997 (Act No. 107 of 1997) compels all three spheres of government to give priority to the needs of the poor in respect of housing development (section 2(1)(a)). In addition all 3 spheres of government must ensure that housing development provides as wide a choice of housing and tenure options as is reasonably possible:
Prevention of Illegal Eviction from and Unlawful Occupation of	The Prevention of Illegal Eviction from and Unlawful Occupation of Land Act was promulgated in 1998. The Act repeals the Prevention of Illegal Squatting Act No. 52 of 1951 and makes provision for a fair and equitable process to be followed

Land Act, 1998 (Act 19 of 1998)	when evicting people who have unlawfully invaded land, from their homes. The Act also makes it an offence to evict legally without due process of law.
The Housing Consumers Protection Measures Act, 1998 (Act 95 of 1998)	The Act provides for the establishment of a statutory regulating body for homebuilders. The National Home Builders Registration Council will register every builder and regulate the home building industry by formulating and enforcing a code of conduct. The implementation of the Act is monitored continuously.
The Rental Housing Act, 1999 (Act 50 of 1999)	This Act repeals the Rent Control Act of 1976 and defines Government's responsibility for rental housing property. It creates mechanisms to promote the provision of rental housing and the proper functioning of the rental housing market. To facilitate sound relations between tenants and landlords, it lays down general requirements for leases and principles for conflict resolution in the rental-housing sector. It also makes provision for the establishment of Rental Housing Tribunals and defines the functions, powers and duties of such Tribunals. Provincial housing departments are establishing Rental Housing Tribunals
Home Loan and Mortgage Disclosure Act, 2000 (Act 63 of 2000)	The Act provides for the establishment of the Office of Disclosure and the monitoring of financial institutions serving the housing credit needs of communities. It requires financial institutions to disclose information and identities discriminatory lending patterns. The act will come into operation during 2003.
Subdivision of Agricultural Land Act, 1970 (Act 70 of 1970)	This Act is used for Town Planning advice to the Department of Land Affairs on the subdivision of agricultural land.
The Townships Ordinance No. 9 of 1969	This Ordinance is used for the establishment of towns, subdivision and consolidation, amendment of the general plan and the amendment of town-planning schemes. The townships board is also instituted in terms of this ordinance
Disestablishment of South African Trust Limited Act, 2002 (Act 26 of 2002)	The winding down of the South African Housing Trust and the transfer of functions relating to financial obligations were completed during the end of 2002 and the beginning of 2003 in terms of Act 2002: Disestablishment of SA trust Limited Act, 2002.
Public Audit Act, 2004 (Act 25 of 2004)	Regulates the audit of Government Departments and State Owned Enterprises
Social Housing Act, 2008 (Act 16 of 2008)	Regulates the Social Housing Market
Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013)	This Act provides a framework for the monitoring, coordination and review of the spatial planning and land use management system. It also provides for the establishment, functions and operation of Municipal Planning Tribunals.
Housing Development	The Act establishes the Housing Development Agency; provides for its functions

Agency Act, 2008 (Act 23 of 2008)	and powers; and provides for matters connected therewith. The objects of the Housing Development Agency are to: Identify, acquire, hold, develop and release state, communal and privately owned land for residential and community purposes and for the creation of sustainable human settlements Project manage housing development services for the purposes of the creation of sustainable human settlements Ensure and monitor that there is centrally coordinated planning and budgeting of all infrastructure required for housing development, and Monitor the provision of all infrastructures required for housing development. Implications The Free State Department of Human Settlements has concluded a Development Agreement with the HDA, and any future agreements should be aligned to the objects of the Agency.
National Environmental Management Act, 1998 (Act 107 of 1998)	The National Environmental Management Act (Act No. 107 of 1998) (NEMA) provides for co-operative environmental governance by establishing principles for decision-making on matters affecting the environment, institutions that will promote cooperative governance and procedures for co-ordinating environmental functions exercised by organs of state; for certain aspects of the administration and enforcement of other environmental management laws; and for matters connected therewith. Implications All housing developments require an environmental authorization before the development or any construction activities may precede, which may include an environmental impact assessment process.
3. Policy Mandates	
National Development Plan	Chapter nine of the NDP (Transforming Human Settlements) addresses the various housing/settlement issues South Africa is currently facing. In terms of transforming human settlements, the NDP states the following objectives: • Strong and efficient spatial planning system, well integrated across the spheres of government. • Upgrade all informal settlements on suitable, well-located land by 2030. • More people living closer to their places of work. • Better quality public transport. • More jobs in or close to dense, urban townships.
National Spatial Development Perspective	The National Spatial Development Perspective (NSDP) became national policy in 2002 and was revised 2006. The key objectives of the NSDP are to:

	• Provide a framework for discussing the space economy taking deprivation, resources, infrastructure and potential economic activity into account; • Establish a common reference point for national, provincial and local government to analyse and debate the development potential of different places in the country; • Identify key areas of tension and/or priority in achieving positive spatial outcomes with government infrastructure investment and development spending; and • Provide national government's strategic response to the above for a given timeframe.
The Housing Code, 2009	Government has introduced a variety of programmes which provide the poor households access to adequate housing in terms of the Housing Act, 1997 (Act No 107 of 1997). The policy principles set out in the White Paper on Housing aim to provide poor households with houses as well as basic services such as potable water and sanitation on an equitable basis. The National Housing Code; 2000 was substantially revised and consequently the new National Housing Code, 2009 was introduced. The 2009 Code is aimed at simplifying the implementation of housing projects by being less prescriptive while providing clear guidelines. The National Housing Code, 2009 further sets the underlying policy principles, guidelines, norms and standards that apply to Government's various housing assistance programmes introduced since 1994 and subsequently updated.
Comprehensive Plan for Sustainable Human Settlements (BNG)	The Comprehensive Plan also focuses on Informal Settlement Upgrading to meet the Millennium Goals of the United Nations to improve the lives of slum dwellers.
Free State Growth and Development Strategy	Driver 9: Facilitate sustainable human settlements of the FSGDS states that the status of human settlements is mostly extremely low densities, low levels of efficiency and long distances between places of employment and places of work. In order to improve economic efficiency, the FSGDS proposes that efficient resource use should be prioritised
Provincial Spatial Development Framework	The Free State Provincial Spatial Development Framework (PSDF) is a provincial spatial and strategic planning policy that responds to and complies with the relevant legislation and policy. SPLUMA provides for all spheres of government to compile and publish a spatial development framework. The NDP encourages all spheres of government to prepare SDFs that promote a developmental state in accordance with the principles of global sustainability.

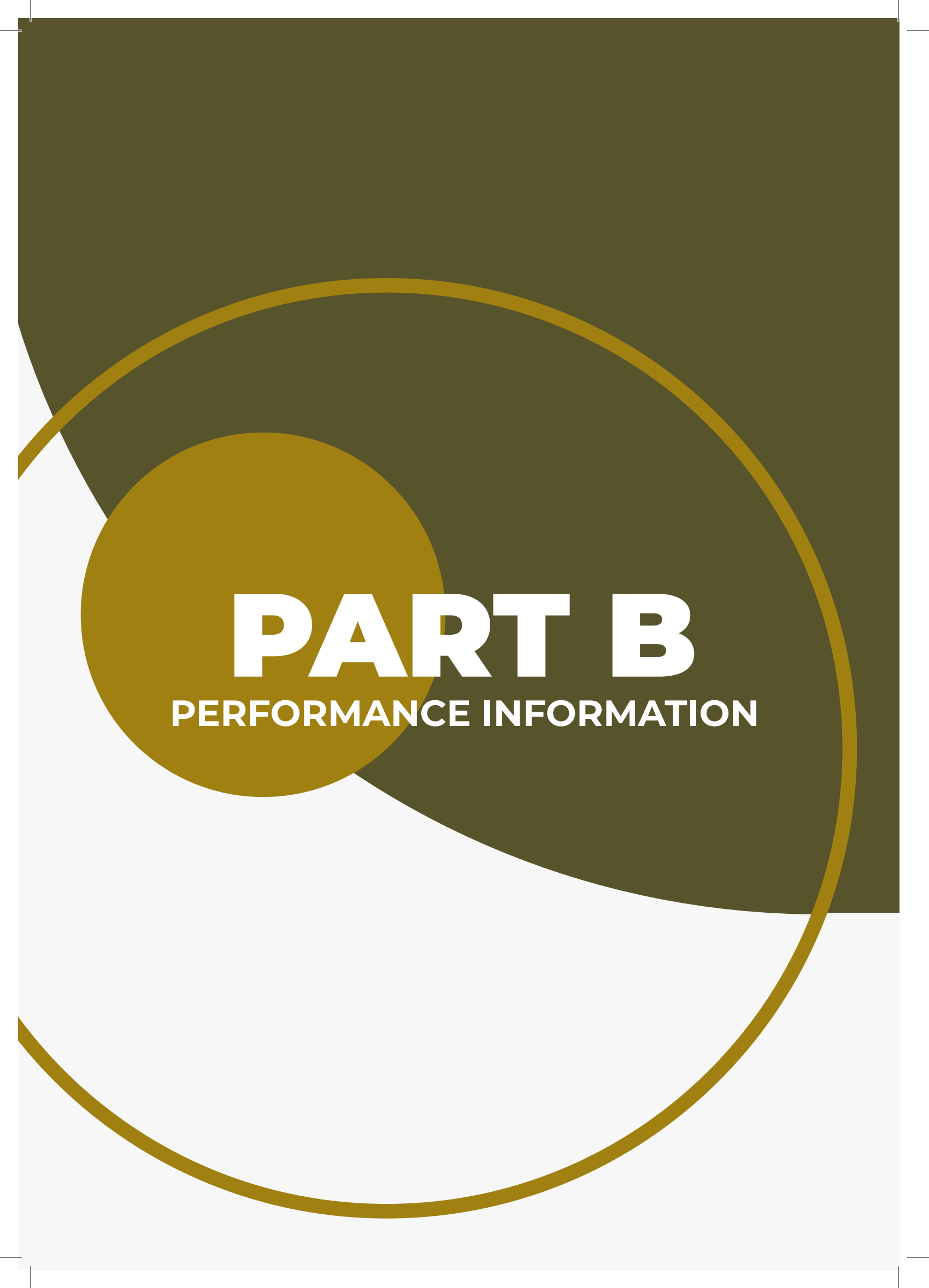
9. ORGANISATIONAL STRUCTURE



10. ENTITIES REPORTING TO THE MINISTER/MEC

No entities have been reporting to the MEC for the year under review

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
-	-	-	-

The background features a color gradient from dark olive green at the top to light grey at the bottom. A large, thin, golden-yellow circle is centered on the page. Overlapping the left side of this circle is a smaller, solid golden-yellow circle. The text 'PART B' is written in large, bold, white capital letters across the middle of the page, with 'PART' and 'B' separated by a wide space. Below 'PART B', the words 'PERFORMANCE INFORMATION' are written in a smaller, bold, white capital font.

PART B

PERFORMANCE INFORMATION



AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Report can be viewed under Part E of this report

1. OVERVIEW OF DEPARTMENTAL PERFORMANCE

1.1 Service Delivery Environment

Success in implementing the targeted outputs

- 5 municipalities were supported toward pre –accreditation (Metsimaholo, Dihlabeng, Matjhabeng, Moghaka and Maluti- a- Phofung) by March 2021
- 7 739 people in the targeted market were exposed to education programmes on owning and renting a home by March 2021
- 14 municipalities were supported on the implementation of Informal Settlements Upgrading Programme by March 2021
- 35 of Informal Settlements supported for upgrade in a phased approach to Phase 3/formalized
- 1157 new IRPD housing units were completed in the Province by March 2021
- 231 new sites were connected to basic water and sanitation services as part of the Integrated Residential Development Programme by March 2021
- 3877 houses and sites were connected to basic services as part of the Informal Settlements Upgrading Programme by March 2021
- 1219 post-1994 title deeds were registered (Act 107 of 1997- current by March 2021
- 23% of women and 21% youth contractors benefited in Human Settlements projects by March 2021
- 607 Work opportunities were created through human settlements programmes by March 2021
- 584 Community Residential Units (CRU) were delivered by March 2021
- 96% of validated invoices were paid within 30 days by March 2021
- Multi-Year Housing Development Plan has been reviewed
- 22,269 hectares of well-located land was acquired or released for human settlements development by March 2021
- 992 erven were planned and surveyed by March 2021
- 6 328 projects and houses were enrolled with NHBRC March 2021

- 150 housing units were delivered through Finance Linked Individual Subsidy Programme (FLISP)
- Mangaung Metro Municipality was supported toward pre –accreditation by March 2021
- 51 -pre-1994 title deeds were registered (Act 81 of 1988 by March 2021
- 1684 -post-1994 title deeds were registered (Act 107 of 1997-backlog) by

Challenges:

The following factors have impacted service delivery:

(a) Face to face contact with stakeholders -Consumer Education

The Department struggled to do face to face with the consumers due to lockdown restrictions, however, an alternative plan was developed where the department distributed some pamphlets to municipalities for distribution to their communities.

(b) Implementation of projects

Construction sites had been closed down for longer period, the planned output of houses delivery, water and sanitation could not be reached.

(c) Hectares acquired

Delays in the conclusion of deed of sale was as a result of delayed payment to HDA, as well as costs price not being agreed upon between the buyer and the seller. Negotiations are ongoing for 2 farms in Matjhabeng; Dooringkop (501 ha) and farm Heldewater (701 ha)

(d) Title Deeds (current and backlog)

The result of underperformance can be attributed to several challenges experienced by conveyancers on:

- Locating of Title Deeds not lodged in the Deeds Office was hampering performance on title deed registration
- Estates are not reported to the Magistrates courts,
- Beneficiaries that are working in other provinces, thus leading to conveyancers not being able to locate them for assistance with rectification transfers
- Disputes amongst family members
- The floating of township titled amongst conveyancers caused delays for other conveyancers.
- Townships registers were opened but proclamation did not follow.
- Housing files at municipalities were destroyed in natural disasters and or riots

(e) Housing Delivery

Housing delivery and water connection on households and new sites performance began to pick up on the third quarter as employees and contractors could not go to sites because of lockdown restrictions.

Various projects were targeted to complete 891 units, however only 23 projects performed and completed 413 houses. 3 of the projects, namely Harrismith Schoonplaat, Voggelfontein and Excelsior have stopped work due to contracts expiring. 4 Projects are in procurement stage. The

budgets were revised in a reprioritized Business Plan which had a reduction of R100M. The reduction saw most of the programmes budget zeroed and contractors have not finalized milestones on sites. Covid-19 pandemic have had a huge influence on the overall schedules of projects with material shortages and stop-and-starting of operations being experienced.

Opening township registers

The appointed service provider was liquidated. The liquidation process is still ongoing at this stage. The department is dealing with the contractual challenges caused by the liquidation in order to enable finalization of those various registers

1.2 Service Delivery Improvement Plan

The department has completed a service delivery improvement plan. The tables below highlight the service delivery plan and the achievements to date.

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Issuing of Tittle Deeds to qualifying beneficiaries	All qualifying beneficiaries	2954 Tittle Deeds were targeted towards registration and ultimately issuing to qualifying beneficiaries	Improvement is required hence the SDIP as a strategy towards improvement	This includes Act 107 current Act 107 Post Act 81

Batho Pele arrangements with beneficiaries (Consultation and access)

Current/actual arrangements	Desired arrangements	Actual achievements
Consultation is done through National and Provincial Steering Committee Meetings and meetings with conveyances	Consultation is done through National and Provincial Steering Committee meetings and meetings with conveyances	National, Provincial Steering Committee Meetings were held together with meetings with conveyances
Information displayed at Municipal Notice Board for access to services	Information displayed at Municipal Notice boards for access to services	Information is displayed at Municipal Notice Board for access to services.

Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
- Telephonic as available per telephone directory. - Social media channels are used to disseminate information and receive complaints and compliments, and to respond to queries Website is used to disseminate information and	Acceleration of know your service rights campaign through visits to taxi ranks and public places	Switchboard receives calls from Monday to Friday 07:30 -16:00
Help desk on the 7th floor of OR Tambo Building.	Deployment of information officer at entrance of buildings housing Human Settlements	Two frontline officials are permanently positioned at the information desk Monday to Friday 07:30 to 16:00
Correspondence to physical and postal address	Extension to district offices	OR Tambo Building, Cnr Markgraaf & St Andrews Street
Internet as per Web Site	Access to internet by more people.	Information disseminated on the website and intranet www.fspg.gov.za www.gitoc.fs.gov.za
E-mail and intranet		All officials have e-mail addresses and information also can be accessed globally on the intranet.
- Radio and print media - Outreach activities through Consumer Education.	Radio slots in the community radio station -	Partnerships formed with community radios to broadcast information about various programmes. Response to media queries through interview. The Consumer Education activities of the department reach out to communities to inform them about the department's programmes.



Current/actual information tools	Desired information tools	Actual achievements
Outreach through the office of the MEC or by the MEC	-	MEC's Office conducts outreach activities to launch projects, hand out title deeds and share awareness and information about the work of the department.

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Complaints, compliments or suggestion boxes	Suggestion and complain boxes	Complaints, compliments and/or suggestion boxes are placed around buildings housing the department of
Telephonic, facsimile as per telephonic directory	Local newspaper	Provincial directory of government services is updated annually by the office of the Premier and contains contacts, offices of
Provincial Toll-free number and Presidential hotline	Appointed of frontline officers dealing with complaints in district	Toll-free line: 0800 600 224 and 17737
Walk inns complaints	HSS Truck	Walk inns complaints are handled by help desk frontline staff positioned at OR Tambo Building, 7 th Floor
Complaints, compliments or suggestion boxes	Ward committee members responsible for housing assists	None displayed since provincial human settlements department is sharing the building (OR Tambo) with 3 other departments. The



1.3 Organisational environment

The department had a total of 30 targets for the Year 2020/2021 financial year. A total of 20 (66,66%) targets have been achieved, 10 (33,33%) targets have not been achieved by the department. This information is subject for audit.

The Department has a total number 522 posts on approved establishment and to 410 post has been filled. A number of officials are performing duties of vacant funded position on acting capacity. At the end of 2020 financial year the vacancy rate was 25.70.

The department did not experience strikes under the period under review, however delays in service delivery was as a result of lockdown restrictions.

The Department uses a Housing Subsidy System (HSS) and other National controlled systems. To date no system failure has been reported to have hampered service delivery in the Departments of Human Settlements

Cases of the alleged fraud and maladministration are investigated as they are reported

1.4 Key policy developments and legislative changes

No major changes to relevant policies or legislation during the period under review

2. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The attached table detail the impact and outcomes as per the progress made towards the achievement of the five year targets in relation to the outcome indicators.

NDP Five Year Implementation Plan Priority				PRIORITY 4: SPATIAL INTEGRATION, HUMAN SETTLEMENT AND LOCAL GOVERNMENT	
Outcome	Outcome Indicator	Baseline	Our Five year target starting from 01 April 2020	Progress made in terms of indicators 2020/2021 unaudited	Impact
Adequate housing and improved quality living environments	% increase of the households provided with housing opportunities	8880 (sites connected)	Sites - 42955	231	Improved quality living environments. Restored dignity and hygiene
		14998 (Household connections)	Household - 71269	3877	Improved quality living environments. Restored dignity and hygiene
		20514 housing units completed	Units completion - 18191 –	1157 IRDP+150 FLISP+584 CRU = 1891	Communities without and those who afford low in terms of salaries are afforded opportunities and access housing opportunities
			Title deeds - 18142	ACT 107 1219 CIURRENT+ 51 ACT 81+1684 ACT 107 BACKLOG= 2954	Beneficiary afforded an opportunity to their land tenure rights
Integrated Human Settlements sector plan	% increase in the planned human settlements projects aligned to the IDP's	100% of tabled/adopted IDPs with Human Settlements Chapter	100% of tabled/adopted IDPs with Human Settlements Chapter	Integrated plans	Integrated plans
Compliance with the critical provisions of the PFMA/Financial Regulations	% increase of compliance with the provisions of the PFMA	50% increase of compliance with the provisions of the PFMA	100% increase of compliance with the provisions of the PFMA	% of valid invoices were paid within 30 days	More invoices has been paid within 30 days, this is however an under performance as 100% determined by Treasury Regulation was not fully met.
				Approved Annual Performance Plans	Departmental planning in line with budget processes.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

Table 2.4.4.1:

The Department **did not re-table** the Annual Performance Plan

Programme / Sub-programme:									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	**Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations	Outcome
-	-	-	-	-	-	-	-	-	-

Table 2.4.4.2:

3.1 Programme 1: Administration

Purpose: The purpose of this programme is to provide overall management in the Department in accordance with all applicable Acts and Policies

Sub-Programmes	Purpose
Corporate Services	The purpose of this sub-programme is to provide corporate and administration support than is non-core function for the Department

Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	**Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Sub-programme: Corporate Services								
Compliance with critical provision of PFMA and Treasury Regulations	Annual Financial Statement	Number of annual financial statements produced by March 2021	1	1	1	1	-	-
	Paid invoices	100% of valid invoices paid within 30 days by March	100%	95%	100%	96%	Some valid invoices could not be processed on time as a result of processing	As part of validating invoices, processing control measures will be instituted beforehand to

		2021					procedure issues that realized upon processing	ensure that all accepted invoices can be processed
	Annual Performance Plans	Number of Annual Performance Plans produced by March 2021	1	1	1	1	-	-
	Annual Report	Number of annual Report produced by March 2021	0	0	1	0	The Annual Report for 2018/19 could not be tabled due to disputed Audit opinion qualification paragraphs. Intervention from AGSA, Head of Risk and Ethics was sought to assess the department's concerns. The Matter was only resolved in February. 2021. with regards to 2019 Annual Report of 2019/20 the audit process was finalized and audit report signed off on 28 February 2021. The above reasons resulted in delaying finalization of Annual reports for both 201/19 and 2019/20 financial years.	The Department is working in finalizing the final 2018/2019 and 2019/2020 Annual reports for approval and tabling

PROGRAMME 2: HOUSING NEEDS, RESEARCH AND PLANNING

Purpose: The purpose of this programme is to facilitate and undertake housing delivery planning

Sub-Programmes	Purpose
Administration	The purpose of this sub-programme is to provide the administration support services
Policy	The purpose of this sub-programme is to review, amend or develop human settlements policies or legislation
Planning	The purpose of this sub-programme is to develop or review the Multi-year housing development plan
Research	The purpose of this sub-programme is to conduct researches on matters relating to sustainable human settlements

Programme 2: Housing Needs, Research and Planning

Sub-programme: Policy

Integrate d Human Settlements sector plan	Approved Human Settlements Policy	Number of human settlement s policies approved in line with national policy guidelines	1	1	1	1	-	-
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Sub-programme: Planning

Integrate d Human Settlements sector plan	Multi-Year Housing Developm ent Plan	Number. of developed or reviewed Multi-Year Housing Developm ent Plan by 2021.	1	1	1	1	-	-
	Provincial human settlement s master spatial plan	Number of developed or reviewed Provincial human settlement s master spatial plan by March 2021	1	1	1	1	-	-
	Approved Human Settlements Plan	Approved Human Settlement s Plan (HSDG	NPI	NPI	1	1	-	-

		funded)						
Sub-programme: Research								
Integrated Human Settlements sector plan	Research projects	Number of research projects approved with content relating to development of sustainable human settlements within the MTEF period by March 2021.	1	1	1	1	-	-
	Research papers completed	Number of research papers completed with content relating to development of sustainable with the MTEF period by March 2021.	1	0	1	0	The Research paper could not be completed as the final quotations received were higher than allocated funding.	Department to allocate sufficient funds.

PROGRAMME 3: HOUSING DEVELOPMENT

Purpose: The purpose of this programme is to regulate rentals and provide for the effective and efficient management housing assets as well as upgrading of Land Tenure and to facilitate access to adequate housing opportunities

Sub-Programmes	Purpose
Administration	The purpose of the sub-programme is to provide the administrative support services
Financial Intervention	The purpose of this sub-programme is to provide immediate access to housing opportunities creating and enabling environment and providing implementation support
Financial Intervention	The purpose of this sub-programme is to facilitate access to housing through a phased process
Social and Rental	The purpose of this sub-programme is to facilitate access to rental housing opportunities, supporting urban restructuring and integrations
Title deeds restoration	The purpose of this sub-programme is to facilitate the eradication of title deeds backlog in the province

Programme 3 : Housing Development								
Sub-programme: Financial interventions								
Inclusive housing opportunities realized	65% of acquired land rezoned	Number of hectares of well-located land acquired or released for human settlements development by March 2021	0	21.ha	34,112 5ha	22, 2698 ha	Cost price agreement negotiations between the buyer and seller took longer than anticipated	Intensive negotiations are ongoing for 2 farms in Matjhabeng; Dooringkop (501 ha) and farm Heldewater (701 ha).
	Erven planned and surveyed	Number of erven planned and surveyed by March 2021	2134	1240	6000	992	The projects commenced in late February 2020 and a month later lockdown was imposed due to the Covid 19 pandemic, as a result many processes were put on hold, which led to the substantial delays in the execution of the	Extension of time will be given to the projects respectively and to deal with challenges that could potentially cause further delays

Programme 3 : Housing Development								
							projects.	
	Township registers opened	Number. of township registers opened by March 2021 (Kopanong, Letsemeng, Metsimaholo, Maluti a Phofung and Matjhabeng Municipalities)	0	4	4	0	The appointed service provider was liquidated. The liquidation process is still ongoing at this stage	The department is dealing with the contractual challenges caused by the liquidation in order to enable finalization of those various registers
	Projects and houses enrolled with NHBRC	Number projects and houses enrolled with NHBRC March 2021	1933	6277	5000	6328	There were more projects enrolled with NHBRC than anticipated, resulting in an over-achievement	-
	FLISP allocated to beneficiaries	Number of housing units delivered through Finance Linked Individual Subsidy Programme (FLISP)	92	291	100	150	More applicants met the approval requirements	--
	Municipalities supported post-accreditation	Number of Municipalities supported post-accreditation (Mangaung) by March 2021	1	1	1	1	-	-
	Municipalities supported toward pre-accreditation	Number of municipalities supported toward pre	5	5	5	5	-	-

Programme 3 : Housing Development								
	on	– accreditation by March 2021						
	People benefited from consumer education	No. of people in the targeted market exposed to education programmes on owning and renting a home by March 2021	8253	8380	7000	7739	More pamphlets were delivered directly to Municipalities for distribution	
	Informal Settlements upgrading to phase	Number of municipalities supported on the implementation of Informal Settlements Upgrading Programme by March 2021	19	14	19	14	The department is providing an ongoing support on the upgrading of informal settlements and for the previous financial year, not all municipalities were reached as anticipated as a result of the restrictions imposed by the country being on different lockdown alert levels.	-
	Informal Settlements upgrading to phase	Number of Informal Settlements supported for upgrade in a phased approach to Phase 3/formalized	NPI	NPI	32	35	Upgrading work continued in different settlements throughout the year in different phases. There are signed progress reports acknowledging different studies completed, approved engineering designs and completion reports/certificates	-
Sub-programme: Incremental interventions								
Inclusive housing	Housing units	Number of new IRDP	4785	1653	2581	1157	All sites were stopped from the	Units that were not achieved in the

Programme 3 : Housing Development								
opportuni ty realized	completed	housing units completed in the Province by March 2021					26th March 2020 and not work too place until 17 August 2020. This had a major impact on the planned targets on sites. The Department embarked on an extensive recovery program after the lockdown conditions were relaxed but however, the after-effects of the lock down further hampered the recovery process. Following the lockdown, we experienced a notable shortage of construction materials as well as sporadic strikes on sites following labour department UIF payment delays for workforce. This further exacerbated delays on planned progress leading to some of the targets not being achieved. Furthermore, new Covid compliant working procedures had a further impact on the delivery of units as only a few workers could be accommodated in some spaces.	previous financial year have been incorporated into the current years (2021.22) plans alongside new projects in order to recover on the lost deliveries. The Department has further accelerated the current year's delivery by stepping up supervision on sites in order to achieve a constant and consistent delivery throughout the financial year
Inclusive housing opportuni ty realized	Serviced sites delivered through a range of programmes in the housing code	Number of new sites connected to basic water and sanitation services as part of the Integrated Residential Developm	2547	1724	150	231	Over achievement as a result of accelerating the delivery by contractors as part of the catch up plan on the lost time.	Inconsistencies were noted between the indicator description and the means of verification, the matter was raised as a finding by AGSA

Programme 3 : Housing Development

		ent Programm e by March 2021						
	Serviced sites delivered through a range of programmes in the housing code	Number of houses and sites connected to basic services as part of the Informal Settlements Upgrading Programme by March 2021	3106	4647	2428	3877	More projects were performed during the year and this resulted in overachievement . These included the following projects: • Ngwathe Tumahole (Ext 8, 9 & 10) Water and Sewer - - Extention 8 • Ngwathe 495 Edenville Ngwathe Ext 5 Water and Sewer - Phase 1 • Ngwathe 310 Vredefort Mokwallo Ext 7 Water and Sewer - Phase 1 • Ngwathe 1721 Koppies Kwakwatsi Ext 5 and 323 sites in Kwakwatsi Ext 6 Water and Sewer - Phase 1 • Heilbron Phiritona Ext 10 Water and Sewer 1356 Sites - Phase 1 • Ngwathe Tumahole Ext 7 Water and Sewer(605 Consulting) -	Inconsistencies were noted between the indicator description and the means of verification, the matter was raised as a finding by AGSA

Programme 3 : Housing Development

							Phase 1 - Matjha beng Kutlwano Ext 13 2925 (k10) Water and Sewer - Phase 1 - Welkom Hani Park (Thabong Ext 18) 5000 Water and Sewer - Phase 1 - Matjha beng 500 Mmamahabane Ext 4 Water and Sewer - Phase 1 - Matjha beng 800 Thabong Ext 27 Homestead Water and Sewer - Phase 1 - Welkom Thabong Ext 27 (Phokeng) Water and Sewer for 873 Sites - Phase 1 - Phumelela Water and Sewer for 1009 sites in Warden Ezenzeleni Ext 7,8 and 9 - Phase 1 - Vrede Thembelihle Ext 4 - Roads, Storm water and Sewer network - Vrede Thembelihle Ext 4 Water and Sewer Phase 1	
	Post 2014 title deeds registered under Act 107 of 1997	Number. of post-1994 title deeds registered (Act 107 of 1997)	6663	335	5330	1219	Several challenges were experienced by Conveyancers: (1) The floating of township titled	In order to address the matter of floating title deeds the Department will communicate to conveyancers to

Programme 3 : Housing Development								
		1997-current by March 2021					amongst conveyancers caused delays for other conveyancers. (2) Townships registers were opened but proclamation did not follow. (3) Estates not reported and finalized (4) Disputes amongst family members	submit the original title deeds to the Department whom in turn will lodge it under the Department account at the deeds office. The Department liaised with Land Use Management in COGTA to assist with the proclamation of the areas in areas (Ezenzeleni extension 5, Zamani extensions 7 and 8) (3) The Department will communicate to conveyancers in order to determine a fee (to be included in the Service Level Agreement) for reporting and finalizing estates. This will contribute to the finalization of estates. (4) Dispute resolution cases were allocated to conveyancers and 95 cases were finalized in the 4th quarter.
	women and youth contractors benefited in Human Settlements projects	Percentage of women and youth contractors benefited in Human Settlements projects by March 2021	30%	Women =31.38% Youth =24.09%	Women =30% Youth =10%	Women =23% Youth =21%	Awareness made on targeted women contractors yielded less than expected results and yielded more youth contractors than expected	Awareness campaigns will continuously be made to all targeted groups to ensure that the target is met
	Work opportunities created through human settlements programmes	Number of work opportunities created by March 2021	376	508	500	607	Contractors submitted more work opportunities created that anticipated	
Sub-programme: Social and rental interventions								
	CRU approved and	Number of Community	82	611	250	584	Annual target was achieved in	Inconsistencies were noted between the

Programme 3 : Housing Development							
	upgraded	Residential Units (CRU) delivered by March 2021					the third quarter. Contractors were encouraged to expedite work to make up for time lost due to the Covid-19 pandemic and subsequently performed above the target. indicator description and the means of verification, the matter is still under discussion with AGSA
Sub-programme: Title Deeds and restoration grant							
Inclusive housing opportunities realized	Eradicate 2014 backlog	Number of pre-1994 title deeds registered (Act 81 of 1988 by March 2021	497	302	800	51	Several challenges were experienced by Senior Land Tenure Officers: (1) The floating of township titled amongst conveyancers caused delays for other conveyancers. (2) Townships registers were opened but proclamation did not follow. (3) Estates not reported and finalized (4) Disputes amongst family members (5) Housing files at municipalities were destroyed in natural disasters and or riots (1) In order to address the matter of floating title deeds the Department will communicate to conveyancers to submit the original title deeds to the Department whom in turn will lodge it under the Department account at the deeds office. (2) The Department liaised with Land Use Management in COGTA to assist with the proclamation of the areas in areas (Ezenzeleni extension 5, Zamani extensions 7 and 8) (3) The Department will communicate to conveyancers in order to determine a fee (to be included in the Service Level Agreement) for reporting and finalising estates. This

Programme 3 : Housing Development								
								will contribute to the finalization of estates. (4) (4) Dispute resolution cases were allocated to conveyancers and 95 cases were finalized in this quarter. (5) (5) Senior Land Tenure officers will visit these municipalities in order to assemble information and documentation in order to rebuild the housing file.
	Registration for post 2014 development year	Number of post-1994 title deeds registered (Act 107 of 1997-backlog) by March 2021	6663	4711	2108	1684	Family disputes amongst qualifying beneficiaries contributed to the non-registration of title deeds. Estates not reported to the Magistrates courts led to the non-registration of title deeds. The fact that beneficiaries work in different towns as to where the PTO are held caused a delay in registration because they work outside the Free state (e.g. Gauteng) IMPACT OF COVID 19: (1) The Senior Land Tenure officers could not engage the Municipal officers due to the impact that Covid had on the municipal officers. Please take note that Senior Land Tenure Officers registered these	Conveyancers were assigned to resolve disputes amongst family members. Furthermore, consumer education pertaining to the importance of having a will and ownership of Title Deed are to be conducted. The matter of beneficiaries that work outside the Free State borders can be addressed in times of Public Holidays.

Programme 3 : Housing Development

							deeds and that payment come from Provincial funds and not the TRG. In the past we also report Pre 94 transfers here although TRG payments were not made.	
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PROGRAMME 4: HOUSING DEVELOPMENT

Purpose: The purpose of this programme is for effective management of housing assets

Programme 4: HOUSING ASSETS MANAGEMENT

Sub-programme: Housing properties management and maintenance

		No of housing assets maintained by March 2021	0	0	5	0	It has been difficult to maintain these properties due to the fact that they are not occupied by the rightful owners	The Department is pursuing with investigations to find the rightful occupants and possible eviction of those not rightful.
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Strategy to overcome areas of underperformance

Improvements in planning phase

- Number of hectares of well-located land acquired or released for human settlements development by March 2021
- Intensive negotiations are ongoing for 2 farms in Matjhabeng; Dooringkop (501 ha) and farm Heldewater (701 ha).
- Number of erven planned and surveyed by March 2021

Extension of time will be given to the projects respectively and to deal with challenges that could potentially cause further delays

- Number of new IRDP housing units completed in the Province by March 2021

Units that were not achieved in the previous financial year have been incorporated into the current years (2021.22) plans alongside new projects in order to recover on the lost deliveries. The Department has further accelerated the current year's delivery by stepping up supervision on sites in order to achieve a constant and consistent delivery throughout the financial year

- Number. of post-1994 title deeds registered (Act 107 pf 1997- current by March 2021

In order to address the matter of floating title deeds the Department will communicate to conveyancers to submit the original title deeds to the Department whom in turn will lodge it under the Department account at the deeds office.

The Department liaised with Land Use Management in COGTA to assist with the proclamation of the areas in (Ezenzeleni extension 5, Zamani extensions 7 and 8)

The Department will communicate to conveyancers in order to determine a fee (to be included in the Service Level Agreement) for reporting and finalizing estates. This will contribute to the finalization of estates

Dispute resolution cases were allocated to conveyancers and 95 cases were finalized in the 4th quarter.

- Number of pre-1994 title deeds registered (Act 81 of 1988 by March 2021

As per the above indicated explanation.

- Number of post-1994 title deeds registered (Act 107 of 1997-backlog) by March 2021

Conveyancers were assigned to resolve disputes amongst family members.

Furthermore, consumer education pertaining to the importance of having a will and ownership of Title Deed are to be conducted.

The matter of beneficiaries that work outside the Free State borders can be addressed in times of Public Holidays.

- No of housing assets maintained by March 2021

The Department is pursuing with investigations to find the rightful occupants and possible eviction of those not rightful

Performance in relation to Standardised Outputs and Output Indicators for Sectors with Concurrent Functions

	Output	Indicators	Comments
PROVINCE	Housing needs, research and planning	Number of pieces of provincial Human Settlements legislation passed (must be in line with national legislation)	Reported under institutional programme performance information
		Number of policies and implementation guidelines approved (must be in line with national policies and guidelines)	Reported under institutional programme performance information

		Part D of the Annual Performance Plan populated according to the prescribed format of National Treasury indicating planned targets and budget allocations over a five-year period	Reported under institutional programme performance information
		Number of approved Human Settlements projects contained in the IDP Chapter based on the objectives of Outcome 8 and representing National and Provincial priorities	Reported under institutional programme performance information
		Number of municipalities that the provincial human settlements department is providing with technical support (including transfer of skills) to enable the municipality to produce development plans for human settlements projects	To be confirmed
		Number of project proposals for research studies approved	Reported under institutional programme performance information
		Number of reports developed in terms of approved research studies and approved for publication	Reported under institutional programme performance information
	Housing development (conditional grant)	3.1 Number of Integrated implementation plans for priority development areas completed per year	Reported under institutional programme performance information
		3.2 % of acquired land during 2014-2019 rezoned	Reported under institutional programme performance information
		3.3 Number of serviced sites delivered through a range of programmes in the housing code	Reported under institutional programme performance information
		3.4 Number of title deeds registered to eradicate pre 2014 backlog per year	Reported under institutional programme performance information
		3.5 Number of title deeds registered for new (post 2014) developments per year	Reported as current
		3.6 Number of Informal Settlements Upgraded to Phase 3	Reported under institutional programme performance information
		3.7 Number of houses (units) delivered through subsidy programme	Did not include in the APP,

			FLISP has been included below
		3.8 Number of Social houses / rental units delivered	Phased out
		3.9 Number of Community residential units delivered	Reported under institutional programme performance information
		3.10 Number of households earning between R3501 – R22000 per annum provided with subsidies through Finance Linked Individual Subsidy Programme (FLISP)	Reported under institutional programme performance information
	Housing asset Management and property	Number of rental units sold to beneficiaries	Not included in the APP
		Number of rental units transferred	Not included in the APP
		Number of rental units devolved to municipalities in terms of section 15 of the Housing Act, 1997	Not included in the APP
		Number of debtors reduced per financial year (refer to sale debtors, loan debtors and terminated rental debtors)	Reported under institutional programme performance information

Reporting on the Institutional Response to the COVID-19 Pandemic

Department of Human Settlements provided the officials with face masks, sanitizers and also employees who reported to have COVID-19 were given a package of self-medication vitamins during their recoveries. The below table is a report provided during the second quarter, other quarters were null reports.

Table: Progress on Institutional Response to the COVID-19 Pandemic

INTERVENTION PROGRAMMES ON COVID 19

Budget Programme	Intervention	Geographic location (Province/District/local municipality) (Where Possible)	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
Human Settlements Development Grant (HSDG)	Maloti –a - Phofung	Maluti –a - Phofung	780 households	538 Temporary Shelter and Ablutions facilities 242 Ablutions	R14 859 859	R12 611 380.89	Not directly link	Beneficiaries were moved from a congested dwelling to temporary shelter that were coupled with ablution facilities. other
				Facilities				Beneficiaries were provided with ablutions facilities in their respective households



INTERNAL INTERVENTION PROGRAMMES ON COVID 19

- An internal Awareness on COVID 19 and mechanism in mitigating the spread of the COVID 19 was developed, procurement of standard PPEs on masks, 750 ml of spray bottles and cleaning cloths for all the office furniture was made. As the level of restrictions relaxed, a state of readiness and Work Place Plan for safe working environment was presented to each directorate on their mandate and expectations. An outreach programme to informal settlements in distribution of remaining sponsored sanitizers and soaps. COVID19 status of employees through the Outreach programme that would include sharing of experiences by employees affected and infected by COVID 19 and have fully recovered. The department also helped employees who tested positive in line of duty for necessary health interventions. A follow-up visit to employee who have chronic illness and unable to come to work was conducted. Moreover:
- The department intensified education on COVID19 and further make more posters and further distributed information on COVID 19 in the lifts, floors occupied by the department and global emails that could reach majority of employees who have access to emails in the department.
- Employee health and Wellness Committee comprises of 14 members were tasked by the office of the member of the executive Council (MEC) to undertake distribution of departmental outreach programme of 20.000 soaps to informal settlements. The programme further included the distribution of hand sanitizers sponsored by DESTEEAd training was encouraged.
- The outreach programme was supported by the municipalities that were identified and some community workers placed in those various municipalities. Department procured about 4800 of empty 1 litres bottles from petty cash for filling of bottles for distribution to various communities except Mangaung Metro
- The Department continued to support employees who tested positive for COVID 19 continued and made a provision of supplements and immune booster on approval of R350.00.
- The outreach programme was supported by the municipalities that were identified and some community workers placed in those various municipalities. Department procured about 4800 of empty 1 litres bottles from petty cash for filling of bottles for distribution to various communities except Mangaung Metro
- Human Resources developed a circular in which gave officials an opportunity to work or work from home taking into consideration their comorbidities.

ROLES OF COVID 19 MEMBERS

DRIVER HEAD OFFICE	Provide necessary transport assistance in terms of employee who may be affected or infected by COVID19 in the department
AUXILLARY SERVICES	Ensure that all PPEs are recorded and all necessary statistics are in place with issuing
FLIPS	Ensure that all PPEs are recorded and all necessary statistics are in place with issuing Provide support in Welkom offices on employees COVID 19 Needs
AUXLLIARY SERVICES	Provide necessary transport assistance in terms of employee who may be affected or infected by COVID19 in the department Provide support on Qwa-Qwa offices on employees COVID 19 Needs
BENEFIARY MANAGEMENT	Ensure that QwaQwa employees are provided with PPEs Head Quarters arrangements and provisioning of cleaning cloths and 750 ml spray for specific offices
FINANCE	Coordinate with CFO on matters pertaining to SOAPS and statistical keeping on the soaps and other procured PPEs from Treasury. Coordinate Sasolburg office on PPEs related to employees and collections of statistics of scanning and testing.
EMPLOYEES ASSISTANT PROGRAMME	Provide necessary office management on travelling plans, logistical arrangement Ensure that LT Trust and Old Sanlam building statistics and testing is undertaken Act in the absence of Deputy Director: EHW and Deputy Director: SMAC Secretariat of the COVID 19 Committee
PERSONAL ASSISTANT	Ensure that attendance register and screening documents are available Ensure that all weekly and monthly statistics are consolidated
SPECIAL PROGRAMMES	Coordinate the floors inspections in the O.R Tambo House and submit statistics to Ms Mothibi for capturing daily Become part of the overall team member to assist where a need arise in Kroonstad on COVID 19
SMAC	Coordinate the internal security provision and coordinate the internal interventions and strategies on COVID 19
DRIVER HEAD OFFICE	Provide necessary transport assistance in terms of employee who may be affected or infected by COVID19 in the department

Linking performance with budgets

Sub-programme expenditure

Programme 1: Administration	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
Administration	130 317	127 629	2 688	136 905	140 993	(40 088)
Total	130 317	127 629	2 688	136 905	140 993	(40 088)

Programme 1: Administration: The budget allocation of this programme was R136 905 in 2019/20 but reduced to R130 317 in 2020/21. The over expenditure in 2019/20 was (R40 088) and R2 688 in 2020/2021.

Sub-programme expenditure

Programme 2: Housing Needs, Research and Planning	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	2 155	2 004	151	2 402	2 184	218
Policy	3 127	2 985	142	2 913	2 979	(66)
Planning	11 743	10 971	772	11 325	11 894	(569)
Research	1 630	2 349	(719)	1 512	2 356	(844)
Total	18 655	18 309	346	18 152	19 413	(1 261)

The total final allocation of the final appropriation amount to R18 655 whilst in 2019/20 the final allocation was R 19 413 and the over expenditure amounted to R1 261 to in 2019/2020 and the under spending of R346 in 2020/2021.

Sub-programme expenditure

Programme 3: Housing Development	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	93 140	93 278	(138)	103 539	102 650	889
Financial Interventions	269 031	268 749	282	106 608	106 482	126
Incremental Interventions	380 875	376 313	4 562	478 962	478 698	264
Social and Rental Interventions	111 175	92 120	19 055	397 971	397 970	1
Rural Interventions				1 019	1 018	1
Title Deeds Restoration Grant	11 124	5 978	5 146	72 112	11 977	60 135
Total	865 345	836 438	28 907	1 160 211	1 098 795	61 416

In terms of the allocation of the sub-programme: Administration, the budget was more in 2019/2020 as the allocation amounted to R103. 539 million but dropped to R93.140 million in 2020/21. The Financial Intervention sub-programme's allocation increased to R269.031 million in 2020/2021 whilst the budget was R106.608 million in 2019/2020.

With regard to Incremental Interventions, the allocation of 2019/2020 was more than what was allocated in 2020/2021, the allocation was R478.962 million but the budget decreased to R380.875 million in 2020/2021.

The budget allocation of Social and Rental Interventions was also more in 2019/2020, the allocated funds were R397.971 million but dropped to R111.175 million in 2020/2021 with a huge under expenditure of R19.055 million. The Rural Intervention's allocation was amounted to R1.019 million in 2019/2020 with the actual expenditure of R1 018 million. There was no allocation of funds in 2020/21 financial year. With regard to Title Deeds, the budget was R11.124 million in 2020/2021 with the under expenditure to the tune of R5 146 million. The amount of R72 112 million was allocated in 2019/2020 and the actual expenditure was R11 977 million.

Sub-programme expenditure

	2020/2021			2019/2020		
Programme 4: Housing Asset Management	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	1 403	1 386	17	619	1 260	(641)
Total	1 403	1 386	17	619	1 260	(641)

Programme: 4 Housing Asset Management had over expenditure of R0.641 million in 2019/2020 as the budget was R0.619 million but the actual expenditure amounted to R1 260 million. The allocation was increased to R1.403 million in 2020/2021 financial year and the expenditure was R1.386 million.

4. TRANSFER PAYMENTS

5.1. Transfer payments to public entities.

Name of Public Entity	Key Outputs of the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
HOUSING DEVELOPMENT AGENCY	Approved Townships and Number of services site; Informal settlements upgrading support for all Free-State municipalities outside the NUSP programme 4; In terms of the Accreditation framework approved municipal planning documentation should be developed Extent of land acquired	R 233 980 000	R16 541 242.20	XX

5.2. Transfer payments to all organisations other than public entities

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

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

Not Applicable

The table below reflects the transfer payments which were budgeted for in the period 1 April 2020 to 31 March 2021, but no transfer payments were made.

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

Not Applicable

5. CONDITIONAL GRANTS

6.1. Conditional grants and earmarked funds paid

N/A

6.2. Conditional grants and earmarked funds received

The earmarked funds received by the department in the 2020/21 financial year was funded by Provincial Fund and not by the Division of Revenue Fund (DoRA).

The table/s below details the conditional grants received during for the period 1 April 2020 to 31 March 2021.

Conditional Grant 1: Human Settlements Development Grant

Department who transferred the grant	National Department of Human Settlements
Purpose of the grant	To provide funding for the progressive realisation of access to adequate housing through the creation of sustainable and integrated human settlements To provide funding to facilitate a programmatic and inclusive approach to upgrading informal settlements
Expected outputs of the grant	Sites: 3 778 Unit: 2 565 Title Deeds: 5 314
Actual outputs achieved	Sites: 4 108 Unit: 1 891 Title Deeds: 1 222
Amount per amended DORA	R 749 981 000
Amount received (R'000)	R 749 981
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	R 726 099
Reasons for the funds unspent by the entity	Challenges experienced by Project Management Unit which resulted in invoices not be honoured on time are as follows: • The Contractor's CSD not linked with the Department by Treasury, • Work was done as at end of 31 March 2021 but contractors' could not submit invoices before year end, • Municipality could not sign the claims forms on time, due to none availability of the inspector and more requirements needed by the Municipality before they can inspect, • Lockdown conditions and availability of completion materials, • Covid-19 UIF payouts due to labour department being slow and • Claimable work having to be repeated before full completion
Reasons for deviations on performance	(SEE COMMENT ABOVE)
Measures taken to improve performance	The following remedial actions were taken by the Department: • All active Contractors were requested to comply with CSD requirements, • The contractors were requested to submit claims Thursday before the scheduled run week going forward and • Department to have schedule for the inspectors.
Monitoring mechanism by the receiving department	The Department submits monthly and quarterly reports to the National Department of Human Settlements during the financial year to track performance. At the end of the year an evaluation report is submitted to monitor performance.

Conditional Grant 2: Title Deeds Restoration Grant

Department who transferred the grant	National Department of Human Settlements
Purpose of the grant	To provide funding for the eradication of the pre-2014 title deeds registration backlog
Expected outputs of the grant	Restoration Title Deeds (Pre 1994): 200 Restoration Title Deeds (Post 1994): 2 908
Actual outputs achieved	Disputes resolved: 397 Restoration Title Deeds (Pre 1994): 40 Restoration Title Deeds (Post 1994): 1 693
Amount per amended DORA	R 11 124 000
Amount received (R'000)	R 11 124
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	R 5 978
Reasons for the funds unspent by the entity	The reasons for under expenditure on the Grant are as follows: • The impact Covid 19 had on the performance of officials in the Department and on conveyancers that had to liaise with beneficiaries. Due to the Covid 19 regulations prohibiting interaction with beneficiaries, therefore this resulted into under performance. • Delay in signing deeds documents by municipal managers due to Covid 19 regulations. • Duplicate site numbers provided by municipalities. • Unreported estates to the office of the Master of the High Court and/or Magistrates Courts. • <u>Non-availability or lack of co-operation from beneficiaries during</u>
Reasons for deviations on performance	(See comment above)
Measures taken to improve performance	• Senior Land Tenure officers are assisting conveyancers with the speedy signing of deeds documents by Municipal Managers. • The Department, Conveyancers and Municipalities are working together to unlock the issue of duplicate site numbers and dispute resolutions. • Conveyancers are provided with expedition letters in order to submit to the Deeds office so as to expedite the delivery of tile deeds. • Consumer education at different municipalities was provided to address the importance of reporting of estates. • The Department had established a Steering Committee with conveyancers to address matters of mutual concerns.
Monitoring mechanism by the receiving department	The Department submits monthly and quarterly reports to the National Department of Human Settlements during the financial year to track performance. At the end of the year an evaluation report is submitted to monitor performance.

Conditional Grant 3: Expanded Public Work Incentive Grant

Department who transferred the grant	Department of Public Works
Purpose of the grant	To incentivise provincial Departments to expand work creation efforts through the use of labour intensive delivery methods.
Expected outputs of the grant	Target 963
Actual outputs achieved	607 Job opportunities created
Amount per amended DORA	R2 000 000
Amount received (R'000)	R 2 000
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	R 2 000
Reasons for the funds unspent by the entity	N/A
Reasons for deviations on performance	N/A
Measures taken to improve performance	N/A
Monitoring mechanism by the receiving department	The Department submits monthly reports to the Provincial Treasury. The In Year Monitoring report to the Provincial Department of Public Works.

6. DONOR FUNDS

Not Applicable

7.1. Donor Funds Received

- None

Donor Fund

Name of donor	-
Full amount of the funding	-
Period of the commitment	-
Purpose of the funding	-
Expected outputs	-
Actual outputs achieved	-
Amount received in current period (R'000)	-
Amount spent by the department (R'000)	-
Reasons for the funds unspent	-
Monitoring mechanism by the donor	-

7. CAPITAL INVESTMENT

8.1. Capital investment, maintenance and asset management plan

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	-	-	-	-	-	-
- Maintenance and repairs	-	-	-	-	-	-
Infrastructure transfer	729 700	701 363	28 337	1 051 736	991 241	60 495
- Current	7 512	3 033	4 479	58 144	58 101	43
- Capital	722 188	698 330	23 858	993 592	933 140	60 452
Total	729 700	701 363	28 337	1 051 736	991 241	60 495



PART C

GOVERNANCE



INTRODUCTION

Commitment by the department to maintain the highest standards of governance is fundamental to the management of public finances and resources. Users want assurance that the department has good governance structures in place to effectively, efficiently and economically utilize the state resources, which is funded by the tax payer.

1. RISK MANAGEMENT

The Department of Human Settlements has established a risk management committee for the current year which consists of senior managers and an Independent Chairperson and its terms of reference are outlined in the risk management committee charter. The roles and responsibilities of the risk management committee is to evaluate the effectiveness of mitigation strategies to address the material risks of the Department and also to report to the Head of Department of any changes in the risk profile.

The risk management committee together with the audit committee advises management on the mitigation strategies of risks and monitoring on the effectiveness of controls.

The department conducts a risk assessment annually to identify new and emerging risks. The outcome of the risk assessment is the departmental risk register which is presented to senior managers and the audit committee. The monitoring of risk mitigation strategies is presented to both the risk committee and the audit committee quarterly.

2. FRAUD AND CORRUPTION

The department has an approved Fraud Prevention Policy, Strategy and Implementation Plan. The Department carries out in depth investigations on reported cases of fraud and corruption and in some instances report these cases to relevant law enforcement agencies.

Department has an approved Whistle Blowing Policy, Strategy and Implementation Plan.

- According to departmental Whistle Blowing the employees can report Fraud and Corruption at the Presidential Anti-Corruption Hotline,
- They can also report Fraud and Corruption at the Premier's Department, Human Settlements departmental HOD's office, Security Management and Anti-Corruption Office and at the nearest Police Station should they so desire.
- Cases are being investigated and after further investigation referred to relevant agency for further investigations
- According to departmental Whistle Blowing the employees can report Fraud and Corruption at the Provincial Presidential Anti-Corruption Hotline
- They can also report Fraud and Corruption at the Premier's Department, Human Settlements departmental HOD's office, Security Management and Anti-Corruption Office and at the nearest Police Station.
- Cases are being investigated and after further investigation referred to relevant agency for further investigations or in some instances recommendations are implemented with the Department. In other cases, contractors are taken to task to complete assigned work.

3. MINIMISING CONFLICT OF INTEREST

- Department have an approved Ethics Policy, Strategy and Implementation Plan



4. CODE OF CONDUCT

In order to give practical effect to the relevant constitutional provisions relating to the public service, all employees are expected to comply with the Code of Conduct provided for in Chapter two (2) of the Public Service Regulations.

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

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

Although the Code of Conduct was drafted to be as comprehensive as possible, it is not an exhaustive set of rules regulating standards of conduct in the Department. However, our Acting Head of Department **Adv. TP Tsuaeli**, by virtue of his responsibility in terms of section 7(3)(b) of the Public Service Act is responsible for efficiently managing administration and the maintenance of discipline, meaning that the HOD ensure that the conduct of all employees conform to the basic values and principles governing public administration and the norms and standards prescribed by the Act.

The HOD also has a duty to ensure that all employees are acquainted with these measures, and that they accept and abide by them. In order to achieve this, our Human Resources Management and Development Directorate was task through the APP of the Department to arrange Information or Training Sessions where the Code of Conduct is unpacked or presented to officials. Hard copies of code of conduct is also distributed amongst colleagues as and when a need arise.

The primary purpose of the Code is a positive one, viz. to promote exemplary conduct. Notwithstanding this, an employee shall be guilty of misconduct, and may be dealt with in accordance with the relevant collective agreement if she or he contravenes any provision of the Code of Conduct or fails to comply with any provision thereof.

It is further with mentioning that all performance plans of both SMS members and other employees are standardized in terms of PMDS which further seeks to promote and give meaning to the code of conduct.

5. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

Buildings not in good conditions

Our district offices are not 100% in good conditions since the department more on the landlords to fix some other environmental hazard findings

Criteria/Standard

In terms of Paragraph 8.1.1: SHERQ Management Policy (Safety, Health, Environment, Risk and Quality) for Public Service:

The Head of Department shall provide as far as reasonably practicable a working environment that is safe and without risk to the health of employees". As a department, we have failed in QwaQwa offices that have been closed by the department of Labour for almost a year.

Audit Finding

Through inspection of the office buildings it was noted that there are water leakage and sometimes our offices lacking water and this has become health hazardous.

Cause

Poor maintenance and lack of commitment by landlords in fixing minor environmental hazards including adherence to the OHS Act on insurance of fire hoses working, escape route identified and serving fire extinguishers that have expire

Effect/Risk

Non - compliance with SHERQ legislation by landlord and ensuring that they adhere to the lease agreements. Electric cables may be exposed to water and endanger the life of the officials and most offices experience such challenges.

Recommendations

Department of Human Settlements should keep on reporting in writing to Department of Public Works and Infrastructure as the custodian of building occupied by government employees that they must do necessary repairs that needs to be implemented on their buildings,

PORTFOLIO COMMITTEES

The dates of the meeting

- 29 October 2020 – First Quarter
- 12 November 2020 – Second Quarter
- 15 June 2021 – Fourth Quarter

Matters raised by the Portfolio Committee and how has the department addressed these matters

1.

Matters raised	Response to matters raised
The department should put mechanisms in place to monitor the 30 days payment regulated deadline after the service has been rendered.	The department has mechanisms in place to ensure that suppliers are paid within 30 days. As at end of 3rd quarter of 2020/21 Financial Year, the department achieved 99% compliance in terms of paying service providers within 30 days. The department is committed to strengthening controls to ensure that compliance is achieved and maintained at 100%.
Develop a database of all suppliers who does business with the department and verify their	The department has taken note of the recommendation and will therefore develop the

existence and functionality on a quarterly basis and activeness of their bank accounts and whether they submit their returns annually to the South African Revenue Services.	database for all suppliers who does business with the department where their existence, functionality and activeness of their bank accounts will be verified on a quarterly basis as well as compliance to SARS annually
The department should ensure that water scarcity is resolved between the department and the municipalities where projects are concerned to ensure that projects are implemented and function smoothly.	The department is in constant consultation with municipalities through various planning forums in order to coordinate their development plan and align them to that of the provincial department. This will ensure that issues on the provision of bulk water services is allowed for in the plans
The department to put in place an implementation plan to ensure that they reach their targets despite the COVID-19 pandemic.	The Department compiled a recovery program in October 2020 after lockdown restrictions were lifted. The purpose of this plan was to re-plan
The department should come up with a plan to address the backlog in issuing of title deeds: The department to develop a contingency plan to address the issue of backlog regarding the issuing of title deeds and provide progress report.	The Department has already started with a plan in 2020. There is an MEC Title Deeds Fridays Programme, wherein MEC and her team visit different towns to issue Title Deeds directly to beneficiaries. Legal Services team do verification of beneficiaries prior to MEC visiting those towns. In December 2020 we issued Title Deeds as follows: Smithfield- 12 Nyakallong- 445 Frankfort- 64 Villiers- 68 Because of Covid 19 restrictions it has been halted but as soon as there is an upliftment or relaxation of restrictions we shall restart.
The department must be able to address title deeds backlog and put measures in place to ensure that Municipal Managers sign the required documents	The MEC has intervened by engaging Mayors and Municipal managers. Since her intervention Legal Services officials of the department, municipal officials and conveyancers have worked hand in hand. There has been improvement on documents signed.

The department must strive to achieve their planned targets especially on grants received from National Department of Human Settlements	The department has put in place performance based interventions with service providers for both sites and units to ensure that achievements are made on the agreed targets. Each service provider has a program within which they are monitored in order to facilitate the managing of their individual performances. These are all the contractors working within the funding on the grant.
A meeting must be arranged between the Committee, the department as well as all affected municipalities to address bottlenecks regarding the issuing of title deeds and the root cause of issuing title deeds to illegitimate unqualified beneficiaries as it has been observed through the processing of petitions applications	To address the matter in question. Preliminary meetings were held with Mafube as well as the Dihlabeng Local Municipality on the 11th December 2020 as well as the 13 th January 2021, however, follow-up meetings will be properly arranged where the Committee members will also be invited to meet with all affected municipalities

6. SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
15/2017	Information Technology controls	The accounting Officer should prioritise the findings and ensure that an action plan is developed and implemented to address the following: • Business Continuity • Disaster Recovery Plan • Contingency plans Implementation should be monitored on a monthly basis	A letter was sent to Provincial Treasury requesting training on Business Continuity Management (BCM) in March 2019. Provincial Treasury has requested National Treasury to assist with training on BCM in the province.	Yes
15/2017	Non - Compliance	Implement internal control measures to improve compliance with laws and regulations	A checklist addressing supporting documents to be submitted for monthly KCM was designed in	No

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
		Implement consequent management for poor/non-performance	order to ensure complete and accurate support is submitted. 100% of the supporting documentation were submitted during March 2019 prior to implementation of the checklist. The department will implement consequent management for poor/Non-Performance or non-submission of supporting documentation	
15/2017	Financial Health /Go concern	The Portfolio Committee was concerned about the significant amount of accruals and payables that were not disclosed as at 31 March 2017. This together with the voted funds to be surrendered indicates that a material uncertainty exists that may cast significant doubt on the department's ability to meet its financial obligations as they fall due and achieve service delivery as outlined in the annual performance plan. The Portfolio Committee resolved that the Accounting Officer should: Implement remedial actions to manage operations within the Department's appropriation.	The department did address completeness of accruals during submission of 2016/17 and 2017/18 Financial Statements. The department will Implement remedial actions to manage operations within the Department's appropriation.	Yes
15/2017	Quality of Annual Financial Statements	Investigate the cause of the misstatements of Accruals and Payables not recognized, Irregular Expenditure and Transfer Payments. Implement measures to ensure that financial statements are correct and free of material	The department implemented controls to ensure that financial transactions are properly reviewed by the Director: Finance and the Chief Financial Officer. In addition to the above,	Yes

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
		misstatements before submission thereof to the Provincial Treasury and AGSA. Capacitate officials responsible for maintaining of financial records (registers) used for secondary notes to ensure reliable and complete reporting.	confirmation of the accuracy and completeness of the information submitted to be included in the annual financial statements is signed by the responsible Senior Managers The Officials who submits inputs for the Annual Financial Statements were capacitated	
15/2017	Performance information	The Portfolio Committee was concerned about the credibility of the Annual Performance Report for the past three years with regards to performance indicators for Programme 2 – Housing needs, research and planning not being clearly defined and source information for the achievement of planned indicators for Programme 3 – Housing development not clearly defined and strategic objectives not being reported for various performance indicators. Adequate reviews of performance reports against relevant supporting documentations; and The Portfolio Committee resolved that the Accounting Officer should: The validity, accuracy and completeness of supporting documentations for reported performance	Finalised	Yes
15/2017	Interdepartmental debt	The Portfolio Committee was concerned about the unconfirmed/outstanding departmental claims against the following municipalities as per the 2016/17 Published Annual report: • Mangaung Fumservices : R265' • Mangaung Bomme	The department will consult with COGTA and Provincial Treasury to obtain assistance to recover outstanding claims. Consultations will resume after submission of 2018/19 Annual	No

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
		Building Construction: R230' • Matjhabeng Municipality : R34' • Moqhaka Municipality : R26' The Portfolio Committee resolved that the Accounting Officer should:	Financial Statements to AGSA	
15/2017	First level assurance providers	The Portfolio Committee raised a concern regarding the level of assurance provided by senior management, Accounting Officer and as the first level of assurance providers. The Portfolio Committee was concerned about the following: Senior management: Not implementing adequate controls to prevent and or mitigate the risk of material misstatements during financial and performance reporting and non-compliance with laws and regulations. The Accounting Officer not providing adequate oversight over the implementation of internal controls to ensure accurate and complete financial and performance reporting. The Portfolio Committee resolved that: Accounting Officer should provide oversight over the implementation of internal controls to ensure accurate and complete financial and performance reporting	Senior Management posts have been capitated, Senior Managers are responsible to prevent material misstatements in Financial Statements. In addition to the above confirmation of the accuracy and completeness of the information submitted to be included in the annual financial statements is signed by Senior Managers	Yes
15/2017	Repeat findings in audit reports	The Portfolio Committee noted that according to the Auditor-General sufficient reviews are not performed to ensure that repeated findings are addressed during the year.	All invoices received after year-end are verified to confirm whether services were rendered before year-end The retention in formation and calculations in the	Yes

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
			register were updated to ensure that payables and provisions were complete and accurate for inclusion in Annual Financial Statements disclosure notes Non-compliance relating to irregular expenditure were updated in the irregular expenditure register Proper record keeping were implemented to support all transfer payments made	
20/2017	Implementation of resolutions	The Portfolio Committee was concerned about the fact that the Accounting Officer/Authority did not ensure that the resolutions of the Portfolio Committee were implemented to achieve the envisaged aim of resolutions	Monthly KCM progress reports were signed-off by the Head of Department and were submitted to Provincial Treasury on a monthly The Accounting Officer implemented measures, including remedial action plans related to prior resolutions not yet implemented and instituted immediate actions to successfully address the root causes for delays to promote timely implementation Quarterly KCM progress report were prepared and submitted to the MEC and Provincial Treasury and status of PROPAC resolutions are presented to the	Yes

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
			Portfolio Committee on a quarterly basis	
15/2018	Audit Outcomes	The Portfolio Committee expressed their concern over the department's repeated qualified audit opinion.	Treasury recommendation is noted, as indicated above there is a significant improvement in financial accounting and reporting. Final Audit Report has indicated progress. With regards to retention register, the Director Finance works with Project Management unit to ensure the register is accurate and completed. There is a process in place addressing compilation of registers for inputs in AFS.	Yes
15/2018	Title Deeds	The Portfolio Committee was concerned about the backlog cases relating to the registration of title deeds and duplication of site numbers by municipalities.	The Department conducted the Consumer Education sessions at different Municipalities making the beneficiaries aware of the importance of title deeds.	No
15/2018	Misuse of GG vehicles	The Portfolio Committee was concerned about five (5) cases that have been reported by the PSC regarding the abuse/misuse of government vehicles by the department's officials and the fact that the related cases are actually identified by the Public Service Commission and not by the department itself.	The driver of the impounded vehicles was immediately suspended from driving GG Vehicles until the cases is finalized. □ All cases of impoundment are duly transferred to Labour Relations for investigations and disciplinary processes. If found guilty of misconduct, disciplinary	Yes

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
			measures are taken against transgressors and Labour Relations is communicating the outcome of each case to the relevant stakeholders.	
	Declaration of interest	The Portfolio Committee was concerned that the Department had the lowest compliance rate of all provincial departments in respect of disclosure of financial interest by SMS members and officials within SCM Unit	SMS members and SCM officials have done the financial disclosures for 2018/19	Yes
	Quality of Houses	Further investigate the Voggelfontein and Vrede Housing Projects for value for money received and provide feedback to the Committee within 90 days.	A quantity surveying professional services provider was appointed by the department to Investigate and audit value for money on the Vrede project and the report has since been completed and handed over to the department. The Department is in the process of implementing recovery measures from the service providers involved. Nala Consulting has been appointed. The Voggelfontein project was vandalised as a result of a slow beneficiary occupation of the housing units but the municipality has since come aboard to assist with the expediting of the process. A report has been attached that details where vandalism occurred in the project	No
20/2018	Supply Chain Management	The Portfolio Committee was concerned over the disregard for compliance with supply chain management regulations as this results in negative audit outcomes.	Human Resources Management advertised SCM posts.	No

7. PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Unqualified	2019/2020	-

8. INTERNAL CONTROL UNIT

The role of the department's Internal control is to put measures in place to ensure effectiveness of internal controls within the department, to confirm that controls are in place to address non-compliance matters as well as to confirm that policies and standard operating procedures are in place and adhered to.

Several gaps to internal controls were reported by the Internal and External Audit which indicated that the systems of internal controls were not entirely effective for the year under review.

The department is thus committed to improving on the control environment to ensure adherence to policies and standard operating procedures.

9. INTERNAL AUDIT AND AUDIT COMMITTEES

The tables below indicate attendance of members for the financial year 2020/2021.

Name	Capacity	Normal Meeting 30 June 2020	Special Meeting 31 July 2020	Normal Meeting 12 October 2020	Normal Meeting 08 December 2020	Normal Meeting 11 March 2021
Mr M Selaledi	Chairperson	*	*	*	*	*
Ms D Semppe	Member	*	*	*	*	*
Ms A Ngcingwana	Member	*	*	*	#	#
Adv J Lubbe	Member	Resigned in June 2020				
Ms P Mzizi	Member	#	*	*	#	*

10. AUDIT COMMITTEE REPORT

AUDIT COMMITTEE REPORT

Report of the Audit Committee

The Audit Committee of the Department of Human Settlements is pleased to present its report for the financial year ended **31 March 2021**.

Background Information

The Audit Committee has non-executive status in an advisory capacity to the Accounting Officer, to assist the Accounting Officer in fulfilling its oversight responsibility relating to:

- (i) *The integrity of the Department's financial statements and financial reporting process;*
- (ii) *System of internal control;*
- (iii) *The audit process; and*
- (iv) *The Department's process for monitoring compliance with laws, regulations and the code of conduct.*

In discharging its responsibilities, the Audit Committee is not itself responsible for the planning or conducting of audits or for any determination that the financial statements of the Department are complete and accurate or in accordance with generally recognised accounting procedures. This is the responsibility of management and the independent auditors. The Audit Committee's role is that of an independent monitoring and evaluation of activities within the Department.

With the advent of a Cabinet reshuffle which led to a complete split of the Department of Cooperative Governance, Traditional Affairs and Human Settlements and the integration of the department of Human Settlement into the Ministry of Public Works and Infrastructure, the department appointed the new standalone audit Committee.

The Audit Committee was therefore appointed by the Accounting Officer in consultation with Member of Executive Council: Public Works, Infrastructure and Human Settlements, for a period of three years, with effect from 01 May 2018 ending in May 2021.

Audit Committee Members and Attendance

The Audit Committee consists of the members listed hereunder and should meet at least four (4) times per annum as per its approved Audit Committee Charter, with a provision of two (2) special meetings where necessary.

With the advent of Covid 19 with regulations and Health Protocols which amongst other included social distancing, these meetings were held virtually through Microsoft Teams.

The tables below indicate attendance of members for the financial year 2020/2021.

Name	Capacity	Normal Meeting 30 June 2020	Special Meeting 31 July 2020	Normal Meeting 12 October 2020	Normal Meeting 08 December 2020	Normal Meeting 11 March 2021
Mr M Selaledi	Chairperson	*	*	*	*	*
Ms D Semppe	Member	*	*	*	*	*
Ms A Ngcingwana	Member	*	*	*	#	#
Adv J Lubbe	Member	Resigned in June 2020				
Ms P Mzizi	Member	#	*	*	#	*

Legend: * - *Attended the meeting*
- *Apology tendered*

Audit Committee Responsibility

The Audit Committee reports that it has complied with its roles and responsibilities arising from **Section 38(1) (a) of the Public Finance Management Act and Treasury Regulation 3.1.1 to 3.1.16** with regards to its establishment and Terms of Reference.

S38(1)(a) (PFMA)	S38(1)(a)(ii) of the PFMA state the following: (1) "The accounting officer for a department, (a) must ensure that department, has and maintains- (ii) a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77".
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The purpose of the Audit Committee is to:

- assist management in discharging its duties relating to the safeguarding of assets, operation of adequate systems of internal controls, governance, risk management and reporting processes, the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards;
- oversee the activities of, and to ensure coordination between, the activities of internal and external audit, in this context Auditor-General South Africa;
- provide a forum for discussing financial, enterprise-wide, market, regulatory, safety and other risks and control issues; and to monitor controls designed to minimize/mitigate these risks, they by creating a risk averse environment;
- review the department's annual integrated report, including the consolidated and separate annual financial statements, as well as its interim report and any other public reports or announcements containing financial information;
- receive and deal with any complaints concerning the accounting practices, internal and external audit or the content and audit of financial statements or related matters; and
- annually review the Committee's work and Charter to make recommendations to the board to ensure its effectiveness.



Duties carried out

The Audit Committee has performed its duties and responsibilities during the financial year according to its Charter.

The Audit Committee also reports that during the financial year under review it has reviewed and adopted appropriately:

- The Revised Audit Committee Charter, revised Internal Audit Activity (IAA) Charter and revised IAA Manual,
- Revised IAA Coverage Plan for the period and Report on the Performance against the approved IAA Coverage Plan,
- Report on the implantation of IAA recommendations,
- Progress report on the implementation of recommendation by the Auditor-General South Africa,
- KPI Reports on the assessments conducted by Provincial Treasury on the work of IAA
- Report on the Key Control Matrix
- MPAT Report and
- Risk Management and Risk Management Committee Reports.

The effectiveness of internal control

During the year under review, several instances of non-compliance were reported by the IAA that resulted in a breakdown in the functioning of systems of internal controls, governance and risk management process. The systems of internal controls were not entirely effective for the year under review, as compliance with prescribed policies and procedures were lacking in certain instances.

The Department has put much emphasis on improving internal controls and adherence to policies and policies thus the Audit Committee is reasonably satisfied that management's efforts in this regard have led to an increased level of compliance to internal controls, policies and procedures, however, there are still areas of concern where the state and status of internal control can be enhanced.

The IAA presented the activity Reports during the above-mentioned sittings of the Audit Committee, the reports of which included performance against the approved IAA Coverage Plan with all supporting documents, which highlighted the shortcomings as outlined in the above-mentioned paragraph.

The Audit Committee is concerned with lack of cooperation from management during the execution of the IAA Coverage Plan, the result of which some audit projects are abandoned thus inability for the IAA to complete the approved IAA Coverage Plan.

The circumstance is not pleasing as the Audit Committee is not in the position to exercise its oversight responsibility on systems of internal controls, governance and risk management process all audit project in particular those that had been abandoned. Management should implement measures to circumvent this unfortunate event.

The Audit Committee is pleased to report that, whilst the objectives of the IAA and the Auditor-General South Africa (AGSA) are different, the AGSA, determined that, based on their assessment of the scope of specific work performed, the objectivity and technical competence of the IAA, and whether the work is carried out with due diligence, some of the work performed by the IAA will be used to assess risk and internal control deficiencies that may impact on the audit process and to that effect all the reports issued by IAA had been shared and/or distributed to the Auditor- General South Africa.

The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.

The Audit Committee noted all In-Year Management monitoring and quarterly reports submitted in terms of the PFMA and the Division of Revenue Act to Provincial Treasury, in line with paragraph 3.1.11 of the Treasury Regulations.

Predetermined Objectives

The Audit Committee noted the presentations done on Predetermined Objectives and the progress on the achievement thereof by the Departmental Planning and Performance Monitoring Directorate during the course of the financial year.

The Audit Committee noted the following regarding the performance by various departmental Programmes:

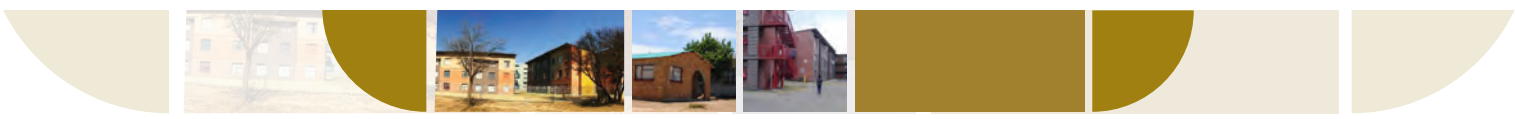
Name of Programme	Total number of Planned Targets	Achieved	Not Achieved
Programme 1: Administration	4	3	1
Programme 2: Housing need, Research and Planning	6	5	1
Programme 3: Housing Development	19	12	7
Programme 4: Housing Asset and Property Management	1	0	1
TOTAL	30	20	10

The Audit Committee noted with concern that out of **30** the targets planned for the year under review, only 20 targets which is sixty-seven percent (**67%**) were achieved and 10 targets which thirty-three percent (**33%**) were not achieved. Thus, the Committee request management to develop realistic and achievable targets and monitor on regular basis the performance against these targets.

Review and Evaluation of Interim Financial Statements

The Audit Committee noted the quarterly reviews performed by the IAA on the Interim Financial Statements. These reports were included in the IAA Reports which were presented at each sitting of the Audit Committee.

The Audit Committee also noted the reports on the reviews performed by Provincial Treasury and that management improved on the compilation and presentation of the Interim Financial Statement from one quarter to the other.



Review and Evaluation of Annual Financial Statements

The Audit Committee has:

- Reviewed and discussed the unaudited as well as audited annual financial statements to be included in the annual report with the Accounting Officer's Report,
- Reviewed progress on Auditor-General South Africa's management report and responses thereto for the 2019/2020 financial year and the effect of which to the current audit,
- Reviewed changes in accounting policies and practices,
- Reviewed the department's compliance with legal and regulatory provisions,
- Reviewed the information on predetermined objectives to be included in the annual report,
- Reviewed significant adjustments resulting from the audit,
- Reviewed the Auditor-General's management letter and responses thereof for the 2019/2020 financial year.

The Audit Committee concurs and accepts the conclusions of the Auditor-General South Africa on the annual financial statements, which resulted in an unqualified audit opinion, and is of the view that the audited annual financial statements be accepted and read together with the report of the Auditor-General South Africa.

The acceptance also applies to the audit of the Housing Fund.

Notwithstanding the above-mentioned, the Committee is concerned with the reoccurrence of the same issues reported in the 2018/2019 Auditor-General South Africa report, however, commend Management regarding improved audit outcome.

The Audit Committee had requested management to develop action plans to address all those identified deficiencies and in particular recurring findings, and this plan will be co-signed between the Audit-Committee and Management and progress on the implementation of the recommendations should be a standing item in the agenda of the Audit Committee. This measure will reasonably appraise the Committee on the status of internal controls which consequently will reasonably assure the Committee that the audit outcome will be sustained.

The IAA will have to monitor the implementation status quo and report periodically to the Audit Committee.

Internal Audit Activity

The Audit Committee is satisfied that the IAA is operating effectively and that in all the reports perused and approved, it has addressed the risks pertinent to the department in its audits.

The Audit Committee reviewed and approved the Annual Internal Audit Plans and evaluated the independence, effectiveness and performance of the IAA.

The Audit Committee expressed its appreciation on the compilation of the three year and annual internal audit coverage plans because it is based on the outcome of the risk assessment thus making it a risk based Internal Audit Activity Coverage Plan which is in compliance with the Standards of Professional Practice of Internal Auditing.

The Audit Committee is also pleased that Auditor-General South Africa will use some of the work performed by the Internal Audit in assessing the risks exposure and expressing an audit opinion thereby alleviating duplication of efforts.

The Audit Committee considered the reports of internal auditors regarding systems of internal control including financial controls, business risk and maintenance of effective internal control systems and of the 24 planned audit approved for the year, 7 audits were deferred and reasons



were communicated to the Audit Committee which then resulted in **fifty-seven percent (57%)** of the audits executed and finalized.

The Audit Committee noted this underperformance which predominately came as a result of the pandemic and Covid 19 restrictions and health protocols in particular on the audits planned for the fourth quarter of the financial year ending **31 March 2021**.

The Audit Committee expressed its appreciation to the IAA for established the Internal Audit Manual as the delivery mechanism for the purpose of guidelines in conducting audits. The manual documented the Internal Audit methodology in terms of the Professional Standards of Internal Auditing and Treasury regulations.

The Audit Committee recommended that punitive measures should be taken on Programme Managers who do not provide required information and on those who do not avail themselves when audits are performed.

The Audit Committee concerns were reported and escalated to the accounting officer in their quarterly reports during the financial year.

Risk Management

The Department's risk maturity is at a basic level. However, there is a Risk Management Committee that meets on a regular basis and periodically reports to the Audit committee.

The Audit Committee had on numerous occasions raised concerns regarding the non completion/finalization of the risk assessment process within the department and how it negatively impacts on the Internal Audit activities, in particular the compilation of the risk based IAA Coverage Plan.

Further, the Committee is concerned regarding challenges experienced by the Risk Management Sub-Directorate which amongst others includes capacity constraints experienced within the Sub-Directorate and non-availability of key officials during the risk assessment process.

The Committee requested management to develop mechanism to address these challenges and ensure that the risk management sub-Directorate performs efficiently.

Notwithstanding the above-mentioned, the Audit Committee is pleased with the progress made to this end in the Sub-Directorate.

Other matters of emphasis

Notwithstanding that above-mentioned, the Audit Committee is pleased to have noticed the following:

- The Audit Committee has made inputs which were significantly invaluable to the Head of Department and Management and laid solid foundation for risk management, governance processes and internal control.
- The Audit Committee has managed to assist both the Head of Department and Management to get financial policies and procedures finalized and approved as well as noted that the Department had addressed capacity challenges in Senior Management positions.
- The Audit Committee has managed to assist management to be accountable and engage the Auditor-General South Africa in the way they supposed to which is in line with the PFMA; and
- The Audit Committee's presence has instilled management's resilience and surpasses their mandate.

Auditor-General South Africa

The Audit Committee is satisfied that there is a cordial relationship between the Auditor- General South Africa and the Department due to the following:

- Approved the external audit engagement letter, the audit strategy and implementation plan and the budgeted audit fees payable to Auditor- General South Africa,
- The Audit Committee met with the Auditor-General South Africa to ensure that there are no unresolved issues,
- The Auditor-General South Africa met periodically with management to discuss the progress on the implementation of the recommendations in the management reports,
- Obtained assurances from the Auditor-General South Africa that adequate accounting records were being maintained,
- The Auditor-General South Africa attendance of the Audit Committee meetings as well as their participation in the Audit Committee meetings during the audit of the annual financial statements,



Mr. M. Selaledi – CA(SA)
Chairperson of the Audit Committee

Date: 31 May 2021

11. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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	
Developing and implementing a preferential procurement policy?	Y	
Determining qualification criteria for the sale of state-owned enterprises?	N	
Developing criteria for entering into partnerships with the private sector?	Y	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	Y	



PART D

**HUMAN RESOURCE
MANAGEMENT**

INTRODUCTION

The human resource management and Development directorate of the department of Human Settlements is made up of the following: personnel provisioning and Utilization, Employee Health and Wellness, Labour relations and human resource development

1. OVERVIEW OF HUMAN RESOURCES

Information on the status of operations is reflected on below tables

2. HUMAN RESOURCES OVERSIGHT STATISTICS

2.1 Personnel related expenditure

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	127 338	97 401	0	0	76.50	497
Housing Assets Management, Programme Management	1 387	1 238	0	0	89.30	619
Housing Development	836 439	77 410	0	0	9.30	397
Housing Needs, Research & Planning	18 312	16 964	0	0	92.60	628
Total	983 475	193 013	0	0	19.60	460

Table 3.1.2 Personnel expenditure by programme 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)	0	0	0	0
Skilled (level 3-5)	28 422.	14.50	129	438 445
Highly skilled production (levels 6-8)	58 345	29.90	147	749 250
Highly skilled supervision (levels 9-12)	74 116	37.90	106	1 836 093.
Senior and Top management (levels 13-16)	32 978	16.80	28.00	1 876 222
Periodic Remuneration	582	0.30	10	58 200.
Total	194 443	99.40	420.00	462 960

Table 3.1.3 Salaries, Overtime, Home Owners 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	82 940	83	283	0.30	2 738	2.70	4 162	4.20
Housing Assets Management, Programme Management	1 071	86.60	0	0	17	1.40	34	2.70
Housing Development	66 075	83.40	0	0	1 625	2.10	3 347	4.20
Housing Needs, Research & Planning	13 023.	85.40	0	0	262	1.70	430.00	2.80
Total	163 108	83.40	283	0.10	4 643	2.40	7 973.	4.10

Table 3.1.4 Salaries, Overtime, Home Owners 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 (level 1-2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Skilled (level 3-5)	22 347	158.80	60	0.30	1 215	7.90	2 369.	16.
Highly skilled production (levels 6-8)	46 725	177.50	133	0.20	2 209	3.90	3 695	6.6
Highly skilled supervision (levels 9-12)	64 218	183.40	90	0.10	1 022	1.50	1 798	2.6
Senior management (level 13-16)	29 819	178.70	0.	0	196	0.60	111	0.3
Total	163 108.	83.40	283	0.10	4 643	2.40	7 973	4.10

2.2 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	246	194	21.1	0
Housing Assets Management, Programme Management	3	2	100	0
Housing Development	276	189	31.5	3
Housing Needs, Research & Planning	27	25	7.4	0
Total	552	410	25.7	3

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)	-	-	-	-
Skilled(3-5)	246	194	21.1	0
Highly skilled production (6-8)	3	2	100	2
Highly skilled supervision (9-12)	276	189	31.5	1
Senior management (13-16)	27	25	7.4	0
Total	552	410	25.7	3

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	88	74	15.9	1
Bus And Heavy Vehicle Drivers	2	2	0	0
Engineering Sciences Related	1	1	0	0
Engineers And Related Professionals	17	15	11.8	0
Financial And Related Professionals	6	6	0	0
Financial Clerks And Credit Controllers	20	18	10	0
General Legal Administration & Rel. Professionals	4	2	50	0
Human Resources & Organizational Development	1	1	0	0
Human Resources Clerks	4	4	0	0
Human Resources Related	1	1	0	0
Information Technology Related	5	4	20	0
Legal Related	1	1	0	0
Library Mail And Related Clerks	8	8	0	0
Light Vehicle Drivers	6	6	0	0

Logistical Support Personnel	5	4	20	0
Material-Recording And Transport Clerks	2	2	0	0
Messengers Porters And Deliverers	1	0	100	0
Other Administrative & Related Clerks And Organizers	107	88	17.8	2
Other Administrative Policy And Related Officers	92	75	18.5	0
Other Information Technology Personnel	3	3	0	0
Other Occupations	1	1	0	0
Secretaries & Other Keyboard Operating Clerks	20	15	25	0
Security Guards	140	63	55	0
Security Officers	2	1	50	0
Senior Managers	14	14	0	0
Youth Workers	1	1	0	0
TOTAL	552	410	25,7	3

2.3 Filling of SMS Posts

Table 3.3.1 SMS post information as on 31 March 2021

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary Level 16	1	1	100	0	0
Salary Level 15	1	1	100	0	0
Salary Level 14	5	5	100	0	0
Salary Level 13	21	21	100	0	0
Total	28	28	100	0	0

Table 3.3.2 SMS post information as on 30 September 2022

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary Level 16	1	1	100	0	0
Salary Level 15	1	1	100	0	0
Salary Level 14	5	5	100	0	0
Salary Level 13	21	19	91	2	0
Total	28	26	93	2	7

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 15	0	0	0
Salary Level 14	0	0	0
Salary Level 13	1	2	0
Total	1	2	0

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

Reasons for vacancies not advertised within six month
COVID 19 pandemic which resulted in lockdown restrictions.
Non accessibility and lack of capacity to hold virtual interviews was a challenge to participants (panellists and applicants)
Reasons for vacancies not filled within twelve months
2 posts that were vacant for more than 12 months were filled in the 2020/21 financial year. 1 was filled within 15 months and 1 within 18 months. (chief Director and Director)
Due to Financial Challenges we had to prioritise appoint security officers so the outstanding posts had to wait for new financial year 2021/2022 and other posts had to be Job Evaluated before it can be advertised as per Public Service Regulation 2016.

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

Reasons for vacancies not filled within six months
No response

2.4 Job Evaluation

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)							
Skilled (Levels 3-5)	189	189	100%	9	0	0	0
Highly skilled production (Levels 6-8)	263	236	90%	0	0	0	0
Highly skilled supervision (Levels 9-12)	147	125	85%	0	9%	0	0
Senior Management Service Band A	23	18	95%	0	0	0	0
Senior Management Service Band B	5	3	98%	0	0	0	0
Senior Management Service Band C	1	1	100%	0	0	0	0
Senior Management Service Band D	1	0	0%	0	0	0	0
Total	629	572	91%	0	9%	0	0

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	4		1		5
Male	4				4
Total					9

Employees with a disability	0
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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 level evaluation	Remuneration level	Reason for deviation
None	None	None	None	None
Total number of employees whose salaries exceeded the level determined by job evaluation				
Percentage of total employed				

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	None	None	None	None	None
Male	None	None	None	None	None
Total	None	None	None	None	None

Employees with a disability	None				
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Total number of Employees whose salaries exceeded the grades determine by job evaluation	None
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2.5 Employment Changes

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)	0	0	0	0
Skilled (Levels3-5)	130	1	1	2
Highly skilled production (Levels 6-8)	147	5	2	2
Highly skilled supervision (Levels 9-12)	104	3	6	63
Senior Management Service Bands A	19	1	0	0
Senior Management Service Bands B	3	1	0	0
Senior Management Service Bands C	1	0	0	0
Senior Management Service Bands D	1	0	0	0
Other, Permanent	1	0	0	0
Contracts Band A Permanent	0	1	0	0
Total	406	12	9	2

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	71	4	1	1
Bus And Heavy Vehicle Drivers	2	0	0	0
Engineering Sciences Related	1	0	0	0
Engineers And Related Professionals	17	1	4	24
Financial And Related Professionals	6	0	0	0
Financial Clerks And Credit Controllers	19	0	0	0
General Legal Administration & Related	2	0	0	0
Human Resources & Organizational Development	1	0	0	0
Human Resources Clerks	4	0	0	0
Human Resources Related	1	0	0	0
Information Technology Related	4	0	0	0
Legal Related	1	0	0	0
Library Mail And Related Clerks	8	0	0	0
Light Vehicle Drivers	6	0	0	0
Logistical Support Personnel	5	0	0	0
Material-Recording And Transport Clerks	2	0	0	0
Other Administration & Related Clerks And Organizers	85	3	0	0
Other Administrative Policy And Related Officers	73	2	1	1.4
Other Information Technology Personnel	4	0	1	25
Other Occupations	1	0	0	0
Secretaries & Other Keyboard Operating Clerks	15	1	0	0
Security Guards	64	0	1	1.6
Security Officers	1	0	0	0
Senior Managers	13	1	0	0
TOTAL	406	12	8	2

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	1	13
Resignation	2	25
Expiry of contract	5	63
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	0	0
Transfer to other Public Service Departments	0	0
Other	0	0
Total	8	100
Total number of employees who left as a % of total employment	1.95	

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

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	71	5	7	38	54
Bus And Heavy Vehicle Drivers	2	0	0	2	100
Engineering Sciences Related	1	0	0	1	100
Engineers And Related Professionals	17	0	0	4	24
Financial And Related Professionals	6	0	0	4	67
Financial Clerks And Credit Controllers	19	0	0	12	63.2

General Legal Administration & Rel. Professionals	2	0	0	2	100
Human Resources & Organisational Development & Relate Prof	1	0	0	0	0
Human Resources Clerks	4	0	0	1	25
Human Resources Related	1	0	0	1	100
Information Technology Related	4	0	0	4	100
Legal Related	1	0	0	0	0
Library Mail And Related Clerks	8	0	0	6	75
Light Vehicle Drivers	6	0	0	3	50
Logistical Support Personnel	5	0	0	5	100
Material-Recording And Transport Clerks	2	0	0	2	100
Other Administration & Related Clerks And Organisers	85	1	1.2	46	54.1
Other Administrative Policy And Related Officers	73	5	6.8	48	65.8
Other Information Technology Personnel.	4	1	25	0	0
Other Occupations	1	0	0	1	100
Secretaries & Other Keyboard Operating Clerks	15	0	0	12	80
Security Guards	64	63	98.4	0	0
Security Officers	1	0	0	1	100
Senior Managers	13	0	0	0	0
TOTAL	406	75	18.5	193	47.5

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)	0	0	0	0	0
Skilled (Levels 3-5)	130	63	98	43	65
Highly skilled production (Levels 6-8)	147	1	1	90	64
Highly skilled supervision (Levels 9-12)	104	9	9	60	74
Senior Management (Level 13-16)	24	2	8	0	0
Other, Permanent	1	0	0	0	0
Total	406	75	18.5	193	47.5

2.6 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	8	0	0	0	5	1	0	0	14
Professionals	15	0	0	0	17	2	0	1	35
Technicians and associate professionals	65	0	0	4	76	2	0	6	153
Clerks	44	0	0	2	80	2	0	7	135
Service and sales workers	32	0	0	0	32	0	0	0	64
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	1	0	0	0	0	0	0	0	1
Total	173	0	0	6	210	7	0	14	410
Employees with disabilities	1	0	0	0	0	0	0	1	2

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	2	0	0	0	0	0	0	0	2
Senior Management	14	0	0	0	10	2	0	0	26
Professionally qualified and experienced specialists and mid-management	45	0	0	0	52	3	0	0	106
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	47	0	0	1	85	1	0	0	147
Semi-skilled and discretionary decision making	65	0	0	0	63	1	0	0	129
Unskilled and defined decision making									
Total	173	0	0	6	210	7	0	14	410

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

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	2	0	0	0	3
Professionally qualified and experienced specialists and mid-management	0	0	0	0	1	2	0	0	3
Skilled technical and academically	2	0	0	0	3	0	0	0	5

qualified workers, junior management, supervisors, foreman and superintendents									
Semi-skilled and discretionary decision making	1	0	0	0	0	0	0	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	4	0	0	0	6	2	0	0	12
Employees with disabilities	0	0	0	0	0	0	0	0	0

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

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	1	0	0	2	6	0	0	0	9
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	32	0	0	0	31	0	0	0	63
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	36	0	0	2	37	0	0	0	75
Employees with disabilities	0	0	0	0	0	0	0	0	0

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

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	2	2	1	0	1	6
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	1	0	0	0	0	0	0	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	2	0	0	2	2	1	0	1	8
Employees with Disabilities	0	0	0	0	0	0	0	0	0

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

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	2	2	1	0	1	6
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	1	0	0	0	0	0	0	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	2	0	0	2	2	1	0	1	8
Employees with Disabilities	0	0	0	0	0	0	0	0	0

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

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	14	0	0	0	3	0	0	0	17

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

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior and managers	2	0	0	0	2	0	0	0	4
Professionals	5	0	0	0	9	0	0	0	14
Technicians and associate professionals	2	0	0	0	4	0	0	0	6
Clerks	4	0	0	0	16	0	0	0	20
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	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	13	0	0	0	31	0	0	0	44
Employees with disabilities	0	0	0	0	0	0	0	0	0

2.7 Signing of Performance Agreements by SMS Members

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2022

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	1	100%
Salary Level 16	0	0	0	0
Salary Level 15	1	1	1	100%
Salary Level 14	5	5	3	60%
Salary Level 13	21	21	17	81%
Total	28	28	22	79%

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

Reasons
The posts were still vacant hence performance agreements were not signed.

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

N/A

2.8 Performance Rewards

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2020 to 31 March 2021

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	20	172	11,60	485,06	24 253,00
Female	35	210	16,70	669,89	19 140,00
Asian					
Male	0	0	0	0	0
Female	0	0	0	0	0
Coloured					
Male	0	0	0	0	0
Female	2	7	28,60	33,19	16 595
White					
Male	1	6	16,70	46,12	46 117
Female	5	13	38,50	84,05	16 811
Total	63	410	15,40	1318,31	20 926

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

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (level 3-5)	9	66	13,60	81,67	9 074	11.11
Highly skilled production (level 6-8)	25	140	17,90	361,84	14 474	4
Highly skilled supervision (level 9-12)	29	102	28,40	874,80	30 166	3.45
Total	63	308	59,90	1318,31	53 714	4.07

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

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Financial Clerks and Credit Controllers	4	18	22	61.07	15 268
Logistical Support Personnel	1	4	25	8.95	8 948
Other	11	88	12.5	145.89	13 263
Administration & Related Clerks and Organisers					
Other Occupations	1	1	100	9.36	9 356
Financial & Related Professionals	3	6	50	53.11	17 703
Administrative Related	19	74	25.7	662.76	34 882
Secretaries and other Keyboard Operating Clerks	6	15	40	83.24	13 874
General Legal Administration & Related Professionals	1	2	50	13.24	13 242
Material Recording & Transport Clerks	1	2	50	9.08	9 076.00
Other Administrative Policy and Related Officers	13	75	17.3	224.81	17 293
Light Vehicle Drivers	1	6	16.7	7.71	7 710
Information Technology Related	2	4	50	39.10	19 548
Total	63	410	15.40	1 318.31	20 926

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

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	0	21	0	0	0	23 411,38
Band B	0	5	0	0	0	5 860,58
Band C	0	1	0	0	0	1 651,03
Band D	0	1	0	0	0	2 457,84
Total	0	28	0	0	0	33 380,83

2.9 Foreign Workers

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 (Lev. 6-8)	2	33	2	67	0	0
Highly skilled supervision (Lev. 9-12)	3	50	0	0	3	100
Senior management (Levels 13-16)	1	17	1	33	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
Total	6	100	3	100	3	100

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
Administrative office workers	2	33	2	67	0	0
Professionals and managers	4	67	1	33	3	100

2.10 Leave utilisation

Table 3.10.1 Sick leave for the period 1 January 2020 to 31 December 2021

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)	0	0	0	0	0	0
Skilled (levels 3-5)	181	81	36	21	5	174
Highly skilled production (levels 6-8)	356	78	80	46	4	510
Highly skilled supervision (levels 9 -12)	197	89	51	29	5	525
Top and Senior management (levels 13-16)	46	83	7	4	7	204
Total	780	79	174	100	4	1 413

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2020 to 31 December 2021

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 skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	5	100	2	33	3	5
Highly skilled production (Levels 6-8)	17	100	3	50	6	20
Highly skilled supervision (Levels 9-12)	4	100	1	17	4	8
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	26	100	6	100	4	33

Table 3.10.3 Annual Leave for the period 1 January 2021to 31 December 2021

Salary band	Total days taken		Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	0		0	0
Skilled Levels 3-5)	0		0	0
Highly skilled production (Levels 6-8)	2 366.00		32	137
Highly skilled supervision(Levels 9-12)	1 561.00		22	94
Senior management (Levels 13-16)	377		22	24
Total	5 109.00		16	310

Table 3.10.4 Capped leave for the period 1 January 2020 to 31 December 2021

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	38
Highly skilled production (Levels 6-8)	0	0	0	20
Highly skilled supervision(Levels 9-12)	0	0	0	23
Senior management (Levels 13-16)	0	0	0	16
Total	0	0	0	22

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	104	1	104.
Capped leave payouts on termination of service for 2020/21	31	1	31
Current leave payout on termination of service for 2020/21	213	5	42 6
Total	347		

2.11 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
Young Employee who are not in a committal relationship and staying alone may be vulnerable	Ensure that employees do have steady and monogamous relationship and further make use of condoms.

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		Acting Chief Director: Corporate Services
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		Mr. Gift Mpho Silingile: Deputy Director: Employee Health and Wellness
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	x		COVID 19, TB and HIV and AIDS Management, Mental Health, Diabetes and Hypertension. Ensure the implementation approved of departmental Policies on Wellness management and Health and Productivity
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		Department has Wellness Committee that is comprised of district representatives and headquarters:
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		The approved HIV and AIDS and TB Management policy of the department does not discriminate any personnel and their next of kin on the basis of their HIV and AIDS status.
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		The Government Employee Medical Aid states that there are 10 males and 12 females of employees already On medication and the department protect their confidentiality and encouragement to continue taking their medications
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	x		The department encourages employees to go test and during orientation and internal sessions, this is emphasised to ensure that employees do know their status hence presently 22 employees have tested and are managing their positive status.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	x		The internal global emails sent to employees on various health topics have assisted employees since some have undertaken to seek more help and information from the Wellness Unit.

2.12 Labour Relations

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

Subject matter	Date
Disestablishment and establishment of National Departmental Chambers in compliance with the reconfiguration of government (Resolution 1 of 2020, GPSSBC)	26 June 2020
Agreement on the amendment of PSCBC resolution 5 of 2001 Annual Leave (Resolution 1 of 2020, PSCBC)	29 June 2020

Notes - None

Total number of Collective agreements	None
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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	2	12,5
Verbal warning	0	0
Written warning	1	6,25
Final written warning	6	37,5
Suspended without pay	6	37,5
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	1	12,5
Total	16	106,25

Total number of Disciplinary hearings finalised	None
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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
Gross insubordination & dereliction of duties, failure to submit financial disclosure	01	0.17
Alleged abuse and unauthorised use of state vehicle (impoundment)	09	1.53
Alleged failure to Observe Project Management Milestones Controls	04	0.68
Alleged dishonesty	01	0.17

Alleged maladministration and irregular awarding of a contract eradication of asbestos roof	02	0.34
Total	17	99,98

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

Grievances	Number	% of Total
Number of grievances resolved	02	6,66
Number of grievances not resolved	01	33,3
Total number of grievances lodged	03	39,99

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	09	100
Number of disputes dismissed	0	0
Total number of disputes lodged	09	100

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

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

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

Number of people suspended	03
Number of people whose suspension exceeded 30 days	03
Average number of days suspended	265,3 days
Cost of suspension(R'000)	R 2 695 527.30

2.13 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			
			Learner ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	6	0	0	0	0
	Male	7				0

Professionals	Female	18	0	Social Media Management Advanced executive assistant course Advanced Management Development Program Communication Development Skills Computer Skills Customer Care Disability Management in the Public Sector Diversity Management Emerging Management Development Programme First Aid Forensic Investigation Gender Mainstreaming Information Management Labour Relations Management Management Development Programme Meeting and Minutes Taking New Building Standard Office Management & Administration OHS Course Organisational Communication Photography Project Management Public Relations and Marketing Records Management Report Writing Research Methodology Sign Language Strategic Management Supply Chain Management Website Content Management and Development Writing, editing and proof reading	Annual Labour Law Conference BAS & LOGIS CIP Entry Certificate for SMS Members HIV & AIDS Awareness Housing Code HSS Training NHBRC Technical PSTF Annual Conference TLN Conference WSP & Skills Development Facilitator's Summit	18
	Male	16				3
Technicians and associate professionals	Female	82	Internal Audit Learnership programme	ITIL v4 Foundation IT Security Administering System Centre Configuration Manager SharePoint Planning and Administering SharePoint Advanced Technologies 2016 SharePoint Designer 2013 System Centre Operations Manager Upgrading Windows Server 2016 Automatic Administration with Window PowerShell Administering Microsoft Exchange Server Securing Windows Server 2016 Windows PowerShell Scripting and Toolmaking CCNA	SITA GovTech Conference Risk based internal audit (training and marketing) IIA Annual Conference Professional Internal Auditor Programme Certified Information Systems Auditor (CISA) IRMSA Conference NHBRC	15
	Male	67				8

				IT Security ITIL v4 Foundation COBIT 5 Foundation Prince 2 Information and Knowledge Management Business Continuity Management Project Management Public Management Microsoft Projects Microsoft Active Directory Administration Bid committee Management and Leadership Skills CIO Practise Executive Management Development Programme Certified Information Security Manager (CISM) Comprehensive Project Management for Built Environment Programming HTML5 with JavaScript and CSS3 Postgraduate Diploma Risk Management Presentation and Minutes Taking Skills	Technical Infrastructure Report Model Training on Contracts - JBCC, NEC, FIDIC CIP	
Clerks	Female	87		Project Management Report Writing and Minutes taking Risk Management Minutes taking Research Methodology Housing Policy Records Management Conflict Management Customer Care Computer Skills First Aid Sign Language Chairing in a Disciplinary hearing Time Management Persal Training	Annual Labour Law Conference BAS & LOGIS HSS Training CIP	8
	Male	45				2
Service and sales workers	Female	32		Report Writing and Minutes taking PSIRA Based Security Officer Supervisory Skills Housing Policy Office Administration Records Management Computer Skills Report Writing	BAS & LOGIS	19
	Male	33				10
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	8	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	1	0	0	0	0
Sub Total	Female	225	0	0	0	60
	Male	177	0	0	0	23
Total		402	0	0	0	83

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	6	0	1	1	2
	Male	7	0	1	1	2
Professionals	Female	18	0	7	2	9
	Male	16	0	3	2	5
Technicians and associate professionals	Female	82	0	3	1	4
	Male	67	0	2	0	2
Clerks	Female	87	0	12	4	16
	Male	45	0	3	1	4
Service and sales workers	Female	32	0	0	0	0
	Male	33	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	8	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	1	0	0	0	0
Sub Total	Female	225	0	13	8	31
	Male	177	0	4	4	13
Total		402	0	17	12	44

2.14 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	0	0
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	0	0

2.15 Utilisation of Consultants

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
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS BOTHARINIA 9 PHASE2	S BALAKISTEN CONSULTING	Appointed for the period of three years, until the completion of the project	3, 153, 300.00
Request for proposal for the Appointment of Multi-Disciplinary Professional Consultants to assist with the establishment and management of restructuring zones for a period of three (3) years.	MIB INFRASTRUCTURE AND DEVELOPMENT		7,831,878.90
Request for proposal for the Appointment of Multi-Disciplinary Professional Consultants to assist with the establishment and management of restructuring zones for a period of three (3) years.	KMSD ENGINEERING CONSULTANTS		3,519,575.00
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN KOFFIEFONTEIN FOR 1250	PHETHOGO CONSULTING		3, 412, 496.35
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN REDDERSBURG 500	PHETHOGO CONSULTING		1,364, 998.54
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN SMITHFIELD FOR 488	PHETHOGO CONSULTING		1, 332, 238.57
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN CORNELIA	KAZIA ENGINEERING		2, 944, 354.13

DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN FRANKFORT	KAZIA ENGINEERING		8, 496, 268.61
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN TWEELING	KAZIA ENGINEERING		3, 781, 637.93
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN VILLIERS	KAZIA ENGINEERING		4, 198, 329.82
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN THEMBALIHLE EXT 4	KAZIA ENGINEERING		12, 396, 513.35
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN KUTLWANONG K10	BIGEN WBHO HOUSING PTY LTD		18, 120, 565.74
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN THABONG EXT 6,7,8,9,10 &11 DICHOCOLATENG	BIGEN WBHO HOUSING PTY LTD		4, 157, 390.79
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS THABONG EXT 18 HANI PARK	BIGEN WBHO HOUSING PTY LTD		19, 164, 598.37
Appointment of a service provider to support the Housing Subsidy System for a period of three (3) years.	ARENGO6 PTY LTD		6,219,699.07
SUPERVISION OF TURNKEY INTRGRATED GREENFIELDS HUMAN SETTLEMENTS DEVELOPMENT IN KHUTSONG/ CALEB MOTSHABI – CONSTRUCTION OF INTERNAL WATER AND SEWER INFRASTRUCTURE	A4 ADVISORY & CONSULTING		19,601, 174.04
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS PHIRITONA EXT 10	605 CONSULTING SOLUTIONS PTY LTD		4, 923, 065.75
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN TUMAHOLE EXT 7	605 CONSULTING SOLUTIONS PTY LTD		3, 448, 851.98
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN TUMAHOLE EXT 8	605 CONSULTING SOLUTIONS PTY LTD		6, 252,593.99
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN	605 CONSULTING		655, 208.14

TUMAHOLE EXT 9	SOLUTIONS PTY LTD		
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN TUMAHOLE EXT 10	605 CONSULTING SOLUTIONS PTY LTD		1, 253, 274.83
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN THABONG BRONVILLE T15 HOMESTEAD	PROPER CONSULTING ENGINEERS/LOHAN CIVILS		5, 200, 882.50
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN MMAMAHABANE	PROPER CONSULTING ENGINEERS/LOHAN CIVILS		3, 283, 634.06
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN THABONG EXT 27 PHOKENG	PROPER CONSULTING ENGINEERS/LOHAN CIVILS		3, 782, 279.09
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN EDENVILLE	ETSHO ENGINEERING		2, 922, 099.68
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS in KWAKWATSI	ETSHO ENGINEERING		8, 653, 043.44
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN MOKWALLO	ETSHO ENGINEERING		2, 205, 723.78
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN EZENZELENI	ETSHO ENGINEERING		4, 560, 591.60
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN RELEBOHILE	FRESH HARVEST CONSULTING ENGINEERS (PTY) LTD		1, 425, 058.47
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN RATANANG	FRESH HARVEST CONSULTING ENGINEERS (PTY) LTD		1, 490, 578.40
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN PAUL ROUX	SELATILE MOLOI CONSULTING ENGINEERS		5, 175, 867.36
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN VENTERSBURG 100 MIXED DEVELOPMENT	SELATILE MOLOI CONSULTING ENGINEERS		265, 988.10
DESIGN AND SUPERVISION OF WATER AND SEWER NETWORKS IN THABONG FREEDOM SQUARE	SELATILE MOLOI CONSULTING ENGINEERS		2, 613, 946.51

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
32	13	Appointed for the period of three years, until the completion of the project	160,079,952.83 F

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

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
	31.38% Women 24,09% Youth		

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

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

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

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

2.16 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

The background features a dark olive green upper half and a light gray lower half, separated by a horizontal line. A large, thick, gold-colored arc curves from the left side, passing behind the text, and then curves back towards the bottom right. A solid gold circle is positioned to the right of the text, partially overlapping the word 'E' and the words 'FINANCIAL INFORMATION'.

PART E

FINANCIAL INFORMATION



Report of the auditor-general to the Free State Legislature on vote no. 13: Department of Human Settlements

Report on the audit of the financial statements

Opinion

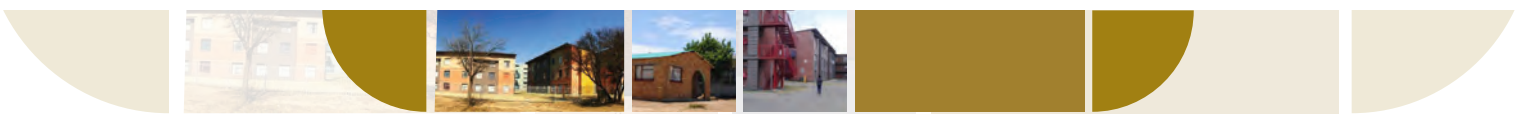
1. I have audited the financial statements of the Department of Human Settlements, set out on pages 129 to 225 which comprise the appropriation statement, statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets and statement of cash flows 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 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.

Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. As disclosed in note 32 to the financial statements, the department had significant accruals of R10 078 000 and payables not recognised of R59 739 000 as at 31 March 2021. As stated in note 32, these events or conditions, along with other matters as set forth in note 32, indicate that a material uncertainty exists that may cast significant doubt on the department's ability to continue as a going concern.



Emphasis of matters

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

Restatement of corresponding figures

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

Uncertainty relating to the future outcome of litigations

10. With reference to note 18.1 to the financial statements, the department is the defendant in various legal claims. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

Underspending of the budget

11. As disclosed in the appropriation statement, the department materially underspent the budget by R28 907 000 on programme 3 – housing development.

Irregular expenditure

12. As disclosed in note 23 to the financial statements, irregular expenditure of R536 374 000 (2020: R797 093 000) was incurred due to non-compliance with supply chain management (SCM) requirements. In addition, the full extent of irregular expenditure is still in the process of being determined.

Unspent amount held by public entities

13. As disclosed in note 30 to the financial statements, the department has underspending of R155 338 000 held by public entities which was not paid back to the department or the revenue fund.

Other matter

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

Unaudited supplementary schedules

15. The supplementary information set out on pages xx to xx 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 thereon.

Responsibilities of the accounting officer for the financial statements

16. 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 reparation of financial statements that are free from material misstatement, whether due to fraud or error.
17. 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

18. 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.
19. 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

20. 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 the selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
21. 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.
22. 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 programme presented in the department's annual performance report for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme 3 – housing development	xx – xx

23. 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.
24. The material findings on the usefulness and reliability of the performance information of the selected programme are as follows:

Programme 3 – housing development

Various indicators

25. The method of calculation for measuring the planned indicators were 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 achievement of four of the 19 indicators reported in the annual performance report for the indicators listed below:

Indicator description	Planned target	Reported achievement
Number of new sites connected to basic water and sanitation services as part of the integrated residential development programme by March 2021	150	231
Number of houses and sites connected to basic services as part of the informal settlements upgrading programme by March 2021	2 428	3 877
Number of community residential units (CRUs) delivered by March 2021	250	584
Percentage of women and youth contractors benefited in Human Settlements projects by March 2021	Women = 30% Youth = 10%	Women = 23% Youth = 21%

Other matters

26. I draw attention to the matters below.

Achievement of planned targets

27. Refer to the annual performance report on pages 32 to 49 for information on the achievement of planned targets for the year and management's explanations provided for the underachievement 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 paragraph 25 of this report.

Adjustment of material misstatements

28. 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

29. 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.
30. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

31. 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) of the PFMA. Material misstatements of disclosure items 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

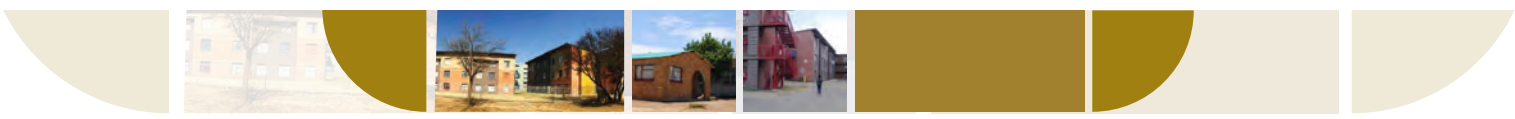
32. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R536 374 000, as disclosed in note 23 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by non-compliance with SCM requirements.
33. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R5 821 000, as disclosed in note 24 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the fruitless and wasteful expenditure was caused by losses related to projects.

Consequence management

34. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred unauthorised expenditure, as required by section 38(1)(h)(iii) of the PFMA. This was because investigations into unauthorised expenditure were not performed.
35. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure, as required by section 38(1)(h)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.
36. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure, as required by section 38(1)(h)(iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

Procurement and contract management

37. Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA) and the 2017 Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
38. Some of the contracts were awarded to bidders based on pre-qualification criteria that were not stipulated or differed from those stipulated in the original invitation for bidding, in contravention of



2017 preferential procurement regulation 4(1) and 4(2). Similar non-compliance was also reported in the prior year.

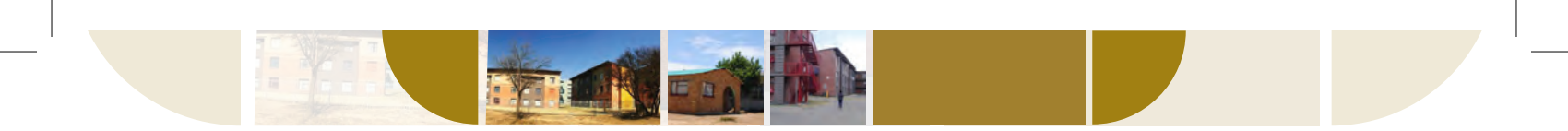
39. Some of the contracts were awarded to bidders based on evaluation or adjudication criteria that differed from those stipulated in the original invitation for bidding, in contravention of treasury regulation 16A6.3(a) and (b).
40. Some of the tenders that failed to achieve the minimum qualifying score for functionality criteria were not disqualified as unacceptable in accordance with 2017 preferential procurement regulation 5(6). Similar non-compliance was also reported in the prior year.
41. Some of the tenders that achieved the minimum qualifying score for functionality criteria were not evaluated further in accordance with 2017 preferential procurement regulation 5(7). Similar non-compliance was also reported in the prior year.
42. I was unable to obtain sufficient appropriate audit evidence that all extensions or modifications to contracts were approved by a properly delegated official as required by section 44 of the PFMA and Treasury Regulations 8.2.1 and 8.2.2.
43. Tender requirements for some of the contracts above R30 million did not include a condition for mandatory subcontracting to advance designated groups, as required by 2017 preferential procurement regulation 9(1). Similar non-compliance was also reported in the prior year.

Other information

44. 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.
45. 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.
46. 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.
47. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary

Internal control deficiencies

48. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the



significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

49. Management did not adequately exercise oversight responsibility over the implementation of the action plan to address material weaknesses identified in the prior year on financial and performance reporting and on compliance with applicable legislation and related internal controls. This resulted in findings being reported in the current year.
50. Management did not implement effective human resource management, which resulted in inadequate recruitment processes and an increase in the vacancy rate.
51. Management did not establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities.
52. The processes followed by management in preparing the annual financial statements were inadequate, resulting in material adjustments being made to the annual financial statements.
53. Management did not have adequate controls in place to prevent, review and monitor instances of non-compliance with applicable legislation.

Material irregularities

54. 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

Development of community residential units, block G – Thabong extension 3, Welkom

55. A R324 million contract for the construction of community residential units was awarded to a new contractor on 2 May 2018 to complete work not completed by the previous contractor whose contract was terminated due to consistent breach of contract. The project was funded by the human settlements development grant (HSDG). The consulting engineers appointed on the project confirmed the value of completed work at termination date (24 March 2017) to be R12 838 303. From 2014-15 to 2016-17 the department paid R33 019 655, resulting in an overpayment of R20 181 352 to the previous contractor, in contravention of treasury regulation 8.1.1. The overpayment was likely to result in a material financial loss of R20 181 352, if not recovered.
56. The accounting officer was notified of the material irregularity on 12 July 2019. The accounting officer has not taken the appropriate actions committed to in his written submission in response to the notification. On 28 January 2021, I issued a notification to the accounting officer advising him of the following recommended actions, that should be implemented by 28 July 2021, to address the material irregularity:
 - Appropriate action should be taken to recover the financial loss suffered by the department from the supplier and, alternatively, the insurance company where the contract was insured, that are liable.

- Appropriate action should be taken to investigate the non-compliance in order to determine if any official should be held responsible
 - Effective and appropriate disciplinary steps should commence against any official the investigation found to be responsible, as required by section 38(1)(h) of the PFMA.
57. I am in the process of evaluating whether the accounting officer has implemented the recommendations.

Overpayments on housing project F10110004 Kroonstad 350

58. Payments were made during 2018-19 for duplicate claims submitted by the supplier as effective internal controls were not in place for the approval and processing of payments, as required by treasury regulation 8.1.1. The overpayment was likely to result in a material financial loss of R6 634 593, if not recovered. The overpayment formed part of the amount disclosed as fruitless and wasteful expenditure in note 24.3 to the financial statements for 2018-19. The project was funded by the HSDG.
59. The accounting officer was notified of the material irregularity on 12 July 2019. The accounting officer instituted a recovery process from the supplier through the state attorney on 8 August 2019. On 28 January 2021, I issued a notification to the accounting officer advising him of the following recommended actions, that should be implemented by 28 July 2021, to address the material irregularity:
- Appropriate action should be taken to investigate the non-compliance, if an investigation has not already commenced within the department, in order to determine if any official should be held liable for the losses suffered by the department.
 - If it appears that the department suffered the financial loss through criminal acts or possible criminal acts or omission, this should be reported to the South African Police Service, as required by treasury regulation 12.5.1.
 - Effective and appropriate disciplinary steps should be taken against any official that the investigation found to be responsible, as required by section 38(1)(h) of the PFMA.
60. I am in the process of evaluating whether the accounting officer has implemented the recommendations.

Overpayments on housing project F09080072/1 Ventersburg 200

61. Payment for retention was made during 2018-19 in excess of the retention amount withheld by the department as effective internal controls were not in place for the approval and processing of payments, as required by treasury regulation 8.1.1. The overpayment was likely to result in a material financial loss of R507 693, if not recovered. The project was funded by the HSDG.
62. The accounting officer was notified of the material irregularity on 26 July 2019. The accounting officer instituted a recovery process from the supplier through the state attorney on 14 August 2019. On 22 February 2021, I issued a notification to the accounting officer advising him of the following recommended actions, that should be implemented by 23 August 2021, to address the material irregularity:

- Appropriate action should be taken to investigate the non-compliance, if an investigation has not already commenced within the department, in order to determine if any official should be held liable for the losses suffered by the department.
- If it appears that the department suffered the financial loss through criminal acts or possible criminal acts or omission, this should be reported to the South African Police Service, as required by treasury regulation 12.5.1.
- Effective and appropriate disciplinary steps should be taken against any official that the investigation found to be responsible, as required by section 38(1)(h) of the PFMA.

63. I am in the process of evaluating whether the accounting officer has implemented the recommendations.

64. **Overpayments on housing project F09080077/1 Bloemfontein 393**

65. Payment for retention was made during 2018-19 in excess of the retention amount withheld by the department as effective internal controls were not in place for the approval and processing of payments, as required by treasury regulation 8.1.1. The overpayment was likely to result in a material financial loss of R1 398 159, if not recovered. The project was funded by the HSDG.

66. The accounting officer was notified of the material irregularity on 26 July 2019. The accounting officer instituted a recovery process from the supplier through the state attorney on 14 August 2019. On 28 January 2021, I issued a notification to the accounting officer advising him of the following recommended actions, that should be implemented by 28 July 2021, to address the material irregularity:

- Appropriate action should be taken to investigate the non-compliance, if an investigation has not already commenced within the department, in order to determine if any official should be held liable for the losses suffered by the department.
- If it appears that the department suffered the financial loss through criminal acts or possible criminal acts or omission, this should be reported to the South African Police Service, as required by treasury regulation 12.5.1.
- Effective and appropriate disciplinary steps should be taken against any official that the investigation found to be responsible, as required by section 38(1)(h) of the PFMA.

67. I am in the process of evaluating whether the accounting officer has implemented the recommendations.

Overpayments on housing project F10080047/1 Odendaalsrus 300

68. Payment for retention was made during 2018-19 in excess of the retention amount withheld by the department as effective internal controls were not in place for the approval and processing of payments, as required by treasury regulation 8.1.1. The overpayment was likely to result in a material financial loss of R717 117, if not recovered. The project was funded by the HSDG.

69. The accounting officer was notified of the material irregularity on 26 July 2019. The accounting officer instituted a recovery process from the supplier through the state attorney on 14 August



2019. On 28 January 2021, I issued a notification to the accounting officer advising him of the following recommended actions, that should be implemented by 28 July 2021 to address the material irregularity:

- Appropriate action should be taken to investigate the non-compliance, if an investigation has not already commenced within the department, in order to determine if any official should be held liable for the losses suffered by the department.
- If it appears that the department suffered the financial loss through criminal acts or possible criminal acts or omission, this should be reported to the South African Police Service, as required by treasury regulation 12.5.1.
- Effective and appropriate disciplinary steps should be taken against any official that the investigation found to be responsible, as required by section 38(1)(h) of the PFMA.

70. I am in the process of evaluating whether the accounting officer has implemented the recommendations.

Other reports

71. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
72. The department has a pending court case relating to advance payments made to suppliers of building material during the 2010-11 financial year. The investigation by the Special Investigating Unit commenced in June 2012 and was still ongoing at the date of this auditor's report.
73. The Directorate for Priority Crime Investigation (Hawks) was investigating allegations of fraud and corruption relating to the construction of RDP houses in Bethlehem, Extension 5, Vogelfontein during the period 2013-14 to 2018-19. The investigation was still in progress at the date of this auditor's report.

74. The Hawks are investigating allegations relating to maladministration in the department's awarding of a contract for the eradication of asbestos during the period 2014-15 to 2016-17. The investigation was still in progress at the date of this auditor's report.

Bloemfontein

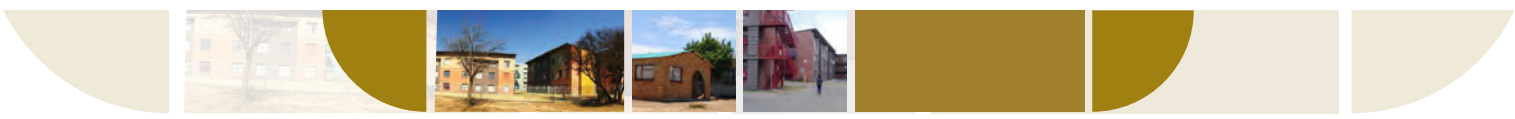
Auditor-General

31 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 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. -

**FREE STATE DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 13**

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

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DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 13

APPROPRIATION STATEMENT
for the year ended 31 March 2021

Appropriation per programme									
	2020/21					2019/20			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Voted Funds and Direct Charges	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1. ADMINISTRATION	128 741	-	1 576	130 317	127 629	2 688	97.9%	136 905	140 993
2. HOUSING NEEDS, RESEARCH AND PLANNING	18 655	-	-	18 655	18 309	346	98.1%	18 152	19 413
3. HOUSING DEVELOPMENT	966 921	-	(101 576)	865 345	836 438	28 907	96.7%	1 160 211	1 098 795
4. HOUSING ASSETS MANAGEMENT	1 403	-	-	1 403	1 386	17	98.8%	619	1 260
PROPERTY MANAGEMENT									
TOTAL	1 115 720	-	(100 000)	1 015 720	983 762	31 958	96.9%	1 315 887	1 260 461

2020/21					2019/20	
Reconciliation with statement of financial performance	Final Appropriation	Actual Expenditure			Final Appropriation	Actual Expenditure
ADD Departmental receipts	21 511					
Actual amounts per statement of financial performance (total revenue)	1 037 231				1 315 887	
Actual amounts per statement of financial performance (total expenditure)		983 762				1 260 461

FREE STATE DEPARTMENT OF HUMAN SETTLEMENTS
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APPROPRIATION STATEMENT
for the year ended 31 March 2021

	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
Voted Funds and Direct Charges									
Travel and subsistence	4 702	(1 047)	-	3 655	3 003	652	82.2%	9 602	7 724
Training and development	940	(642)	-	298	354	(56)	118.8%	1 772	1 767
Operating payments	1 290	80	-	1 370	1 264	106	92.3%	1 387	1 337
Venues and facilities	170	(142)	-	28	-	28	-	232	142
Interest and rent on land	-	266	-	266	248	18	93.2%	125	122
Interest (Incl. interest on unitary payments (PPP))	-	266	-	266	248	18	93.2%	125	122
Transfers and subsidies	855 556	4 215	(101 576)	758 195	729 569	28 626	96.2%	1 052 286	991 689
Households	855 556	4 215	(101 576)	758 195	729 569	28 626	96.2%	1 052 286	991 689
Social benefits	320	284	-	604	334	270	55.3%	362	290
Other transfers to households	855 236	3 931	(101 576)	757 591	729 235	28 356	96.3%	1 051 924	991 399
Payments for capital assets	7 407	(2 497)	-	4 910	4 454	456	90.7%	8 834	6 778
Machinery and equipment	4 107	11	-	4 118	4 454	(336)	108.2%	4 773	2 718
Other machinery and equipment	4 107	11	-	4 118	4 454	(336)	108.2%	4 773	2 718
Software and other intangible assets	3 300	(2 508)	-	792	-	792	-	4 061	4 060
Payment for financial assets	-	-	-	-	332	(332)	-	-	19
	1 115 720	-	(100 000)	1 015 720	983 762	31 958	96.9%	1 315 887	1 260 461

FREE STATE DEPARTMENT OF HUMAN SETTLEMENTS
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APPROPRIATION STATEMENT
for the year ended 31 March 2021

PROGRAMME 1: ADMINISTRATION									
	2020/21					2019/20			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Voted Funds and Direct Charges	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. CORPORATE SERVICES	128 741	-	1 576	130 317	127 629	2 688	97.9%	136 905	140 993
Total for sub programme	128 741	-	1 576	130 317	127 629	2 688	97.9%	136 905	140 993
Economic classification									
Current payments	122 701	2 404	1 576	126 681	123 622	3 059	97.6%	129 374	134 469
Compensation of employees	95 441	2 508	1 576	99 525	97 398	2 127	97.9%	90 083	97 229
Salaries and wages	86 917	(603)	-	86 314	84 236	2 078	97.6%	83 501	84 684
Social contributions	8 524	3 111	1 576	13 211	13 162	49	99.6%	6 582	12 545
Goods and services	27 260	(110)	-	27 150	26 222	928	96.6%	39 166	37 118
Administrative fees	167	(63)	-	104	71	33	68.3%	155	94
Advertising	-	-	-	-	-	-	-	73	-
Minor assets	174	(144)	-	30	23	7	76.7%	150	118
Audit costs: External	7 342	1 330	-	8 672	8 654	18	99.8%	9 312	9 108
Bursaries: Employees	937	(470)	-	467	407	60	87.2%	942	930
Catering: Departmental activities	127	(3)	-	124	96	28	77.4%	290	220
Communication (G&S)	873	(7)	-	866	836	30	96.5%	1 109	987
Computer services	2 884	92	-	2 976	2 966	10	99.7%	2 106	1 716
Consultants: Business and advisory services	138	40	-	178	173	5	97.2%	4 864	4 793
Legal services	2 965	(216)	-	2 749	2 560	189	93.1%	2 432	2 422
Contractors	679	(552)	-	127	125	2	98.4%	1 920	1 808
Agency and support / outsourced services	30	1 593	-	1 623	1 622	1	99.9%	40	38
Entertainment	4	(2)	-	2	2	-	100.0%	4	3
Fleet services (incl. government motor transport)	2 634	(740)	-	1 894	1 774	120	93.7%	3 605	3 604
Consumable supplies	180	(42)	-	138	107	31	77.5%	200	139
PROGRAMME 1: ADMINISTRATION									

FREE STATE DEPARTMENT OF HUMAN SETTLEMENTS
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APPROPRIATION STATEMENT
for the year ended 31 March 2021

for the year ended 31 March 2021									
2020/21							2019/20		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Voted Funds and Direct Charges	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consumable: Stationery, printing and office supp	251	(13)	-	238	171	67	71.8%	530	396
Operating leases	3 738	400	-	4 138	4 058	80	98.1%	5 364	5 363
Property payments	-	20	-	20	10	10	50.0%	141	67
Travel and subsistence	1 739	(629)	-	1 110	949	161	85.5%	3 644	3 151
Training and development	940	(642)	-	298	354	(56)	118.8%	726	726
Operating payments	1 288	80	-	1 368	1 264	104	92.4%	1 387	1 337
Venues and facilities	170	(142)	-	28	-	28	-	172	98
Interest and rent on land	-	6	-	6	2	4	33.3%	125	122
Interest (Incl. interest on unitary payments (PPP))	-	6	-	6	2	4	33.3%	125	122
Transfers and subsidies	120	93	-	213	120	93	56.3%	368	336
Households	120	93	-	213	120	93	56.3%	368	336
Social benefits	120	93	-	213	120	93	56.3%	180	178
Other transfers to households	-	-	-	-	-	-	-	188	158
Payments for capital assets	5 920	(2 497)	-	3 423	3 555	(132)	103.9%	7 163	6 169
Machinery and equipment	2 620	11	-	2 631	3 555	(924)	135.1%	3 102	2 109
Other machinery and equipment	2 620	11	-	2 631	3 555	(924)	135.1%	3 102	2 109
Software and other intangible assets	3 300	(2 508)	-	792	-	792	-	4 061	4 060
Payment for financial assets	-	-	-	-	332	(332)	-	-	19
TOTAL	128 741	-	1 576	130 317	127 629	2 688	97.9%	136 905	140 993

FREE STATE DEPARTMENT OF HUMAN SETTLEMENTS
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APPROPRIATION STATEMENT
for the year ended 31 March 2021

1.1 SUB PROGRAMME: 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
Voted Funds and Direct Charges									
Economic classification									
Current payments	122 701	2 404	1 576	126 681	123 622	3 059	97.6%	129 374	134 469
Compensation of employees	95 441	2 508	1 576	99 525	97 398	2 127	97.9%	90 083	97 229
Goods and services	27 260	(110)	-	27 150	26 222	928	96.6%	39 166	37 118
Interest and rent on land	-	6	-	6	2	4	33.3%	125	122
Transfers and subsidies	120	93	-	213	120	93	56.3%	368	336
Households	120	93	-	213	120	93	56.3%	368	336
Payments for capital assets	5 920	(2 497)	-	3 423	3 555	(132)	103.9%	7 163	6 169
Other machinery and equipment	2 620	11	-	2 631	3 555	(924)	135.1%	3 102	2 109
Software and other intangible assets	3 300	(2 508)	-	792	-	792	-	4 061	4 060
Payments for financial assets	-	-	-	-	332	(332)	-	-	19
TOTAL	128 741	-	1 576	130 317	127 629	2 688	97.9%	136 905	140 993

FREE STATE DEPARTMENT OF HUMAN SETTLEMENTS
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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
Voted Funds and Direct Charges	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub Programme:									
1. ADMINISTRATION (HNRP)	2 356	(201)	-	2 155	2 004	151	93.0%	2 402	2 184
2. POLICY	3 170	(43)	-	3 127	2 985	142	95.5%	2 913	2 979
3. PLANNING	11 499	244	-	11 743	10 971	772	93.4%	11 325	11 894
4. RESEARCH	1 630	-	-	1 630	2 349	(719)	144.1%	1 512	2 356
Total for sub programme	18 655	-	-	18 655	18 309	346	98.1%	18 152	19 413
Economic classification									
Current payments	17 755	-	-	17 755	17 683	72	99.6%	17 537	19 136
Compensation of employees	16 355	-	-	16 355	16 965	(610)	103.7%	14 004	16 950
Salaries and wages	14 523	(79)	-	14 444	14 995	(551)	103.8%	12 350	14 989
Social contributions	1 832	79	-	1 911	1 970	(59)	103.1%	1 654	1 961
Goods and services	1 400	-	-	1 400	718	682	51.3%	3 533	2 186
Administrative fees	7	2	-	9	6	3	66.7%	73	24
Minor assets	120	-	-	120	5	115	4.2%	129	37
Bursaries: Employees	-	4	-	4	2	2	50.0%	-	-
Catering: Departmental activities	8	38	-	46	17	29	37.0%	97	54
Communication (G&S)	2	1	-	3	-	3	-	-	-
Consultants: Business and advisory services	100	-	-	100	-	100	-	-	-
Contractors	-	-	-	-	-	-	-	2	-
Consumable supplies	49	(19)	-	30	10	20	33.3%	42	21
Consumable: Stationery, printing and office supp	93	57	-	150	89	61	59.3%	239	50
Property payments	-	-	-	-	-	-	-	4	-
Travel and subsistence	1 021	(83)	-	938	589	349	62.8%	1 876	947
Training and development	-	-	-	-	-	-	-	1 046	1 041

FREE STATE DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 13

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
Voted Funds and Direct Charges	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Venues and facilities	-	-	-	-	-	-	-	25	12
Payments for capital assets	900	-	-	900	626	274	69.6%	615	277
Machinery and equipment	900	-	-	900	626	274	69.6%	615	277
Other machinery and equipment	900	-	-	900	626	274	69.6%	615	277
TOTAL	18 655	-	-	18 655	18 309	346	98.1%	18 152	19 413

2.1 SUB PROGRAMME: 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
Voted Funds and Direct Charges	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification	2 356	(201)	-	2 155	2 004	151	93.0%	2 402	2 184
Current payments	2 066	(201)	-	1 865	1 863	2	99.9%	1 941	1 927
Compensation of employees	290	-	-	290	141	149	48.6%	461	257
Goods and services	290	-	-	290	141	149	48.6%	461	257
TOTAL	2 356	(201)	-	2 155	2 004	151	93.0%	2 402	2 184

FREE STATE DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 13

APPROPRIATION STATEMENT
for the year ended 31 March 2021

2.2 SUB PROGRAMME: 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
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Voted Funds and Direct Charges									
Economic classification									
Current payments	3 170	(43)	-	3 127	2 985	142	95.5%	2 913	2 979
Compensation of employees	3 070	(43)	-	3 027	2 942	85	97.2%	2 740	2 932
Goods and services	100	-	-	100	43	57	43.0%	173	47
TOTAL	3 170	(43)	-	3 127	2 985	142	95.5%	2 913	2 979

2.3 SUB PROGRAMME: 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
Voted Funds and Direct Charges									
Economic classification									
Current payments	10 599	244	-	10 843	10 345	498	95.4%	10 710	11 617
Compensation of employees	9 769	244	-	10 013	9 863	150	98.5%	7 960	9 810
Goods and services	830	-	-	830	482	348	58.1%	2 750	1 807
Payments for capital assets	900	-	-	900	626	274	69.6%	615	277
Machinery and equipment	900	-	-	900	626	274	69.6%	615	277
TOTAL	11 499	244	-	11 743	10 971	772	93.4	11 325	11 894

**FREE STATE DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 13**

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

2.4 SUB PROGRAMME: RESEARCH									
	2020/21					2019/20			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Voted Funds and Direct Charges									
Economic classification									
Current payments	1 630	-	-	1 630	2 349	(719)	144.1%	1 512	2 356
Compensation of employees	1 450	-	-	1 450	2 297	(847)	158.4%	1 363	2 281
Goods and services	180	-	-	180	52	128	28.9%	149	75
TOTAL	1 630	-	-	1 630	2 349	(719)	144.1%	1 512	2 356

FREE STATE DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 13

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
Voted Funds and Direct Charges	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub Programme									
1. ADMINISTRATION (HDIPT)	81 533	607	11 000	93 140	93 278	(138)	100.1%	103 539	102 650
2. FINANCIAL INTERVENTIONS	165 119	114 912	(11 000)	269 031	268 749	282	99.9%	106 608	106 482
3. INCREMENTAL INTERVENTIONS	599 439	(116 988)	(101 576)	380 875	376 313	4 562	98.8%	478 962	478 698
4. SOCIAL AND RENTAL INTERVENTIONS	109 706	1 469	-	111 175	92 120	19 055	82.9%	397 971	397 970
5. TITLE DEEDS RESTORATION GRANT	11 124	-	-	11 124	5 978	5 146	53.7%	72 112	11 977
6. RURAL INTERVENTION	-	-	-	-	-	-	-	1 019	1 018
Total for Sub Programme	966 921	-	(101 576)	865 345	836 438	28 907	96.7%	1 160 211	1 098 795
Economic classification									
Current payments	110 898	(4 122)	-	106 776	106 716	60	99.9%	107 237	107 110
Compensation of employees	76 390	-	-	76 390	77 410	(1 020)	101.3%	74 558	75 156
Salaries and wages	66 682	-	-	66 682	67 676	(994)	101.5%	65 920	65 907
Social contributions	9 708	-	-	9 708	9 734	(26)	100.3%	8 638	9 249
Goods and services	34 508	(4 382)	-	30 126	29 060	1 066	96.5%	32 679	31 954
Administrative fees	24	(8)	-	16	11	5	68.8%	107	78
Minor assets	68	(1)	-	67	65	2	97.0%	32	-
Catering: Departmental activities	35	(2)	-	33	20	13	60.6%	92	60
Consultants: Business and advisory services	23 731	409	-	24 140	23 910	230	99.0%	17 658	17 621
Contractors	1	-	-	1	1	-	100.0%	3 934	3 908
Agency and support/ outsourced services	8 612	(4 392)	-	4 220	3 552	668	84.2%	4 936	4 904
Entertainment	1	-	-	1	1	-	100.0%	-	-
Consumable supplies	40	(11)	-	29	20	9	69.0%	85	44
Consumable: Stationery, printing and office supp	136	(37)	-	99	95	-	96.0%	157	61
Property payments	-	-	-	-	-	-	-	1 621	1 620

FREE STATE DEPARTMENT OF HUMAN SETTLEMENTS
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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
Voted Funds and Direct Charges									
Travel and subsistence	1 858	(340)	-	1 518	1 385	133	91.2%	4 022	3 626
Operating payments	2	-	-	2	-	2	-	-	-
Venues and facilities	-	-	-	-	-	-	-	35	32
Interest and rent on land	-	260	-	260	246	14	94.6%	-	-
Interest (Incl. interest on unitary payments (PPP))	-	260	-	260	246	14	94.6%	-	-
Transfers and subsidies									
Households	855 436	4 122	(101 576)	757 982	729 449	28 533	96.2%	1 051 918	991 353
Social benefits	200	191	-	391	214	177	54.7%	182	112
Other transfers to households	855 236	3 931	(101 576)	757 591	729 235	28 356	96.3%	1 051 736	991 241
Payments for capital assets									
Machinery and equipment	587	-	-	587	273	314	46.5%	1 056	332
Other machinery and equipment	587	-	-	587	273	314	46.5%	1 056	332
TOTAL	966 921	-	(101 576)	865 345	836 438	28 907	96.7%	1 160 211	1 098 795

FREE STATE DEPARTMENT OF HUMAN SETTLEMENTS
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APPROPRIATION STATEMENT
for the year ended 31 March 2021

3.1 SUB PROGRAMME: 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
Voted Funds and Direct Charges									
Economic classification									
Current payments	80 746	11	11 000	91 757	92 387	(630)	100.7%	102 301	102 206
Compensation of employees	76 390	-	-	76 390	77 410	(1 020)	101.3%	74 558	75 156
Goods and services	4 356	11	11 000	15 367	14 977	390	97.5%	27 743	27 050
Transfers and subsidies	200	596	-	796	618	178	77.6%	182	112
Households	200	596	-	796	618	178	77.6%	182	112
Other Transfers to Households	200	596	-	796	618	178	77.6%	182	112
Payments for capital assets	587	-	-	587	273	314	46.5%	1 056	332
Machinery and equipment	587	-	-	587	273	314	46.5%	1 056	332
Other machinery and equipment	587	-	-	587	273	314	46.5%	1 056	332
TOTAL	81 533	607	11 000	93 140	93 278	(138)	100.1%	103 539	102 650

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APPROPRIATION STATEMENT
for the year ended 31 March 2021

3.2 SUB PROGRAMME: 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
Voted Funds and Direct Charges	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	26 540	(4 393)	(11 000)	11 147	11 138	9	99.9%	1 324	1 323
Goods and services	26 540	(4 393)	(11 000)	11 147	11 138	9	99.9%	1 324	1 323
Transfers and subsidies	138 579	119 305	-	257 884	257 611	273	99.9%	105 284	105 159
Households	138 579	119 305	-	257 884	257 611	273	99.9%	105 284	105 159
Other Transfers to Households	138 579	119 305	-	257 884	257 611	273	99.9%	105 284	105 159
TOTAL	165 119	114 912	(11 000)	269 031	268 749	282	99.9%	106 608	106 482

3.3 SUB PROGRAMME: 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
Voted Funds and Direct Charges	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	-	260	-	260	246	14	94.6%	-	-
Interest and rent on land	-	260	-	260	246	14	94.6%	-	-
Interest (Incl. interest on unitary payments (PPP))	-	260	-	260	246	14	94.6%	-	-
Transfers and subsidies	599 439	(117 248)	(101 576)	380 615	376 067	4 548	98.8%	478 962	478 698
Households	599 439	(117 248)	(101 576)	380 615	376 067	4 548	98.8%	478 962	478 698
Other Transfers to Households	599 439	(117 248)	(101 576)	380 615	376 067	4 548	98.8%	478 962	478 698
TOTAL	599 439	(116 988)	(101 576)	380 875	376 313	4 562	98.8%	478 962	478 698

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APPROPRIATION STATEMENT
for the year ended 31 March 2021

3.4 SUB PROGRAMME: SOCIAL AND RENTAL 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
Voted Funds and Direct Charges	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Transfers and subsidies	109 706	1 469	-	111 175	92 120	19 055	82.9%	397 971	397 970
Households	109 706	1 469	-	111 175	92 120	19 055	82.9%	397 971	397 970
Other Transfers to Households	109 706	1 469	-	111 175	92 120	19 055	82.9%	397 971	397 970
TOTAL	109 706	1 469	-	111 175	92 120	19 055	82.9%	397 971	397 970

3.5 SUB PROGRAMME: TITLE DEED RESTORATION GRANT									
	2020/21					2019/20			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Voted Funds and Direct Charges	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	3 612	-	-	3 612	2 945	667	81.5%	3 612	3 581
Goods and services	3 612	-	-	3 612	2 945	667	81.5%	3 612	3 581
Transfers and subsidies	7 512	-	-	7 512	3 033	4 479	40.4%	68 500	8 396
Households	7 512	-	-	7 512	3 033	4 479	40.4%	68 500	8 396
Other Transfers to Households	7 512	-	-	7 512	3 033	4 479	40.4%	68 500	8 396
TOTAL	11 124	-	-	11 124	5 978	5 146	53.7%	72 112	11 977

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APPROPRIATION STATEMENT
for the year ended 31 March 2021

3.6 SUB PROGRAMME: RURAL 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
Voted Funds and Direct Charges									
Economic classification									
Transfers and subsidies	-	-	-	-	-	-	-	1 019	1 018
Households	-	-	-	-	-	-	-	1 019	1 018
Other Transfers to Households	-	-	-	-	-	-	-	1 019	1 018
TOTAL	-	-	-	-	-	-	-	1 019	1 018

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APPROPRIATION STATEMENT
for the year ended 31 March 2021

PROGRAMME 4: HOUSING ASSETS MANAGEMENT AND PROPERTY MANAGEMENT									
	2020/21					2019/20			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Voted Funds and Direct Charges	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub Programme:									
1. ADMINISTRATION	1 403	-	-	1 403	1 386	17	98.8%	619	1 260
Total for sub programme	1 403	-	-	1 403	1 386	17	98.8%	619	1 260
Economic classification									
Current payments	1 403	-	-	1 403	1 386	17	98.8%	619	1 260
Compensation of employees	1 164	-	-	1 164	1 237	(73)	106.3%	372	1 098
Salaries and wages	970	-	-	970	1 087	(117)	112.1%	188	969
Social contributions	194	-	-	194	150	44	77.3%	184	129
Goods and services	239	-	-	239	149	90	62.3%	247	162
Administrative Fees	5	-	-	5	2	3	40.0%	-	-
Consumable: Stationery, printing and office supp	10	(5)	-	5	-	5	-	8	-
Property payments	140	-	-	140	67	73	47.9%	179	162
Travel and subsistence	84	5	-	89	80	9	89.9%	60	-
TOTAL	1 403	-	-	1 403	1 386	17	98.8%	619	1 260

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 - H) to the Annual Financial Statements.

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

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

3. Detail on payments for financial assets

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

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

4.1 Per programme:

	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Programme:	R'000	R'000	R'000	%
Administration	130 317	127 629	2 688	2%

The Programme under spend on its appropriated amount due to a saving on Goods & Services.

Programme:

Housing Needs, Research & Planning	18 655	18 309	346	2%
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The Programme under spend on its appropriated amount due to a saving on Goods & Services.

Programme:

Housing Development	865 345	836 438	28 907	3%
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The Programme under spend on its appropriated amount mainly due to the under spending on the Conditional Grants.

Programme:

Housing Asset & Property Management	1 403	1 386	17	1%
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The Programme spend the completely appropriated amount.

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

4.2	Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
		R'000	R'000	R'000	R'000
	Current payments				
	Compensation of employees	193 434	193 010	424	0%
	Goods and services	58 915	56 149	2 766	5%
	Interest and rent on land	266	248	18	7%
	Transfers and subsidies				
	Households	758 159	729 569	28 626	4%
	Payments for capital assets				
	Machinery and equipment	4 910	4 454	456	9%
	Intangible assets	792	-	792	100%
	Payments for financial assets	-	332	(332)	-

The department manage to spend in total 97% of its allocated Appropriation for the financial year. The under spending is mainly Conditional Grant which was affected by Covid-19 pandemic impact.

4.3	Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
		R'000	R'000	R'000	R'000
	Human Settlements Development Grant (HSDG)	749 981	726 099	23 882	97%
	Expanded Public Works Programme (EPWP)	2 000	2 000	-	100%
	Title Deeds Restoration Grant (TDRG)	11 124	5 978	5 146	54%

There was an under spending on the Human Settlements Development Grant as well as the Title Deed Restoration Grant thus the department spend 84% of its allocated Conditional Grant Allocations for the financial year.

FREE STATE DEPARTMENT OF HUMAN SETTLEMENTS
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STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2021

	Note	2020/21 R'000	2019/20 R'000
REVENUE			
Annual appropriation	1	1 015 720	1 315 887
Departmental revenue	2	21 511	-
TOTAL REVENUE		1 037 231	1 315 887
EXPENDITURE			
Current expenditure			
Compensation of employees	4	193 010	190 433
Goods and services	5	56 149	71 420
Interest and rent on land	6	248	122
Total current expenditure		249 407	261 975
Transfers and subsidies			
Transfers and subsidies	8	729 569	991 689
Total transfers and subsidies		729 569	991 689
Expenditure for capital assets			
Tangible assets	9	4 454	2 718
Intangible assets	9	-	4 060
Total expenditure for capital assets		4 454	6 778
Payments for financial assets	7	332	19
TOTAL EXPENDITURE		983 762	1 260 461
SURPLUS/(DEFICIT) FOR THE YEAR		53 469	55 426
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		31 958	55 426
Annual appropriation		2 930	-5 107
Conditional grants		29 028	60 533
Departmental Receipts	14	21 511	-
SURPLUS/(DEFICIT) FOR THE YEAR		53 469	55 426

**FREE STATE DEPARTMENT OF HUMAN SETTLEMENTS
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**STATEMENT OF FINANCIAL POSITION
as at 31 March 2021**

	Note	2020/21 R'000	2019/20 R'000
ASSETS			
Current assets		36 442	64 949
Unauthorised expenditure	10	5 107	5 107
Cash and cash equivalents	11	23 792	52 057
Receivables	12	7 543	7 785
Non-current assets		-	10
Receivables	12	-	10
TOTAL ASSETS		36 442	64 959
LIABILITIES			
Current liabilities		33 626	62 153
Voted funds to be surrendered to the Revenue Fund	13	31 958	60 533
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	60	12
Payables	15	1 608	1 608
TOTAL LIABILITIES		33 626	62 153
NET ASSETS		2 816	2 806
		2020/21 R'000	2019/20 R'000
Represented by:			
Recoverable revenue		2 816	2 806
TOTAL		2 816	2 806

**FREE STATE DEPARTMENT OF HUMAN SETTLEMENTS
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**STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2021**

	2020/21 R'000	2019/20 R'000
Recoverable revenue		
Opening balance	2 806	2 819
Transfers	10	(13)
Debts recovered (included in departmental receipts)	(68)	(13)
Debts raised	78	-
Closing balance	<u>2 816</u>	<u>2 806</u>
TOTAL	<u>2 816</u>	<u>2 806</u>

**FREE STATE DEPARTMENT OF HUMAN SETTLEMENTS
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**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		1 068 664	1 317 036
Annual appropriated funds received	1.1	1 015 720	1 315 887
Departmental revenue received	2 & 14	52 939	1 146
Interest received	2.2	5	3
Net (increase)/decrease in working capital		242	(4 936)
Surrendered to Revenue Fund		(113 429)	(50 567)
Current payments		(249 159)	(256 746)
Interest paid	6	(248)	(122)
Payments for financial assets	7	(332)	(19)
Transfers and subsidies paid	8	(729 569)	(991 689)
Net cash flow available from operating activities	16	(23 831)	12 957
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(4 454)	(6 778)
Proceeds from sale of capital assets	2.3	-	12
(Increase)/decrease in non-current receivables	12	10	8
Net cash flows from investing activities		(4 444)	(6 758)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		10	(13)
Net cash flows from financing activities		10	(13)
Net increase/(decrease) in cash and cash equivalents		(28 265)	6 186
Cash and cash equivalents at beginning of period		52 057	45 871
Cash and cash equivalents at end of period	17	23 792	52 057

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

ACCOUNTING POLICIES

Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1. Basis of preparation

The financial statements have been prepared in accordance with the Modified Cash Standard.

2. Going concern

The financial statements have been prepared on a going concern basis.

3. Presentation currency

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

4. Rounding

Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).

5. Comparative information

5.1 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.

**FREE STATE DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 13**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2021**

5.2 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.

6. Revenue

6.1 Appropriated funds

Appropriated funds comprise 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.

6.2 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.

6.3 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.

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

7. Expenditure

7.1 Compensation of employees

7.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

7.1.2 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.

7.2 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.

7.3 Accruals and payables not recognised

Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.

7.4 Leases

7.4.1 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.

Operating lease payments received are recognised as departmental revenue.

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

7.4.2 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. Finance lease payments received are recognised as departmental revenue.

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.

Finance lease payments received are recognised as departmental revenue.

8. Cash and cash equivalents

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

9. Loans and receivables

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.

10. Financial assets

10.1 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.

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

10.2 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.

11. Payables

Payables recognised in the statement of financial position are recognised at cost.

12. Capital Assets

12.1 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.

12.2 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.

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

13. Provisions and Contingents

13.1 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.

13.2 Contingent liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

13.3 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.

13.4 Capital commitments

Capital commitments are recorded at cost in the notes to the financial statements.

14. Unauthorised expenditure

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

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15. 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.

16. 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.

17. 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.

18. 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.

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19. Principal-Agent arrangements

The department is party to a principal-agent arrangement for the following:

Agent	Responsibility
Housing Development Agency (HDA)	HDA was appointed for the implementation of approved Catalytic Projects, Informal Settlements upgrading programmes, Accreditation support and Land Acquisition in the Free State.

In terms of the arrangement the department is the principal and is responsible for the significant Terms & Conditions of the transactions and the Department is also exposed to the variability of the outcome of the transaction. 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.

20. Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed, and the related funds are received.

21. Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

22. Related party transactions

Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.

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23. Inventories *(Effective from date determined in a Treasury Instruction)*

At the date of acquisition, inventories are recognised at cost in the statement of financial performance.

Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.

Inventories are subsequently measured at the lower of cost and net realisable value or were intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.

The cost of inventories is assigned by using the weighted average cost basis.

24. Employee benefits

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.

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1. Annual Appropriation

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
	R'000	R'000	R'000	R'000	R'000
Administration	130 317	130 317	-	136 905	136 905
Housing needs, Research & Planning	18 655	18 655	-	18 152	18 152
Housing Development	865 345	865 345	-	1 160 211	1 160 211
Housing Assets Management Property Man	1 403	1 403	-	619	619
Total	1 015 720	1 015 720	-	1 315 887	1 315 887

Funds are allocated by Provincial Treasury as and when the department incurs expenditure, therefore the department does not receive the full allocation at once in the PMG account. However, at the end of each financial year Provincial Treasury transfers all outstanding funds into the departments PMG account.

1.2 Conditional grants

	Note	2020/21 R'000	2019/20 R'000
Total grants received	33	763 105	1 049 503
Provincial grants included in Total Grants received		763 105	1 049 503

2. Departmental revenue

	Note	2020/21 R'000	2019/20 R'000
Sales of goods and services other than capital assets	2.1	142	734
Interest, dividends and rent on land	2.2	5	3
Sales of capital assets	2.3	-	12
Transactions in financial assets and liabilities	2.4	52 797	412
Total revenue collected		52 944	1 161
Less: Own revenue included in appropriation	14	31 433	1 161
Departmental revenue collected		21 511	-

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2.1 Sales of goods and services other than capital assets

	Note 2	2020/21 R'000	2019/20 R'000
Sales of goods and services produced by the department		142	734
Other sales		142	734
Total		142	734

2.2 Interest, dividends and rent on land

	Note 2	2020/21 R'000	2019/20 R'000
Interest		5	3
Total		5	3

2.3 Sale of capital assets

	Note 2	2020/21 R'000	2019/20 R'000
Tangible assets		-	12
Machinery and equipment	2 & 27	-	12
Total		-	12

2.4 Transactions in financial assets and liabilities

	Note 2	2020/21 R'000	2019/20 R'000
Receivables		122	12
Other Receipts including Recoverable Revenue		52 675	400
Total		52 797	412

3. Aid Assistance Donations received in kind (not included in the main note)

	Note Annexure 1B	2020/21 R'000	2019/20 R'000
<i>List in kind donations received</i>			
Bar soap (Dettol, Protex, Lifebuoy or similar)		150	-
Mask - (Surgical) (50per box)		37	-
Hand sanitisers 1L		2 143	-
Mask 3 ply		69	-
Hand sanitisers (500ml pump spout)		9	-
Hand sanitisers (5L)		10	-
Visor/ face shield		27	-
Cloth Masks		20	-
Digital Thermometer		20	-
		2 485	-

The above relates to Protective Personnel Equipment (PPE) received by the department in kind as part of the Covid-19 pandemic rescue from Provincial Treasury.

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4. Compensation of employees

4.1 Salaries and Wages

	2020/21 R'000	2019/20 R'000
Basic salary	136 032	133 775
Performance awards	1 318	2 018
Service Based	117	132
Compensative/circumstantial	1 697	2 466
Other non-pensionable allowances	28 830	28 158
Total	167 994	166 549

4.2 Social contributions

	2020/21 R'000	2019/20 R'000
Employer contributions		
Pension	16 843	16 569
Medical	8 137	7 281
Bargaining council	36	34
Total	25 016	23 884

Total compensation of employees

193 010	190 433
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Average number of employees

420	425
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5. Goods and services

	Note	2020/21 R'000	2019/20 R'000
Administrative fees		91	196
Minor assets	5.1	93	155
Bursaries (employees)		407	930
Catering		135	333
Communication		837	987
Computer services	5.2	2 966	1 716
Consultants: Business and advisory services		24 083	22 414
Legal services		2 560	2 422
Contractors		125	5 717
Agency and support / outsourced services		5 175	4 942
Entertainment		2	3
Audit cost – external	5.3	8 654	9 108
Fleet services		1 774	3 604
Consumables	5.4	493	711
Operating leases		4 058	5 363
Property payments	5.5	76	1 849
Travel and subsistence	5.6	3 004	7 723
Venues and facilities		-	142
Training and development		354	1 767
Other operating expenditure	5.7	1 262	1 338
Total		56 149	71 420

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5.1 Minor assets

	Note 5	2020/21 R'000	2019/20 R'000
Tangible assets			
Machinery and equipment		93	155
Total		93	155

5.2 Computer services

	Note 5	2020/21 R'000	2019/20 R'000
SITA computer services		2 966	1 687
External computer service providers		-	29
Total		2 966	1 716

5.3 Audit cost – External

	Note 5	2020/21 R'000	2019/20 R'000
Regularity audits		8 654	9 108
Total		8 654	9 108

5.4 Consumables

	Note 5	2020/21 R'000	2019/20 R'000
Consumable supplies:		137	203
Household supplies		96	4
Building material and supplies		14	3
IT consumables		7	11
Other consumables		20	185
Stationery, printing and office supplies		356	508
Total		493	711

5.5 Property payments

	Note 5	2020/21 R'000	2019/20 R'000
Municipal services		38	368
Other		38	1 481
Total		76	1 849

5.6 Travel and subsistence

	Note 5	2020/21 R'000	2019/20 R'000
Local		2 888	7 597
Foreign		116	126
Total		3 004	7 723

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5.7 Other operating expenditure

	Note 5	2020/21 R'000	2019/20 R'000
Professional bodies, membership and subscription fees		26	15
Resettlement costs		284	-
Other		952	1 323
Total		1 262	1 338

6. Interest and rent on land

	2020/21 R'000	2019/20 R'000
Interest paid	248	122
Total	248	122

7. Payments for financial assets

	Note	2020/21 R'000	2019/20 R'000
Debts written off	7.1	332	19
Total		332	19

7.1 Debts written off

	Note 7	2020/21 R'000	2019/20 R'000
Recoverable revenue written off			
Supplier Debt Written off		49	-
Bursary Debt Written off		9	-
		58	-
Other debt written off			
Staff Debt Written off		33	19
Supplier Debt Written off		241	-
		274	19
Total debt written off		332	19

8. Transfers and Subsidies

		2020/21 R'000	2019/20 R'000
Households	Annexure 1A	729 569	991 689
Total		729 569	991 689

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9. Expenditure for capital assets

	Note	2020/21 R'000	2019/20 R'000
Tangible assets		4 454	2 718
Machinery and equipment	27	4 454	2 718
Intangible assets		-	4 060
Software	28	-	4 060
Total		4 454	6 778

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

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	4 454	-	4 454
Machinery and equipment	4 454	-	4 454
Intangible assets	-	-	-
Software	-	-	-
Total	4 454	-	4 454

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

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	2 718	-	2 718
Machinery and equipment	2 718	-	2 718
Intangible assets	4 060	-	4 060
Software	4 060	-	4 060
Total	6 778	-	6 778

9.3 Finance lease expenditure included in Expenditure for capital assets.

	2020/21 R'000	2019/20 R'000
Tangible assets		
Machinery and equipment	2 947	1 745
Total	2 947	1 745

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10. Unauthorised expenditure

10.1 Reconciliation of unauthorised expenditure

	2020/21 R'000	2019/20 R'000
Opening balance	5 107	-
Prior period error	-	-
As restated	5 107	-
Unauthorised expenditure – discovered in current year (as restated)	-	5 107
Closing balance	5 107	5 107
Unauthorised expenditure awaiting authorisation	5 107	5 107
Total	5 107	5 107

10.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification.

	2020/21 R'000	2019/20 R'000
Current	5 107	5 107
Total	5 107	5 107

10.3 Analysis of unauthorised expenditure awaiting authorisation per type

	2020/21 R'000	2019/20 R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote	5 107	5 107
Total	5 107	5 107

11. Cash and cash equivalents

	2020/21 R'000	2019/20 R'000
Consolidated Paymaster General Account	23 762	52 027
Cash on hand	30	30
Total	23 792	52 057

There are no significant cash and cash equivalent balances held by the department that are not available for use.

There are no undrawn borrowing facilities available for future operating activities or to settle capital commitments.

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12. Receivables

		Current	2020/21 Non- current	Total	Current	2019/20 Non- current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
	<i>Note</i>						
Claims recoverable	12.1	555	-	555	555	-	555
Staff debt	12.2	479	-	479	431	10	441
Other receivables	12.3	6 509	-	6 509	6 799	-	6 799
Total		7 543	-	7 543	7 785	10	7 795

12.1 Claims recoverable

	<i>Note</i>	2020/21 R'000	2019/20 R'000
Local governments	12 and Annex 3	555	555
Total		555	555

Claims recoverable from Local Governments amounting to R555' relates to overdue amounts by the Municipalities of which and amount of R469' is owed by Mangaung Metro, R34' by Matjhabeng Local Municipality and R25' is owed by Moqhaka Local Municipality. The amount is still due as of 31 March 2021.

12.2 Staff debt

	<i>Note</i>	2020/21 R'000	2019/20 R'000
Salary Overpayments (Employees)	12	10	36
Salary Overpayments (Ex-employees)		75	88
Communication Debt (Employees)		202	204
Communication Debt (Ex-employees)		-	1
Loss Control (Employees)		43	23
Loss Control (Ex-employees)		15	15
Breach of Contract (Employees)		90	33
Breach of Contract (Ex-employees)		44	41
Total		479	441

12.3 Other receivables

	<i>Note</i>	2020/21 R'000	2019/20 R'000
Supplier Debt	12	6 509	6 799
Total		6 509	6 799

12.4 Impairment of receivables

	2020/21 R'000	2019/20 R'000
Estimate of impairment of receivables	7 364	7 592
Total	7 364	7 592

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13. Voted funds to be surrendered to the Revenue Fund

	Note	2020/21 R'000	2019/20 R'000
Opening balance		60 533	49 418
Prior period error		-	-
As restated		60 533	49 418
Transfer from statement of financial performance (as restated)		31 958	55 426
Add: Unauthorised expenditure for current year	10	-	5 107
Paid during the year		(60 533)	(49 418)
Closing balance		31 958	60 533

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

		2020/21 R'000	2019/20 R'000
Opening balance		12	-
Prior period error		-	-
As restated		12	-
Transfer from Statement of Financial Performance (as restated)	2	21 511	-
Own revenue included in appropriation	2	31 433	1 161
Paid during the year		(52 896)	(1 149)
Closing balance		60	12

15. Payables – current

	Note	2020/21 R'000	2019/20 R'000
Other payables	15.1	1 608	1 608
Total		1 608	1 608

15.1 Other payables

	Note	2020/21 R'000	2019/20 R'000
Trading Account Asset & Liability – Housing Fund	15	1 608	1 608
Total		1 608	1 608

Other payables relate to the Housing Fund (Trading Entity) balances due by the department to the Entity which is payable upon the Entity winding up.

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16. Net cash flow available from operating activities

	2020/21 R'000	2019/20 R'000
Net surplus/(deficit) as per Statement of Financial Performance	53 469	55 426
Add back non-cash/cash movements not deemed operating activities	(77 300)	(42 469)
(Increase)/decrease in receivables	242	174
Increase/(decrease) in payables – current	-	(3)
Proceeds from sale of capital assets	-	(12)
Expenditure on capital assets	4 454	6 778
Surrenders to Revenue Fund	(113 429)	(50 567)
Own revenue included in appropriation	31 433	1 161
Net cash flow generated by operating activities	(23 831)	12 957

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

	2020/21 R'000	2019/20 R'000
Consolidated Paymaster General account	23 762	52 027
Cash on hand	30	30
Total	23 792	52 057

18. Contingent liabilities and contingent assets

18.1 Contingent liabilities

	Note	2020/21 R'000	2019/20 R'000
Liable to Nature			
Claims against the department	Annex 2	61 948	63 211
Total		61 948	63 211

Contingent liabilities relate to claims instituted against the Department. The amount and timing of potential payments in relation to these claims are contingent upon the Court's ruling for each of the cases. Therefore, the possibility of payment will only be certain upon the completion of the Court Cases.

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

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18.2 Contingent assets

	2020/21 R'000	2019/20 R'000
Nature of contingent asset		
Trading Account Asset & Liability – Housing Fund	19 505	18 809
Total	19 505	18 809

The Housing Fund falls under the administration of the Department of Human Settlements and shares the same Accounting Officer. Once the fund ceases to operate, there is a possibility that the bank balance will be surrendered to the Department.

19. Accruals and payables not recognised.

19.1 Accruals

		2020/21 R'000	2019/20 R'000
Listed by economic classification			
	30 Days	30+ Days	Total
Goods and services	2 151	1 579	3 730
Transfers and subsidies	2 369	3 979	6 348
Total	4 520	5 558	10 078
Listed by programme level			
Administration		3 633	4 337
Housing Needs, Research & Planning		19	
Housing Development		6 426	18 324
Total		10 078	22 661

Accruals relates to claims on Transfers and Subsidies where for work that was performed, and services delivered but not yet invoices as of 31 March 2021.

19.2 Payables not recognised.

		2020/21 R'000	2019/20 R'000
Listed by economic classification			
	30 Days	30+ Days	Total
Goods and services	1 017	3 241	4 258
Transfers and subsidies	20 667	34 699	55 366
Capital Assets	115	-	115
Total	21 799	37 940	59 739
Listed by programme level			
Administration		4 362	2 111
Housing Needs, Research & Planning		4	19
Housing Development		55 373	75 315
Total		59 739	77 445

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	Note	2020/21 R'000	2019/20 R'000
Included in the above totals are the following:			
Confirmed balances with other departments	Annex 4	54	212
Confirmed balances with other government entities	Annex 4	528	669
Total		582	881

These confirmed balances relate to the Fleet Management Account for the month of March 2021 and 3 Interdepartmental claims from the Department of the Premier.

20. Employee benefits

	2020/21 R'000	2019/20 R'000
Leave entitlement	14 975	10 008
Service bonus	5 244	5 050
Performance awards	960	1 465
Capped leave	1 726	1 715
Other	185	33
Total	23 090	18 271

At this stage, the department is not able to reliably measure the long-term portion of the long service awards.

21. Lease commitments

21.1 Operating leases

	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
2020/21					
Not later than 1 year	-	-	-	1 540	1 540
Later than 1 year and not later than 5 years	-	-	-	463	463
Total lease commitments	-	-	-	2 003	2 003
2019/20					
Not later than 1 year	-	-	-	2 662	2 662
Later than 1 year and not later than 5 years	-	-	-	1 421	1 421
Total lease commitments	-	-	-	4 083	4 083

Operating leases consists of Service Level Agreement with Fleet Management for provision of vehicles on a continuous basis.

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21.2 Finance leases

	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
2020/21					
Not later than 1 year	-	-	-	2 340	2 340
Later than 1 year and not later than 5 years	-	-	-	841	841
Total lease commitments	-	-	-	3 181	3 181

	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
2019/20					
Not later than 1 year	-	-	-	1 883	1 883
Later than 1 year and not later than 5 years	-	-	-	2 234	2 234
Total lease commitments	-	-	-	4 117	4 117

The department has 4 active photocopier contracts with Alenti for a period of 36 months of which all 4 expires in the 2nd quarter of 2020.

The department rents 252 voice and data lines from Vodacom over a fixed term period of 24 months of which non has expired yet.

The department has 22 new photocopier contracts since the old contract with Alenti came to an end in June 2019 except for the 4 machines which already expired on 30 September 2020 but is running on a month-to-month basis. The calculations were based on the contract that was signed with the service Provider

22. Accrued departmental revenue

	2020/21 R'000	2019/20 R'000
Transfers received	867 813	866 199
Total	867 813	866 199

The amount of R867 813' consist of an amount of R830 907'for Material Advance Payments and an amount of R36 906' for unspent funds by the Free State Development Corporation.

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22.1 Analysis of accrued departmental revenue

	2020/21 R'000	2019/20 R'000
Opening balance	866 199	830 907
Add Amounts recognised (FDC)	1 614	35 292
Closing balance	867 813	866 199

22.2 Impairment of accrued departmental revenue

	2020/21 R'000	2019/20 R'000
Estimate of impairment of accrued departmental revenue	88 175	88 175
Total	88 175	88 175

The amount relates to IHC Building Supplies which have been liquidated.

23. Irregular expenditure

23.1 Reconciliation of irregular expenditure

	2020/21 R'000	2019/20 R'000
Opening balance	4 088 315	3 209 948
Prior period error	-	82 516
As restated	4 088 315	3 292 464
Add: Irregular expenditure – relating to prior year	81 449	-
Add: Irregular expenditure – relating to current year	454 925	797 093
Less: Amounts written off	-	(1 242)
Closing balance	4 624 689	4 088 315
Analysis of closing balance		
Current year	454 925	797 093
Prior years	4 169 764	3 291 222
Total	4 624 689	4 088 315

23.2 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
Conditional Grant	None, Financial misconduct is not suspected. Value for money obtained	454 807
SCM	None, Financial misconduct is not suspected. Value for money obtained	118
Conditional Grant	None, Financial misconduct is not suspected. Value for money obtained	81 449
Total		536 374

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23.3 Prior period error

	Note	2019/20 R'000
Nature of prior period error		
Relating to 2018/19 [affecting the opening balance]	23.1	82 516
Conditional Grant		82 516
Relating to 2019/20	23.1	81 449
Conditional Grant		81 449
Total prior period errors		163 965

23.4 Details of the non-compliance where an institution is involved in an inter-institutional arrangement.

Incident	2020/21 R'000
Transactions refers to the Hillside View mixed housing development as a result of housing development project between the department and Mangaung Metro Municipality (Kantha Developers).	21 582
Total	21 582

24. Fruitless and wasteful expenditure

24.1 Reconciliation of fruitless and wasteful expenditure

	2020/21 R'000	2019/20 R'000
Opening balance	54 869	54 747
Prior period error	-	-
As restated	54 869	54 747
Fruitless and wasteful expenditure – relating to prior year	3 883	-
Fruitless and wasteful expenditure – relating to current year	1 938	122
Less: Amounts written off	-1	-
Closing balance	60 689	54 869

24.2 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
Interest paid overdue accounts	None, Financial misconduct is not suspected. Value for money was obtained	248
Losses related to projects	None, Financial misconduct is not suspected. Value for money was obtained	5 573
Total		5 821

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24.3 Details of fruitless and wasteful expenditure written off.

	2020/21 R'000
Incident	
Credit Note on Telkom account for Interest charged	1
Total	<u>1</u>

24.4 Details of fruitless and wasteful expenditures under Investigation (not included in the main note)

	2020/21 R'000
Incident	
Possible Retention Overpayments	20
Total	<u>20</u>

25. Related party transactions

	2020/21 R'000	2019/20 R'000
Loans to /from related parties		
Non-interest-bearing loans to/(from)	19 505	18 809
Interest bearing loans to/(from)	(1 608)	(1 608)
Total	<u>17 897</u>	<u>17 201</u>

The Housing Fund falls under the administration of the Department of Human Settlements and shares the same Accounting Officer. Once the fund ceases to operate, there is a possibility that the bank balance will be surrendered to the Department. The amount disclosed represents possible amount payable to the department and amount payable by the department to the Fund upon the winding up of the Fund. In addition, the value of services provided to the Housing Fund by the Department of Human settlements includes the usage of the BAS system as well as the use of services of the employees of the Department to administer the Fund. The value of these services cannot be reliably estimated.

The Department of Public Works & Infrastructure shares the same MEC as the Department of Human Settlements. Transactions between the two Departments occurs within a normal relationship on terms and conditions no more or less favourable than those applicable to other Departments.

26. Key management personnel

	No. of Individuals	2020/21 R'000	2019/20 R'000
Level 15 to 16	2	4 091	3 981
Level 14	6	5 863	6 521
Family members of key management personnel	1	371	369
Total		<u>10 325</u>	<u>10 871</u>

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Key Management Personnel are those members having the authority and responsibility for planning, directing and controlling the activities of the department. The department is of the opinion that all officials from level 14 to level 16 have this authority. Disclosed in family members of key management personnel is remuneration of one official who is related to key management personnel. Included are 2 Level 13 officials who acted in Funded positions on Level 14. Disclosed in family members of key management personnel is the remuneration of one official who is related key management personnel.

27. Provisions

	<i>Note</i>	2020/21 R'000	2019/20 R'000
Provision on retention retained		23 956	18 554
Total		23 956	18 554

27.1 Reconciliation of movement in provisions – 2020/21

	Retention Fees R'000	Total provisions R'000
Opening balance	18 554	18 554
Increase in provision	6 508	6 508
Settlement of provision	(1 106)	(1 106)
Closing balance	23 956	23 956

Reconciliation of movement in provisions – 2019/20

	Retention R'000	Total provisions R'000
Opening balance	17 291	17 291
Increase in provision	4 158	4 158
Settlement of provision	(2 895)	(2 895)
Closing balance	18 554	18 554

The amount disclosed as retention provision is the best estimate of the funds required to settle the retention liability when projects with retention clause reach practical completion.

- HSS data was utilized during the estimation of the provision amount.
- All active contracts as from 1 October 2010 to 31 March 2021 were used to determined retention provisions.
- Provision was estimated at 5% of payments made on retainable milestones of all payments made since 1 October 2010 to March 2021.
- New contracts entered from 2019/20 – 2020/21 no longer includes retention clause and the department no longer retains 5% from the payments.
- Retention is still withheld on old contracts entered before 2019/2020 financial year.
- Key assumptions were used to calculate retention provisions.
- Practical completion was used to identify movement from a provision to retention liability.

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28. 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	12 916	-	1 622	-	14 538
Computer equipment	6 105	-	1 446	-	7 551
Furniture and office equipment	6 490	-	170	-	6 660
Other machinery and equipment	321	-	6	-	327
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	12 916	-	1 622	-	14 538

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	19	296

The 19 major assets disclosed as assets under investigation were referred to Security and Anti-Corruption unit for further investigation; the cases were not yet concluded as of 31 March 2021.

28.1 Additions

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

	Cash R'000	Non- cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
MACHINERY AND EQUIPMENT	4 454	-	(2 947)	115	1 622
Computer equipment	1 446	-	-	-	1 446
Furniture and office equipment	55	-	-	115	170
Other machinery and equipment	2 953	-	(2 947)	-	6
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	4 454	-	(2 947)	115	1 622

Capital Assets to the value of R115' were received and invoiced as at 31 March 2021 but only paid in the current financial year of 2021/2022, therefore they will appear on the Asset Register but not form part of the additions on BAS since it did not disburse thus no expenditure was incurred. The value in the Asset Register is therefore R0.00.

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28.2 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	12 422	-	973	479	12 916
Computer equipment	5 870	-	638	383	6 105
Furniture and office equipment	6 244	-20	322	96	6 490
Other machinery and equipment	308	20	13	-	321
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	12 422	-	973	479	12 916

28.2.1 Prior period error

	Note	2019/20 R'000
Nature of prior period error	27.2	
Relating to 2019/2020 <i>[affecting the opening balance]</i>		(20)
2 Assets incorrectly classified in the Asset Register as Computer Equipment. Above mentioned 2 Assets correctly classified as Office Equipment/Furniture		20
Total prior period errors		-

The following 2 Assets was incorrectly classified as Computer Equipment instead of Office/Furniture Equipment in the Asset Register of the department. H01512 to the value of R7 999.99 and H02391 to the value of R12 262.60.

28.3 Minor assets

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

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	56	-	3 903	-	3 959
Additions	-	-	-	93	-	93
TOTAL MINOR ASSETS	-	56	-	3 996	-	4 052

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	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	86	-	86
Number of minor assets at cost	-	20	-	2 275	-	2 295
TOTAL NUMBER OF MINOR ASSETS		20	-	2 361	-	2 381

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	14	27
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Included in the Asset Register is 14 minor assets which are under investigation and have been referred to Security and Anti-Corruption and Security Management for further investigation, the cases were not yet concluded as of 31 March 2021.

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

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	56	-	3 900	-	3 956
Additions	-	-	-	154	-	154
Disposals	-	-	-	151	-	151
TOTAL MINOR ASSETS	-	56	-	3 903		3 959

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	86	-	86
Number of minor assets at cost	-	20	-	2 242	-	2 262
TOTAL NUMBER OF MINOR ASSETS	-	20	-	2 328	-	2 348

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28.3.1 Prior period error

	2019/20 R'000
Nature of prior period error	
Relating to 2019/20	(2)
Opening Balance	(1)
Additions	(1)
Total prior period errors	<u>(2)</u>

This is not material but must be noted. The actual figures of the additions on the TB (before rounding) agrees with the Asset Register, however when rounding of the TB took place it rounds it up by 1 hence the differences since it is accumulative figures. When manual rounding is applied it throws out something else on the TB thus it is a snowball effect. In the light of the above-mentioned a prior period error note was completed to fix this since the figures in the asset register cannot be adjusted.

28.4 S42 Movable capital assets

MAJOR ASSETS TO BE TRANSFERRED IN TERMS OF S42 OF THE PFMA - 31 MARCH 2021

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
No. of Assets	-	-	-	5	-	5
Value of the assets (R'000)	-	-	-	65	-	65

MINOR ASSETS TO BE TRANSFERRED IN TERMS OF S42 OF THE PFMA - 31 MARCH 2021

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
No. of Assets	-	-	-	15	-	15
Value of the assets (R'000)	-	-	-	14	-	14

29. 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	4 689	-	-	-	4 689
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	120	-	-	-	120
TOTAL INTANGIBLE CAPITAL ASSETS	4 809	-	-	-	4 809

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29.1 Movement for 2019/20

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	629	-	4 060	-	4 689
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	120	-	-	-	120
TOTAL INTANGIBLE CAPITAL ASSETS	749	-	4 060	-	4 809

30. Principal-agent arrangements

Department acting as the principal

	2020/21 R'000	2019/20 R'000
Housing Development Agency (HDA)	155 338	69 041
Total	155 338	69 041

The Department appointed the Housing Development Agency (HDA) for the implementation of approved Catalytic projects, Informal Settlements upgrading programmes, Accreditation support and Land Acquisition in the Free State. The Housing Development Agency (HDA) had unspent funds amounting to R 155 338 million (2020/2021) and R 69 041 million (2019/2020). The department does not pay any Management fees to the entity. As of 31 March 2021, there was no indication of terminating the principal-arrangement.

31. Prior period errors

	Amount bef error correction	Prior period error	Restated Amount
	2019/20 R'000	2019/20 R'000	2019/20 R'000
Assets:			
Note 22.1: Accrued Departmental Revenue	830 907	35 292	866 199
Note 27.2: Assets (2) not Computer Equipment	6 125	(20)	6 105
Note 27.2: Assets (2) Office Equipment/Furniture	6 470	20	6 490
Note 27.3: Closing Balance Minor Assets March 2020	3 901	(1)	3 900
Note 27.3: Additions Minor Assets 2019/20 Financial year	155	(1)	154
Net effect	847 558	35 290	882 848

Accrued Departmental Revenue was restated due to the unspent amount of R35 292' by the Free State Development Corporation.

2 Assets were incorrectly classified on the Assets Register as Computer Equipment instead of Office/Furniture Equipment, Asset No H01512 to the value of R7 999.99 and H02391 to the value of R12 292.60.

The Closing Balance for March 2020 on Minor Assets (Machinery & Equipment) as well as the

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Additions on Minor Assets for 2019/2020 has been restated due to rounding matters between the Trial Balance and the Asset Register for the particular year.

Prior period errors

	Amount bef error correction 2019/20 R'000	Prior period error 2019/20 R'000	Restated Amount 2019/20 R'000
Liabilities:			
Note 18.1: Contingent Liabilities	63 563	(352)	63 211
Note 19.1: Under Statement of Accruals	22 275	386	22 661
Note 19.2: Retention Payments	46 295	(11 474)	34 821
Note 26.2: Retention Provisions	19 783	(1 229)	18 554
Net effect	151 916	(12 669)	139 247

Restatement was done on Contingent Liabilities since the Cell C case was removed since it was dismissed by the Bloemfontein High Court.

Restatement was done on Accruals due to invoices received after the reporting date.

Restatement of retention payables as a result of prior year court settlement on a payable, therefore payable derecognised retrospectively and a project which was completed in prior year and not recognised in previous financial year.

Restatement of retention provisions as a result of 5% retained on duplicated milestones.

Prior period errors

	Amount bef error correction 2019/20 R'000	Prior period error 2019/20 R'000	Restated Amount 2019/20 R'000
Other:			
Note 23.1: Irregular Expenditure	3 209 948	82 516	3 292 464
Net effect	3 209 948	82 516	3 292 464

A restatement was done on the opening balance for the 2019/2020 financial year relating to the 2018/2019 financial year. The restatement relates to Conditional Grant payments.

32. Going Concern

Management has done an assessment of the Department's ability to continue as a going concern. In doing so, the short- and medium-term economic environment was taken into consideration. The cumulative financial implication of, Note 19.1 (Accruals) R10 078 million, Note 19.2 (Payables not recognised) R59 739 million, Note 10 (Unauthorised expenditure – overspending of the budget) R5 107 million, which will become a charge against the vote during the 2021/22 financial year should it not be approved with funding by the Legislature as well as Note 13 (Voted funds to be surrendered to the revenue fund (including the unspent funds of the conditional grants) R31 958 million will result in a decrease of the future budget (2020/21) available for program expenditure equal to the aggregate amount of these items.

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A further potential challenge, as a result of the decrease in the available budget, might include a delay in payment of suppliers and service providers within the normal 30 days' time frame.

It will also have an impact on achieving performance targets as outlined in the annual performance plan of the 2020/21 financial year. In addition to the above the Department also has pending legal proceedings amounting to R61 948 million, which the Department will struggle to settle should the claims be successful and given its financial position. The above indicated that there is a material uncertainty and, therefore, the department may be unable to realise its assets and discharge its liabilities in the normal course of business.

A nationwide lockdown came into effect from March 2020 as a result of the Covid-19 pandemic. The effect of the lockdown and the ongoing crisis means the economy will experience a significant downturn, while there will be an increased need for delivery of services. Areas affected as a result of the crisis were construction, budgets were cut, and departments could not fully operational due to lockdown regulations.

These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the department's ability to continue as a going concern.

Notwithstanding all the above, the department has measures in place to mitigate the uncertainty regarding the ability to continue as a going concern hence the Department's Financial Statements have been prepared on a going concern basis.

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33. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF GRANT	GRANT ALLOCATION					SPENT				2019/20	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjust-ments	Other Adjust-ments	Total Available	Amount received by depart-ment	Amount spent by depart-ment	Under / (Oversp ending)	% of available funds spent by department	Division of Revenue Act	Amount spent by departme nt
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Human Settlements Development Grant	849 981	-	(100 000)	-	749 981	749 981	726 099	23 882	97%	975 166	974 858
Expanded Public Works Programme	2 000	-	-	-	2 000	2 000	2 000	-	100%	2 225	2 225
Title Deed Restoration Grant	11 720	-	-	(596)	11 124	11 124	5 978	5 146	54%	72 112	11 977
	863 701	-	(100 000)	(596)	763 105	763 105	734 077	29 028	4%	1 049 503	989 060

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34. COVID 19 RESPONSE EXPENDITURE

	<i>Note</i>	2020/21	2019/20
	<i>ANNEXURE 6</i>	R'000	R'000
Goods and Services		43	10
Transfers & Subsidies		12 611	-
Total		12 654	10

The amount of R43 was spend on departmental PPE such as Masks and sanitizers while the R12 611' were spend on the erection of Temporarily Shelters when Lockdown Level 5 was implemented in March 2020.

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ANNEXURE 1A
STATEMENT OF TRANSFERS TO HOUSEHOLDS

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	%	Final Appropriation
Transfers							R'000
Voted Funds	1 009	-	-	1 009	739	73%	550
Human Settlements Development Grant	738 574	-	-	738 574	714 715	97%	973 842
Title Deed Restoration Grant	7 512	-	-	7 512	3 033	40%	68 500
Expanded Public Works Programme for Provinces	2 000	-	-	2 000	2 000	100%	2 225
Demolition & Construction of 2 Roomed Houses	6 000	-	-	6 000	5 982	100%	4 308
Top Up Military Veterans	3 100	-	-	3 100	3 100	100%	2 861
Subsidies	758 195	-	-	758 195	729 569		1 052 286
TOTAL	758 195	-	-	758 195	729 569		1 052 286

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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			
Provincial Treasury	Bar soap (Dettol, Protex, Lifebuoy or similar)	150	-
	Mask - (Surgical) (50per box)	37	-
	Hand sanitisers 1L	2 143	-
	Mask 3 ply	69	-
	Hand sanitisers (500ml pump spout) Hand sanitisers (5L)	9	-
	Hand sanitisers (5L)	10	-
	Visor/ face shield	27	-
	Cloth Masks	20	-
	Digital Thermometer	20	-
Subtotal		2 485	-
TOTAL		2 485	-

Above donations was received in kind as part of Covid-19 pandemic rescue.

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ANNEXURE 1C
STATEMENT OF ACTUAL MONTHLY EXPENDITURE PER GRANT

Grant Type	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sept 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Human Settlements Development Grant	-	47 735	16 975	33 245	69 390	30 216	26 992	51 681	59 697	84 994	191 512	113 662	726 099
Title Deed Restoration Grant	-	101	9	-	126	567	1 925	598	683	550	612	807	5 978
Expanded Public Works Programme	-	-	-	-	-	-	-	500	-	-	-	1 500	2 000
TOTAL	-	47 836	16 984	33 245	69 516	30 783	28 917	52 779	60 380	85 544	192 124	115 969	734 077

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ANNEXURE 2
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2021

Nature of Liability	Opening Balance 1 April 2020	Liabilities incurred during the year	Liabilities paid/cancell ed/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					
BLACKHEAD CONSULTING Investigation into allegation of maladministration regarding the awarding of the tender for eradication of asbestos roofs in the Free State.	25 000	-	-	-	25 000
INZUO TRADING 509 CC/DEPT HS An application wherein the applicant is requesting the court to order the Department to pay for losses in income due to termination of construction contracts as at 31 March 2016.	32 743	-	-	-	32 743
CEM BRICK MANUFACTURERS CC/HOD HS & ZIMVO TRADING The plaintiff is suing the Department and the Contractor jointly and severally the one to pay the other to be absolved. The claim is based on a material cession agreement that was entered into between the Contractor and the Plaintiff. The Plaintiff is alleging that the Department failed to pay the cession agreement in full.	1 756	-	-	-	1 756
VISIBLE SPEED T/A APOLO CONSTRUCTION & MEC COGTA/HS Breach of contract by the defendant, by not allowing the Plaintiff to complete the projects they were appointed for 106 units in Hennenman and 100 units in Ventersburg.	2 399	-	-	-	2 399

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ANNEXURE 2
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2021

Nature of Liability	Opening Balance 1 April 2020	Liabilities incurred during the year	Liabilities paid/cancell ed/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					
TAURIS GARDEN TRADING 500CC	1 263	-	-1 263	-	-
The Plaintiff was appointed to construct 500 and 400 housing units in Sasolburg. The department terminated the contract as the plaintiff did the construction of the allocated work. The plaintiff is suing the department for outstanding claims for work completed. The department has filled notice of defend as there is no outstanding claims.					
ALETTA LOUISE LOTTER	50		-	-	50
The plaintiff and the 2 nd Defendant were involved in a motor collision in October 2017. The 2 nd defendant is a Cuban official whose contract was terminated in January 2016. Plaintiff alleges that the 2 nd defendant was acting in her employment capacity when the accident occurred. The department is defending the proceedings as the 2 nd defendant is not an employee of the department as her contract was terminated nor was, she authorized to drive the government vehicle.					
TOTAL	63 211	-	-1 263		61 948

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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
Other Government Entities	-	-	265	265	265	265	-	-
	-	-	230	230	230	230	-	-
	-	-	34	34	34	34	-	-
	-	-	26	26	26	26	-	-
	-	-	555	555	555	555	-	-
TOTAL								

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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		31/03/2021		31/03/2021		Payment date up to six (6) working days before year end	
	R'000	R'000	R'000	R'000	R'000	R'000		Amount R'000
DEPARTMENTS								
Current								
Department of the Premier	54	64	-	-	54	64	-	-
Department of Justice	-	132	706	-	706	132	-	-
Department of Public Works	-	16	-	-	-	16	-	-
Subtotal	54	212	706	-	760	212	-	-
OTHER GOVERNMENT ENTITY								
Current								
Fleet Management	528	669	-	-	528	669	-	-
Subtotal	528	669	-	-	528	669	-	-
TOTAL INTERGOVERNMENT PAYABLES	582	881	706	-	1 288	881	-	-

FREE STATE DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 13

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/(Less): Adjustments to prior year balances
Add: Additions/Purchases – Cash
(Less): Issues
Closing balance

Housing Units	TOTAL
R'000	R'000
525 548	525 548
179 666	179 666
(87 547)	(87 547)
617 667	617 667

Inventory relates to housing units built and completed by the department for issue to approved beneficiaries. At the end of the financial year, there were 1 674 housing units to the value of R 618 million completed but not yet issued to beneficiaries.

Inventories for the year ended 31 March 2020

Opening balance
Add: Additions/Purchases – Cash
Add/(Less): Received current, not paid
Closing balance

Housing Units	TOTAL
R'000	R'000
127 578	127 578
559 040	559 040
(161 070)	(161 070)
525 548	525 548

Inventory relates to housing units built and completed by the department for issue to approved beneficiaries. At the end of the financial year, there were 1 090 housing units to the value of R 525 million completed but not yet issued to beneficiaries.

ANNEXURE 6
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	10	19	5	9	43	10
Cons Hous Sup: Toiletries	10	8	-	8	26	2
Cons Supp: Medical Supplies	-	11	5	1	17	8
Transfers & Subsidies	- 12 611	-	- 12 611	-	-	-
Upgrading of Informal Settlements	-	12 611	-	-	12 611	-
TOTAL COVID 19 RESPONSE EXPENDITURE	10 12 630	5	9 12 654	10		



Report of the auditor-general to the Free State Legislature on Free State Housing Fund.

Report on the audit of the separate financial statements

Opinion

I have audited the financial statements of the Free State Housing Fund set out on pages 202 to 225, which comprise the 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.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Free State Housing Fund as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standard of GRAP) and the Public Finance Management Act No 1 of 1999 (PFMA).

Context for the opinion

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.

I am independent of the dormant entity 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty related to going concern

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

As disclosed in note 1.3 to the financial statements, management intends to liquidate the dormant entity during the next financial year. This event indicates that a material uncertainty exists and may cast significant doubt on the dormant entity's ability to continue as a going concern.

Emphasis of matters

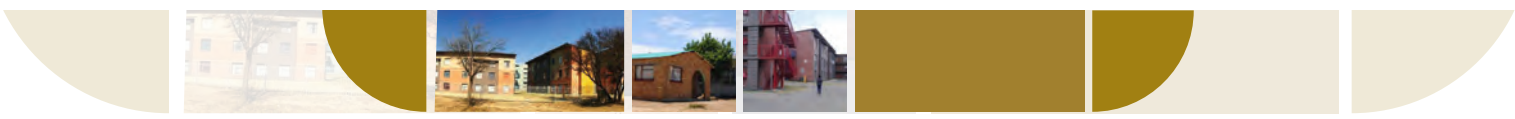
I draw attention to the matter below. My opinion is not modified in respect of this matter.

Related parties

As disclosed in note 8 to the financial statements, the Free State Housing Fund's management decisions are controlled by the Free State Department of Human Settlements.

Responsibilities of the Accounting Officer for the financial statements

The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP, and for such internal control as the



accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the accounting officer is responsible for assessing the dormant entity'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 dormant entity or to cease operations or has no realistic alternative but to do so.

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

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.

A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Performance information reporting

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

Audit of compliance with legislation

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

Other information

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 and the auditor's report.

My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

I considered internal control relevant to my audit of the financial statements; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor - General

Bloemfontein

31 July 2021



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence



Annexure: Auditor-general's responsibility for the audit

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

Financial statements

In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:

1. 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.
2. 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 dormant entity's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by accounting officer.
4. 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 Free State Housing Fund to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern.
5. 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

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.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

FREE STATE HOUSING FUND
ANNUAL FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

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FREE STATE HOUSING FUND

ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

GENERAL INFORMATION

Acting Accounting Officer:	Advocate T. Tsuaeli
Registered office:	OR Tambo House Cnr St Andrews and Markgraaf Street Bloemfontein 9301
Business address:	OR Tambo House Cnr St Andrews and Markgraaf Street Bloemfontein 9301
Postal address:	Private Bag 247 Bloemfontein 9300
Domicile and legal form:	The Fund is domiciled in Bloemfontein within the Free State Province, South Africa. The Fund is an entity falling under the administration of the Free State Department of Human Settlements.
Jurisdiction:	The Fund falls within the jurisdiction of the Republic of South Africa.
Banker:	Standard Bank of South Africa
Auditor:	Auditor-General
Nature of business:	The provision of low cost housing in the Free State in terms of the National Housing Act of 1999.
Level of assurance:	These draft annual financial statements have been prepared in accordance with Generally Recognised Accounting Practices in order to provide users thereof with relevant and accurate economic information regarding the Fund for the period ended 31 March 2021.
Preparer:	The Annual Financial Statements were compiled by the Department of Human Settlements.
Supervised by:	The Annual Financial Statements are under the direction and supervision of Advocate T. Tsuaeli, the Acting Head of the Department of Human Settlements.



FREE STATE HOUSING FUND

REPORT OF THE ACCOUNTING OFFICER FOR THE PERIOD ENDED 31 MARCH 2021

The Accounting Officer submits his report for the period ended 31 March 2021:

1. Review of activities

Main business and operations

The Fund is established for the provision of low cost housing in the Free State in terms of the National Housing Act of 1999.

The operating results and state of affairs of the Fund are fully set out in the attached annual financial statements and do not in my opinion require any further comment.

2. Going concern

It is the intention of the Accounting officer to close the Fund during the next financial year and therefore it is no longer a going concern as management intends to liquidate the Fund or to cease operations. GRAP 1 – Presentation of Financial Statements requires that the financial statements should not be prepared on a going concern basis if management intends to liquidate the Fund or to cease trading. In view of this the carrying value of the assets, which were determined in accordance with the going concern basis, have been reviewed for possible impairment and changes which have occurred since the year end and consideration has been given as to whether any additional provisions are necessary as a result of the decision to cease operations. It is expected that all assets will realise the amounts at which they are included in the statement of financial position and there will be no material additional liabilities.

Accordingly, management does not expect an alternative basis of preparation to be materially different from the going concern basis, and therefore the financial statements have been prepared on a going concern basis.

3. Events after the reporting period

The Accounting Officer is not aware of any matters or circumstances arising since the end of the financial year.

4. Auditor

The Auditor-General South Africa will audit the Fund as prescribed.

5. Compilation of annual financial statements

Financial Statements were prepared by the Department and Management is responsible for these Annual Financial Statements.

The state of the Fund's affairs, its performance and cash flow for the year under review is properly disclosed in the enclosed financial statements. The Financial Statements state the affairs, performance, and cash flow for the individual fund.



FREE STATE HOUSING FUND

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL STATEMENT FOR THE PERIOD ENDED 31 MARCH 2021

The Accounting Officer of the Fund is required in terms of the Public Finance Management Act No, 1 of 1999 (PFMA) to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with Generally Recognised Accounting Practices. The external auditors are engaged to express an independent opinion on the annual financial statements.

The Annual Financial Statements are prepared in accordance with Generally Recognised Accounting Practices and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the Fund and places considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, standards for internal control have been set aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the fund and all employees are required to maintain the highest ethical standards in ensuring the fund's operations are conducted in a manner that in all reasonable circumstances is above reproach. While operating risk cannot be fully eliminated, the fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The external auditors are responsible for independently reviewing and reporting on the fund's annual financial statements.

The Annual Financial Statements set out on pages 7 to 28, which have been prepared on the going concern basis, were approved by the accounting officer on and were signed by:

FREE STATE HOUSING FUND

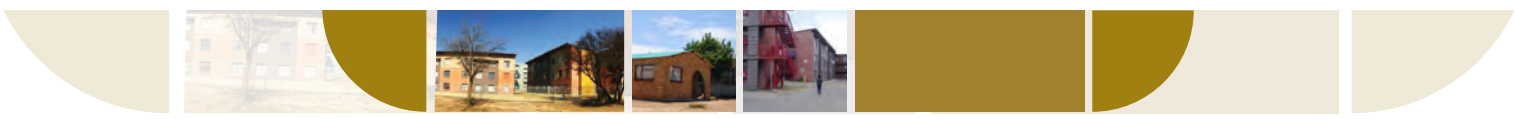
STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2021

	<u>Notes</u>	<u>2020/21</u> <u>R'000</u>	<u>2019/20</u> <u>R'000</u>
ASSETS			
Current assets			
Trade and other receivables from exchange transactions	2	54	90
Trade and other receivables from non-exchange transactions	3	1 608	1 608
Cash and cash equivalents	1	19 505	18 809
Current Assets Held for Sale	4	414	414
TOTAL ASSETS		<u>21 581</u>	<u>20 921</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Accumulated surplus		21 581	20 921
TOTAL EQUITY AND LIABILITIES		<u>21 581</u>	<u>20 921</u>

FREE STATE HOUSING FUND

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 31 MARCH 2021

	<u>Notes</u>	<u>2020/21</u> <u>R'000</u>	<u>2019/20</u> <u>R'000</u>
REVENUE FROM EXCHANGE TRANSACTIONS :			
Interest earned	9	660	1 143
Other Income		-	2
TOTAL REVENUE		<u>660</u>	<u>1 145</u>
SURPLUS / (DEFICIT) FOR THE PERIOD		<u>660</u>	<u>1 145</u>



FREE STATE HOUSING FUND

STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 31 MARCH 2021

	<u>Note</u>	<u>Accumulated Surplus Total R'000</u>
Balance at 31 March 2018		18 710
Correction Prior period error		<u>(23)</u>
RESTATED BALANCE AT 31 MARCH 2018	10	18 687
Surplus / (Deficit) for the period		<u>1 099</u>
BALANCE AT 31 MARCH 2019		19 786
Correction Prior period error		<u>(10)</u>
RESTATED BALANCE AT 31 MARCH 2019	10	19 776
Surplus / (Deficit) for the period		<u>1 145</u>
BALANCE FOR THE YEAR ENDED 31 MARCH 2020		20 921
Surplus / (Deficit) for the period		<u>660</u>
BALANCE FOR THE YEAR ENDED 31 MARCH 2021		<u>21 581</u>

FREE STATE HOUSING FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	<u>Note</u>	<u>2020/21</u> <u>R'000</u>	<u>2019/20</u> <u>R'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest Income		696	1 151
Net cash flow from operating activities	6	<u>696</u>	<u>1 151</u>
Net increase /(decrease) in cash and cash equivalents		696	1 151
Cash and cash equivalents at beginning of the year		<u>18 809</u>	<u>17 658</u>
Cash and cash equivalents at end of the year	1	<u>19 505</u>	<u>18 809</u>



FREE STATE HOUSING FUND

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2021

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The principal accounting policies, applied in the preparation of these Annual Financial Statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year Annual Financial Statements, unless specified otherwise.

1.1 BASIS OF PREPARATION

These Annual Financial Statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), as issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act No 1 of 1999).

The Annual Financial Statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

1.2 PRESENTATION CURRENCY

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the Fund, and amounts have been rounded to the nearest thousand Rand.

1.3 GOING CONCERN ASSUMPTION

It is the intention of the Accounting Officer to close the Fund during the next financial year and therefore it is no longer a going concern, as management intends to liquidate the Fund or to cease operations. GRAP 1 – Presentation of Financial Statements requires that the financial statements should not be prepared on a going concern basis if management intends to liquidate the Fund or to cease trading. In view of this the carrying value of the assets, which were determined in accordance with the going concern basis, have been reviewed for possible impairment and changes which have occurred since the year end and consideration has been given as to whether any additional provisions are necessary as a result of the decision to cease operations. It is expected that all assets will realise the amounts at which they are included in the statement of financial position and there will be no material additional liabilities.

A nationwide lockdown came in to effect from March 2020 as a result of the Covid-19 crisis. The effect of the lockdown and the ongoing crisis means the economy will experience a significant downturn, while there will be an increased need for delivery of services. The entity was not affected by the crisis.

Accordingly, management does not expect an alternative basis of preparation to be materially different from the going concern basis, and therefore the financial statements have been prepared on a going concern basis.



1.4 COMPARATIVE INFORMATION

Prior year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following standards have been issued, but are not effective for the 2020/21 financial year:

GRAP 104 – Financial Instruments

The standard was issued on 1 April 2019 but not yet effective. The entity shall apply this Standard for recognizing, measuring, presenting and disclosing financial asset or financial liability in its Statement of Financial Position when, and only when, the Fund becomes a party to the contractual provisions of the instrument. This Standard supersedes the previous Standard of GRAP on Financial Instruments issued in October 2009.

1.6 SIGNIFICANT JUDGMENTS AND ESTIMATES

The use of judgment, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

Judgements

In the process of applying these accounting policies, management has not been required in the current year to make judgements that may have a significant effect on the amounts recognised in the financial statements.

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the Fund's accounting policies the following estimates, were made:

Provision for bad debts

The measurement of receivables is derived after consideration of the provision for bad debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance, the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

An allowance for this was created on the following basis:

Amount of debt outstanding for 120 days or more as a percentage of the total debt outstanding	Recommended allowance
80-100%	100%
60-80%	80%
40-60%	60%
20-40%	40%
0-20%	20%

The basis used has not changed from the prior year, and reflects the most accurate provision calculation.

Effective interest rate

The Fund uses an appropriate interest rate, taking into account guidance provided in the standards, and applying professional judgement to the specific circumstances, to discount future cash flows. The Fund used the following in arriving at the effective interest rate used:

No	Consideration	Inputs related to the consideration
1	Market related rate used as starting point	National Treasury guidelines

1.7 FINANCIAL INSTRUMENTS

Initial Recognition

The Fund recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the Fund becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

Upon initial recognition the Fund classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.



Initial Measurement

When a financial instrument is recognised, the Fund measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent Measurement

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:

- (a) Financial instruments at fair value;
- (b) Financial instruments at amortised cost; or
- (c) Financial instruments at cost.

The Fund assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above.

Concessionary loans

The part of the concessionary loan that is a social benefit or non-exchange revenue is determined as the difference between the fair value of the loan and the loan proceeds, either paid or received.

After initial recognition, the Fund measures concessionary loans in accordance with the subsequent measurement criteria set out for all financial instruments.

De-recognition

A financial asset is derecognised at trade date, when:

- a) The cash flows from the asset expire, are settled or waived;
- b) Significant risks and rewards are transferred to another party; or
- c) Despite having retained significant risks and rewards, the Fund has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired or through the amortisation process.



Offsetting

The Fund does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

Impairments

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The Fund assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For financial assets held at amortised cost:

The Fund first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the Fund determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

For financial assets held at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Policies relating to specific financial instruments

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.



For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

In the current year, and consistent with the prior year, the method of determination of fair value has been determined by actual outstanding debt.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

1.8 CURRENT ASSETS HELD FOR SALE

Recognition

Current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. If the sale is delayed by events or circumstances beyond the Fund's control and the Fund remains committed to its plan to sell, this does not preclude the assets as from being classified as held for sale.

Measurement

Current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

Current asset is not depreciated (or amortised) while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

De-recognition

Current assets and disposal groups held for sale are derecognised upon disposal of the item or where no further economic benefits or service potential is expected to flow from the asset or disposal group. Gains / losses that result from the de-recognition of current assets or disposal groups held for sale are recognised in surplus / deficit in the period of the de-recognition.



1.9 REVENUE RECOGNITION

Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrues to the Fund directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) The Fund retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- b) The amount of revenue can be measured reliably; and
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the Fund and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue arising out of situations where the Fund acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Fund as compensation for executing the agreed services.

Specific exchange-revenue sources

Rental income arising from Non-Current Assets held for sale is recognised as it legally accrues in terms of the original contract until the date of disposal of the particular property.

Interest on loans is recognised at fair value on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity.

Interest received on the bank account represents an amount that is due to the Provincial Department of Human Settlements on winding-up of the Fund and as such is credited directly to this liability included in Trade Payables.

Measurement

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Fund.

Expenditure from Exchange Transactions

The accounting policy for expenditure arising from exchange transactions is similar to the policy for exchange revenue.

Revenue from Non-Exchange Transactions

Non-exchange transactions are transactions that are not exchange transactions.

Revenue from non-exchange transaction arises when the Fund either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.



Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

Measurement

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

Expenditure relating to Non-Exchange Transactions

The accounting policy for expenditure arising from non-exchange transactions is similar to policy for non-exchange revenue.

1.10 SURPLUS OR DEFICIT

Income, expenditure, gains and losses are recognised in surplus or deficit except for the exceptional cases where recognition directly in net assets is specifically allowed or required by a Standard of GRAP.

1.11 EVENTS AFTER THE REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- Those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The Fund will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The Fund will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.12 RELATED PARTIES

The Fund has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.



Where transactions occurred between the Fund and any one or more related parties, and those transactions were not within:

- Normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the Fund to have adopted if dealing with that individual entity or person in the same circumstances; and
- Terms and conditions within the normal operating parameters established by the reporting Fund's legal mandate; further details about those transactions are disclosed in the notes to the financial statements.

1.13 CONTINGENT LIABILITIES

The Fund has a contingent liability to the department of Human Settlement. A contingent liability is:

- A possible obligation, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event(s) not wholly within the control of the entity; or
- A present obligation that is not recognised because, the outflow of economic benefits or service potential is not probable; or
- A real present obligation, that may not be recognised, either because the "when" (timing) or because the how much (measurement) is not known.

1.14 CONSIDERATION OF CONSOLIDATION

The Department of Human Settlements has the ultimate control over the Housing Fund. According to IAS 27 consolidated annual financial statements should be prepared for the Department and Housing Fund, but consolidation is not required due to the fact that the Housing Fund is presented on the GRAP basis of accounting whilst the Department is presented on the modified cash basis of accounting, therefore no consolidated financial statements have to be prepared.

FREE STATE HOUSING FUND

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2021

	<u>2020/21</u> <u>R'000</u>	<u>2019/20</u> <u>R'000</u>
1. CASH AND CASH EQUIVALENTS		
Cash and Bank	19 505	18 809
Total Cash and Cash Equivalents	<u>19 505</u>	<u>18 809</u>
Cash at Standard Bank earned 6.2% interest per annum		
2. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Rental debtors at gross value	1 600	1 600
Provision for bad debts for rental debtors	(1 600)	(1 600)
Rental debtors at fair value	-	-
Loans to individuals at gross value	35	35
Provision for bad debts for loans to individuals at fair value	(35)	(35)
Properties sold at gross value	30	30
Provision for bad debts for properties sold	(30)	(30)
Finance income receivable – Standard Bank	54	90
Total Trade and Other Receivables from Exchange Transactions	<u>54</u>	<u>90</u>

Rental receivable longer than 120 days has been recommended for write off.

Trade and other receivables past due but not impaired:

Debtor classification	Neither past due nor impaired	30-60 days	61-90 days	91-120 days	>120 days	Total
Rental debtors	-	-	-	-	-	-
Individual loan debtors	-	-	-	-	-	-
Properties sold debtors	-	-	-	-	-	-
Totals	-	-	-	-	-	-

Trade and other receivables impaired 31 March 2020

Debtor classification	1-3 months	>3 months
Rental debtors	-	1 600
Individual loan debtors	-	35
Properties sold debtors	-	30
Total	-	1 665

Trade and other receivables impaired 31 March 2021

Debtor classification	1-3 months	>3 months
Rental debtors	-	1 600
Individual loan debtors	-	35
Properties sold debtors	-	30
Total	-	1 665

Summary of Debtors by Customer Classification

	<u>Consumers</u>	<u>Industrial/Commercial</u>
	<u>R '000</u>	<u>R '000</u>
As at 31 March 2021		
Current (0 – 30 days)	-	54
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
121 - 365 Days	-	-
+ 365 Days	1 665	-
Sub-total	1 665	-
Less: Provision for doubtful debts	(1 665)	-
Total debtors by customer classification	-	54
As at 31 March 2020		
Current (0 – 30 days)	-	90
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	1 665	-
121 - 365 Days	-	-
+ 365 Days	-	-
Sub-total	1 665	90
Less: Provision for doubtful debts	(1 665)	-
Total debtors by customer classification	-	90

Reconciliation of the doubtful debt provision

	<u>2020/21</u>	<u>2019/20</u>
	<u>R'000</u>	<u>R'000</u>
Balance at beginning of the year	1 665	1 665
Contributions to provision	-	-
Balance at end of year	1 665	1 665

3. TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	<u>2020/21</u>	<u>2019/20</u>	
	<u>R'000</u>	<u>R'000</u>	
Provincial Government	1 608	1 608	1 627
Total Trade and Other Receivables from Non-Exchange Transactions	1 608	1 608	15

Relates to the balance owed by the Department to Housing Fund.

4. CURRENT ASSETS HELD FOR SALE

Note

	<u>2020/21</u> <u>R'000</u>	<u>2019/20</u> <u>R'000</u>
Opening balance	414	414
Total Current Assets Held for sale	414	414

Assets held for sale consists of land and residential houses. In 2019/20 Financial Year, Free State Housing Fund retained ownership of 56 housing units whereby 3 housing units were transferred to the beneficiaries in previous financial years. The remaining housing units are occupied by tenants who were required to reimburse the Fund for the usage thereof. It is, however, the intention of the Housing Fund to dispose of the remaining units to the occupants. Whilst this has not occurred up to the period ended 31 March 2021, the circumstances which dictated this were outside of Management's control and it remains the intention of Management to dispose of the remaining units to the occupants within the next 12 months. Therefore, the remaining units have been disclosed as "current assets held for sale".

5. CONTINGENT LIABILITY

The Fund falls under the administration of the Department of Human Settlements and shares the same Accounting Officer. Once the fund ceases to operate, there is a possibility that the bank balances amounting R19, 505' as earned during the 2020/21 Financial Year will be surrendered to the Department. Prior year bank balance amounted to R18, 809'. Significant uncertainties exist with the Fund as the Fund will be discontinued once the Housing Act, 1997 (No. 107 of 1997), is repealed. Specific timelines have however not been set in this regard.

6. RECONCILIATION OF NET PROFIT TO CASH GENERATED FROM OPERATIONS	<u>2020/21</u> <u>R'000</u>	<u>2019/20</u> <u>R'000</u>
Surplus/ (deficit)	660	1 145
Adjustments for:		
Interest	(696)	(1 151)
Provision for bad debts movement	-	-
Operating profit before working capital changes	(36)	(6)
Changes in working capital		
Trade and other receivables from exchange transactions	36	7
Other receivables from non-exchange transactions	-	(1)
Trade and other payables from exchange transactions	-	-
Other working capital movements	696	1 151
CASH GENERATED FROM OPERATIONS	696	1 151

7. FINANCIAL INSTRUMENTS

Set out below is a comparison by category of carrying amounts and fair values of all of the Fund's financial instruments that are carried in the financial statements at other than fair values:

	<u>Note</u>	<u>Carrying amount</u>		<u>Fair Value</u>	
		<u>2020/21</u>	<u>Restated</u>	<u>2019/20</u>	<u>Restated</u>
		<u>R'000</u>	<u>2019/20</u>	<u>R'000</u>	<u>2019/20</u>
			<u>R'000</u>		<u>R'000</u>
Financial Assets					
Trade Receivables	2	54	90	54	90
Cash and cash equivalents	1	19 505	18 809	19 505	18 809
Total Financial Assets		19 559	18 899	19 559	18 899

The financial assets by category:

The accounting policies for financial instruments have been applied to the line items below:

2021	Financial assets at fair value	Financial assets and liabilities at amortised cost	Total
	<u>R'000</u>	<u>R'000</u>	<u>R'000</u>
Trade receivables	-	54	54
Cash and cash equivalents	19 505	-	19 505
	19 505	54	19 559
2020	Financial assets at fair value	Financial assets and liabilities at amortised cost	Total
	<u>R'000</u>	<u>R'000</u>	<u>R'000</u>
Trade receivables	-	90	90
Cash and cash equivalents	19 809	-	19 809
	19 809	90	19 809

Risk Management

7.1 Maximum credit risk exposure

The credit risk of trade receivables is not manageable due to the fact that houses are being allocated to low-income tenants in terms of Government policy to promote social housing. In the light of the above significant provision for bad debts has been raised against trade receivables to achieve a recoverable carrying amount.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Fund only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade and other receivables are presented in the financial statements at amortised cost.

7.1.1 Collateral held and other credit enhancements

The credit risk exposure, as posed by the financial assets detailed above, is mitigated by collateral held in the form of the housing units owned by the Free State Housing Fund in relation to these instruments. Such units remain the property of the Fund until such time as debts are settled and ownership is officially transferred. The amounts disclosed in the table below relates to value of housing units owned by the Free State Housing Fund.

	<u>2020/21</u> <u>R'000</u>	<u>2019/20</u> <u>R'000</u>
Other	<u>414</u>	<u>414</u>

7.1.2 Concentration of credit risk

The concentration of credit risk is mainly within the trade and other receivables, relating to debtors at year end, rather than in the cash and cash equivalents of the Fund.

7.2 Liquidity risk

The Fund's risk to liquidity is a result of the funds available to cover future commitments. The Fund manages liquidity risk through an ongoing review of future commitments and credit facilities. The fund did not have any financial liabilities at year end.

7.2.1 Concentration of liquidity risk

The concentration of liquidity risk is mainly within the trade and other payables. The Fund did not have any financial liabilities at year end.

7.2.2 Collateral held and other credit enhancements

The Fund holds no collateral and / or credit enhancements that aid in the mitigation of the liquidity risk it is exposed to.

7.3 Interest rate risk

As the Fund has significant interest-bearing assets, the Fund's income and operating cash flows are not substantially independent of changes in market interest rates. At year end, financial instruments exposed to interest rate risk were as follows:

- Cash and cash equivalents

7.3.1 Concentration of interest rate risk

The concentration of interest rate risk is mainly within the cash and cash equivalents, as this is where the Fund is most exposed to changes in the interest rate.

7.3.2 Interest rate risk sensitivity analysis

The susceptibility of the Fund's financial performance to changes in interest rates can be illustrated as follows:

2021	2021 impact	2020 impact
Interest income		
Interest rate increase of 100 basis points	-	-
Interest rate decrease 100 basis points	(0.31)	(0.31)

The following methods and assumptions were applied in the determination of the interest rate sensitivity analysis:

The main assumption utilised was that the interest rate would not change by more than a percent either way, due to stability in overall rates in the country in the preceding financial year.

The method applied to determine the interest rate sensitivity analysis has the following limitations that may result in the information not being fully representative of the actual future results:

Market rate volatility may impact the interest rates more than expected.

No changes were made to the methods and assumptions applied, in the prior year, to the determination of the sensitivity analysis.

7.3.3 Collateral held and other credit enhancements

The Fund holds collateral in the form of housing units which may be disposed of in order to mitigate the interest rate risk it is exposed to. No credit enhancements are held which mitigate such risk.

7.4 Financial assets pledged as security

No financial assets have been pledged as security for liabilities in the current or prior year.

7.5 Defaults and breaches

No defaults or breaches occurred in the current or prior year.

7.6 Credit quality of financial assets carried at amortised cost/fair value

7.6.1 Method of determining credit quality of other current financial assets:

The credit quality of trade and other receivables from exchange transactions are determined and monitored with reference to historical payment trends. Accordingly, the credit quality of the customers included in the balance of trade and other receivables from exchange transactions is determined internally through application of the Fund's own credit policy. Based on the evaluation of the historical payment trends, customers included in the balance are categorised into groups as per note 2 of the financial statements.

7.6.1.1 Impairment disclosures for other current financial assets carried at amortised cost / fair value

Reconciliation between gross and net balances	Gross Balances	Provision for Doubtful Debts	Net Balance
	R'000	R'000	R'000
Rental debtors	1 600	(1 600)	-
Individual loan debtors	35	(35)	-
Property debtors	30	(30)	-
Total	1 665	(1 665)	-

8. RELATED PARTIES

The only related party of the Fund is the Free State Department of Human Settlements, since the Fund falls under the administration of the Department, and since the Fund shares the same Accounting Officer. The following represents the total closing balance of amounts due by / (to) the Department. These amounts are not guaranteed. Once the Fund ceases to operate, the bank balance will be surrendered to the Department to cover the payable amount. All related party transactions are at arm's length.



	<u>Note</u>	<u>2020/21</u> <u>R'000</u>	<u>2019/20</u> <u>R'000</u>
Contingent Liability		19 505	18 809
Trade and other Receivable from non-exchange transactions		(1 608)	(1 608)
Total		17 897	17 201

In addition, the value of services provided to the Housing Fund by the Department of Human Settlements includes the usage of the BAS system as well as the use of services of the employees of the Department to administer the Fund. The value of these services cannot be reliably estimated.

9. REVENUE

	<u>2020/21</u> <u>R'000</u>	<u>2019/20</u> <u>R'000</u>
From exchange transaction:		
Other Income	-	2
Finance Income-Bank	660	1 143
Total	660	1 145

10. PRIOR PERIOD ERROR

The Fund identified the following errors affecting 2018/19 closing balances of the Financial Statement

10.1 Effect on Statement of Financial Position

Error identified from:

- Incorrect calculation of Trade and other receivables from Exchange Transactions
- 3 properties transferred to beneficiaries in the previous financial year's however included and disclosed as current held for sale.

The net effect of prior period errors on the Statement of Financial Position is as follows:

	<u>Amount before</u> <u>Correction of</u> <u>error</u> <u>R'000</u>	<u>2018/19</u> <u>Prior Period error</u> <u>R'000</u>	<u>Restated</u> <u>Amount</u> <u>R'000</u>
Trade and other receivables from exchange Transactions	107	(10)	97
Current Assets Held for sale	436	(23)	414
Net effect on Statement of Financial Position	543	(33)	511

10.2 Effect on Statement of Changes in Net Assets

The net effect of the errors identified in note 10.2 on the Statement of Changes in Net Assets is as follows:

	<u>Amount before Correction of error</u>	<u>2018/19 Prior Period error</u>	<u>Restated Amount</u>
	<u>R'000</u>	<u>R'000</u>	<u>R'000</u>
Accumulated Surplus	19 809	(33)	19 776
Net effect on Statement of Changes in Net Assets	19 809	(33)	19 776

10.3 Trade and Other Receivables from Exchange Transactions

Note 2 was incorrectly captured in previous year, however there is not effect on trade and other receivables disclosed amount. The net effect of the errors is as follows:

	<u>Prior Period error</u>	<u>Restated Amount</u>
Rental debtors at gross value	1 665	1 600
Provision for bad debts for rental debtors	(1 665)	(1 600)
Rental debtors at fair value	-	-



human settlements

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