

Annual Report

2022 / 2023



COGHSTA

Department of Cooperative Government, Human Settlements
& Traditional Affairs
Northern Cape
Vote 9



PROVINCE OF NORTHERN CAPE

**DEPARTMENT OF COOPERATIVE GOVERNANCE, HUMAN
SETTLEMENTS AND TRADITIONAL AFFAIRS**

VOTE 09

ANNUAL REPORT

2022/2023 FINANCIAL YEAR

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PART A

GENERAL INFORMATION

1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

AC	Audit Committee	EPMDS	Employee Performance Management Development System
AD	Assistant Director	EPWP	Expanded Public Works Programme
AFS	Annual Financial Statements	FLISP	Finance-linked Individual Subsidy Programme
AG	Auditor General	FMPPI	Framework for Managing Programme Performance Information
AGSA	Auditor General of South Africa	GBV	Gender-based Violence
AO	Accounting Officer	GBVF	Gender-based Violence & Femicide
AOP	Annual Operational Plan	GCC	General Conditions of Contract
APP	Annual Performance Plan	GEPF	Government Employee Pension Fund
B2B	Back-to-Basics	GIAMA	Government Immovable Asset Management Act
BBBEE	Broad Based Black Economic Empowerment	HDA	Housing Development Agency
BNG	Breaking New Ground	HCM	Human Capital Management
CDW	Community Development Worker	HCT	HIV, Counselling & Testing
CFO	Chief Financial Officer	HDI	Historically Disadvantaged Individuals
CIDB	Construction Industry Development Board	HOA	Home Owners Allowance
COC	Certificate of Compliance	HOD	Head of Department
CoGHSTA	Department of Cooperative Governance, Human Settlements & Traditional Affairs	HR	Human Resources
CoGTA	Department Cooperative Governance & Traditional Affairs	HSDG	Human Settlements Development Grant
CSD	Central Supplier Database	HSS	Human Settlements System
CWP	Community Works Programme	IDP	Integrated Development Plan
DCOG	Department Cooperative Governance	IESBA	International Ethics Standards Board for Accountants
DD	Deputy Director	ISA	International Standards of Auditing
DDM	District Development Model	JTG	John Taolo Gaetsewe
DG	Director General	KPA	Key Performance Area
DM	District Municipality	KRA	Key Result Area
DOL	Department of Labour	LG	Local Government
DoRA	Division of Revenue Act	LGSETA	Local Government Sector Education and Training Authority
DPSA	Department of Public Service & Administration	LM	Local Municipality
EHW	Employee Health & Wellness	LOGIS	Local Government Information System
EMC	Executive Management Committee		

M&E	Monitoring & Evaluation	PRECCA	Prevention and Combating of Corrupt Activities Act
MCS	Modified Cash Standards	PSCBC	Public Service Coordinating Bargaining Council
MEC	Member of Executive Council	QGIS	Open-Source Geographic Information System
MEIA	Monitoring Evaluation & Impact Assessment	QPR	Quarterly Performance Report
MISS	Minimum Information Security Standards	RDP	Reconstruction and Development Programme
MOU	Memorandum of Understanding	RMC	Risk Management Committee
MPAC	Municipal Public Accounts Committee	SCM	Supply Chain Management
MPRA	Municipal Property Rates Act	SCOPA	Standing Committee on Public Accounts
MPSA	Ministry of Public Service & Administration	SDF	Spatial Development Framework
MPSS	Minimum Physical Security Standards	SHERQ	Safely Health Environment Risk & Quality
MSA	Municipal Systems Act	SITA	State Information Technology Agency
MSIP	Municipal Support and Intervention Plan	SLA	Service Level Agreement
MStA	Municipal Structures Act	SMS	Senior Management Service
MTEF	Medium Term Expenditure Framework	SMT	Senior Management Team
MTSF	Medium Term Strategic Framework	SOA	Senior Administrative Officer
NDP	National Development Plan	SOP	Standard Operating Procedure
NSP	National Strategic Plan	TKLA	Traditional Khoi-San Leadership Act
NT	National Treasury	TR	Treasury Regulations
OFA	Organisational Functionality Assessment	UISP	Upgrading of Informal Settlements Programme
OHS	Occupational Health and Safety	UISPG	Upgrading of Informal Settlements Partnership Grant
OHSA	Occupational Health & Safety Act	USDG	Urban Settlements Development Grant
OPCA	Operation Clean Audit		
OTP	Office of the Premier		
PDMC	Provincial Disaster Management Committee		
PERSAL	Personnel		
PFMA	Public Finance Management Act		
PGDP	Provincial Growth & Development Plan		
PHSDA	Priority Human Settlements Development Area		
PP	Public Participation		
PPME	Policy, Planning, Monitoring & Evaluation		
PPP	Public Private Partnership		
PPPFA	Preferential Procurement Policy Framework Act (5/2000)		

3. FOREWORD BY THE MEC



In pursuance of the goal of improving the lives of our people by building integrated sustainable human settlements, citizen-based democracy underpinned by public participation, and nurturing and preserving indigenous traditions, customs, and culture, we have implemented our Medium-Term Strategic Framework deliverables, priorities, and Annual performance targets. As expected, we have done so within the framework of the Constitution, applicable legislations, and policies.

However, multiple challenges such as unemployment, especially amongst the youth, poverty (mainly amongst women), crime, and women and child abuse, have threatened and constrained the work of the Department in one way or another. Effects of the apartheid spatial town planning, electricity power cuts, lack of integrated multi-sectoral planning aimed at enhancing delivery of basic services constrain the work of the Department. Indeed, inadequate resources, arising from equitable share based on the model of a population, historic gap between the poor and the rich, skills gaps, as well as failure to comply with legislative and governance principles, stumble block our work in some way. Furthermore, slow pace of the service providers, late delivery of building materials, and lack of timeous provision of services hamstrung our work.

We remain resolute to work towards addressing all the challenges that beset us by partnering with stakeholders to give dignity to our people by formalizing informal settlements, delivering basic services, providing title deeds and consumer education to the beneficiaries, as well as ensuring monitoring and supporting municipalities, while promoting good governance within rural communities. Thus, it is a toll order that we make concerted

efforts towards annihilating these challenges that affect communities daily.
poo governance and corruption, and

The Department' strategic focus remains increasing housing delivery, enhancing delivery of services, deepening participatory democracy, and supporting traditional and Khoi-San communities, as well as leaders. We shall not rest until such time that the conditions of our people within communities have improved. In support of President Cyril Ramaphosa's vision to build smart cities through infrastructure development, we put all hands on deck in collaboration with our sector departments, local government, private sector, as well as indigenous leaders in ensuring establishment of integrated sustainable human settlements, job creation through procurement of projects, and skilling youth, as well as business development. We dare never to renege on our constitutional and legislative mandates. We dare never to stop the clarion call made by our Father of the Nation, Nelson Mandela, to serve our people for the better indiscriminately.

The achievements attained during 2021-2022 financial year were not all smooth sailing. We realized them through building partnerships with sector departments, service providers, suppliers, local government, as well as Traditional and Khoi-San leaders. The national Departments of Human Settlements, Cooperative Governance and Traditional Affairs, Local Government sector, Office of the Premier, Provincial Treasury, and service providers. Thus, we remain grateful and indebted to all those who made it possible for this Department to achieve milestones as part of the Medium-Term Strategic Framework 2019-204.

As part of the sixth administration, we are mindful even at this final year of this MTSF, that our struggle remains enhancing reducing and addressing housing backlogs, service delivery backlogs, title deeds delivery backlogs. However, our efforts will be in vain if our municipalities are not functional, financially sustainable, and capable of displaying good governance. Indeed, we shall have failed if our rural communities remain backward and underdeveloped.

Mr. Bentley Vass
MEC of the Department of Cooperative Governance, Human Settlements and Traditional Affairs
Date: 31 July 2023

4. REPORT OF THE ACCOUNTING OFFICER

4.1 Overview of the operations of the Department

This Annual Performance Report is not a full reflection of all the work that went into monitoring and supporting our 31 municipalities, provision of services, housing delivery, and title deeds, as well as supporting Traditional and Khoi-San communities in our communities. It is merely a statement mirroring the performance information that should be listed in an Annual Performance Report according to the prescribing Framework/Policy. Against all odds our concerted efforts have touched and changed the lives of those few poorest of the poor, across the breadth and length of our province. For that, we recognize the effort of the leadership and the collaborative efforts of both our team and the stakeholders, who worked day and night to achieve these results.

The Department executed all its plans, utilized available resources to its fullest potential, and took advantage of partnership with stakeholders in that regard. Indeed, the Department executed its mandate within the framework of the constitutional, legislative and policy frameworks. In addition, the Department took advice from the state bodies that provide oversight and monitoring seriously as it went about its business.

The Department has noted overachievement, achievement, and underachievement in its annual planned objectives. This mixed bag of results was because of inadequate resources, minimalistic technical skills, and service providers not meeting deadlines in the execution of planned projects. Furthermore, backlogs in the areas of housing delivery, title deeds delivery, and basic services, as well as other services, remain a toll order, that requires radical shift in the budget allocation. Increased budget allocation will assist the Department to address the backlogs and stimulate service delivery.

We pay tribute to our team, stakeholders, municipalities, and indigenous communities for standing up to the plight of their communities. This was indeed a living testament that together we can achieve more. We remain confident that the Department will reach for the skies in the years ahead because it managed to reinforce its human capital following recent recruitment process that saw it appoint personnel with both technical and administrative acumen. Indeed, the projects that result from the partnership between the Department and the Development Bank of Southern Africa, and continued collaboration between us and Housing Development Agency, and the Project Unit will without a doubt, enhance our efforts towards speeding up service delivery.

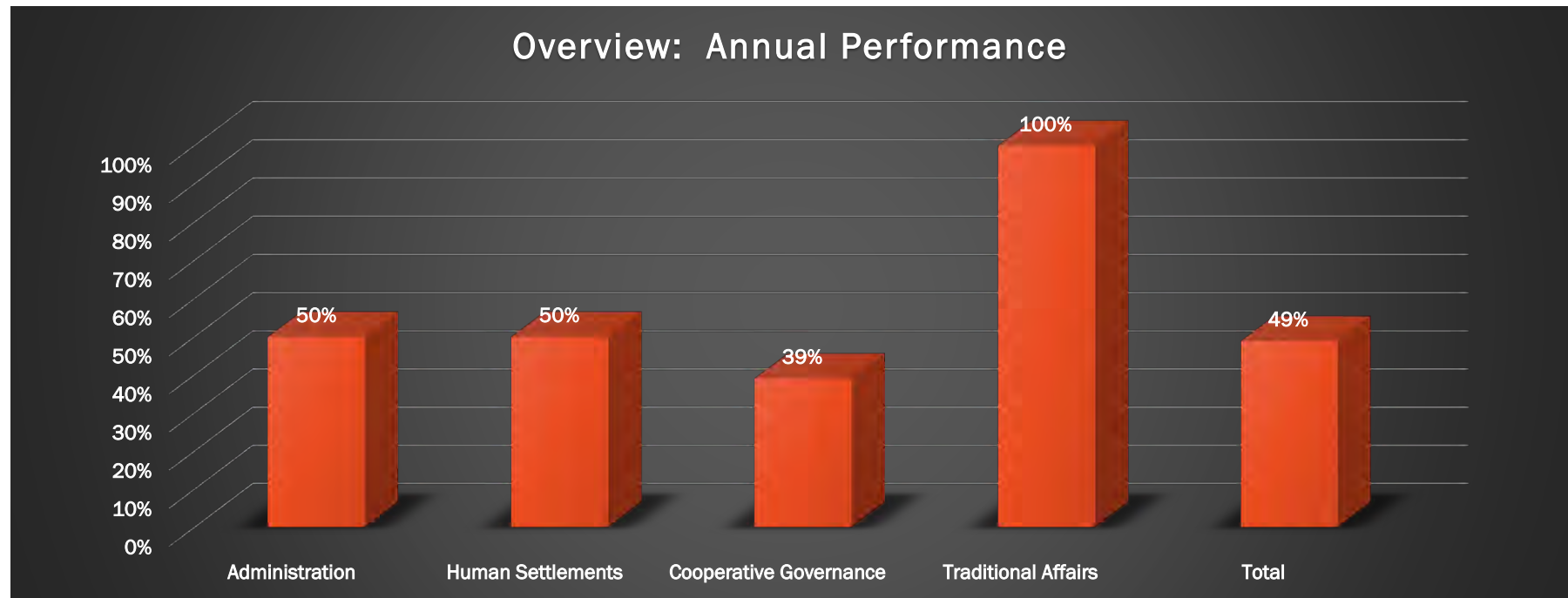
The Department reiterates its commitment to collaborate with sector departments and all stakeholders to work towards realizing integrated human settlements with all amenities, affirming human rights of citizens delivery of title deeds to the housing beneficiaries, and quality services. The Department appeals for both patience and continued support from the communities of the Northern Cape as it mobilizes resources, executes planned objectives, and applies laws fairly, transparently, and justly, in the execution of its work. Lastly, the Department remains buoyant to achieve the planned MTSF 2019/2024 targets.



4.2 Overview of Performance Information

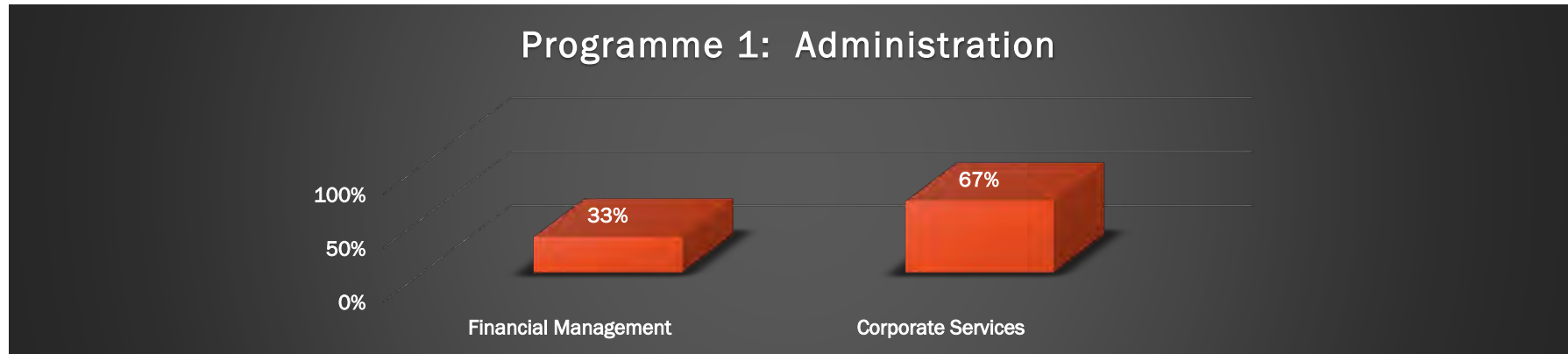
The following tables and graphs represent a brief synopsis of the performance of the Department for the financial year 2022/23.

Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Administration	6	3	50%
Human Settlements	14	7	50%
Cooperative Governance	23	9	39%
Traditional Affairs	4	4	100%
Total	47	23	49%



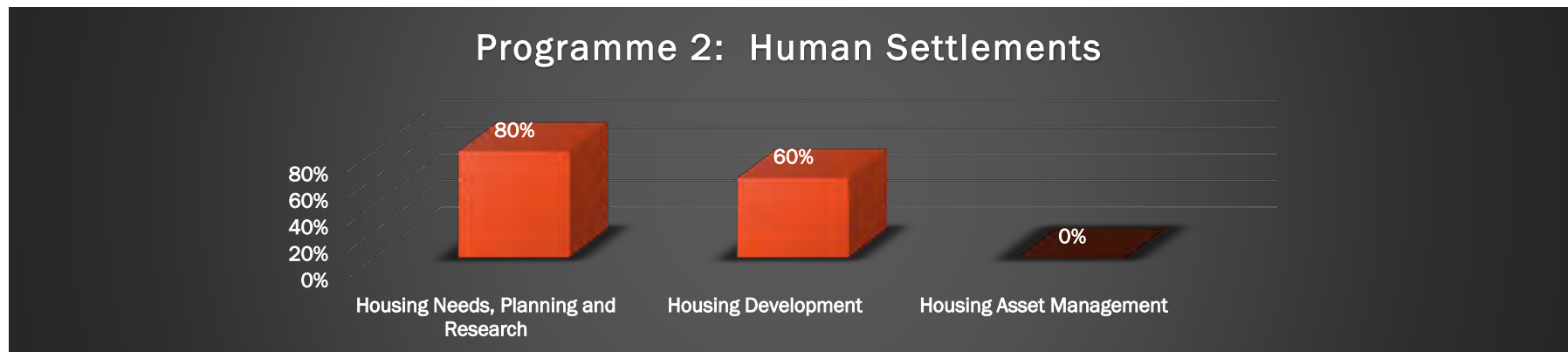
Programme 1: Administration

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Financial Management	3	1	33%
Corporate Services	3	2	67%
Total	6	3	50%



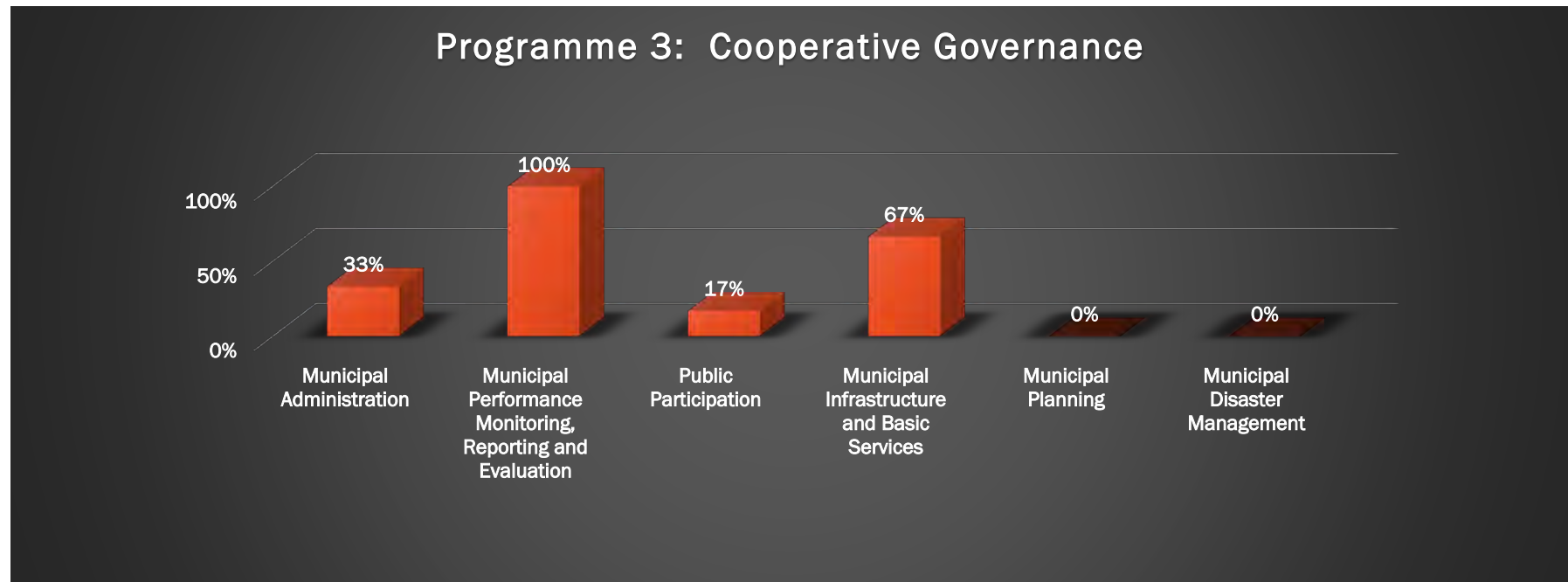
Programme 2: Human Settlements

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Housing Needs, Planning and Research	5	4	80%
Housing Development	5	3	60%
Housing Asset Management	4	0	0%
Total	14	7	50%



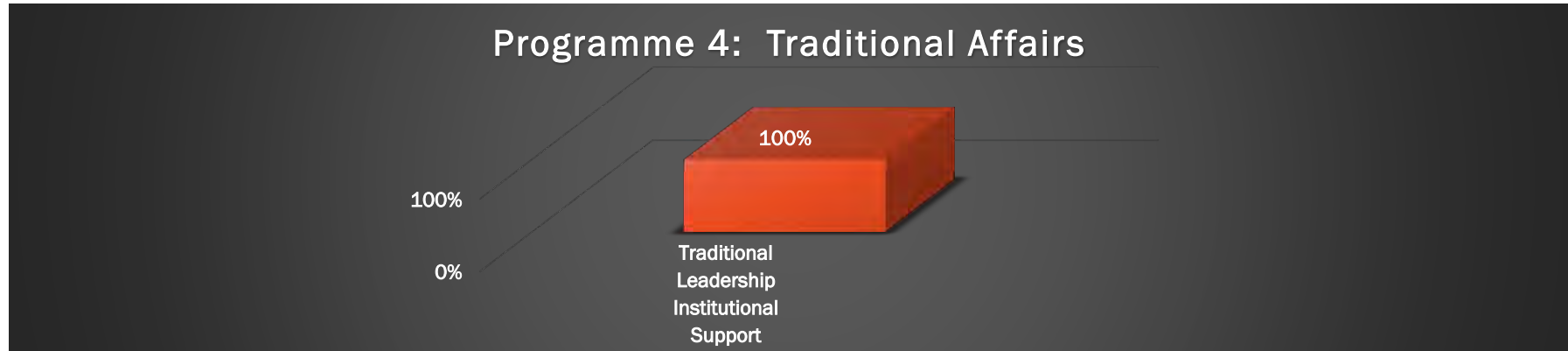
Programme 3: Cooperative Governance

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Municipal Administration	6	2	33%
Municipal Performance Monitoring, Reporting and Evaluation	4	4	100%
Public Participation	6	1	17%
Municipal Infrastructure and Basic Services	3	2	67%
Municipal Planning	2	0	0%
Municipal Disaster Management	2	0	0%
Total	23	9	39%



Programme 4: Traditional Affairs

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Traditional Leadership Institutional Support	4	4	100%
Total	4	4	100%



4.3 Overview of the financial results of the Department

4.3.1 Departmental receipts

Departmental receipts	Estimate R'000	2022/2023 Actual Amount Collected R'000	(Over)/Under Collection R'000	Estimate R'000	2021/2022 Actual Amount Collected R'000	(Over)/Under Collection R'000
Sale of goods and services other than capital assets	575	452	123	548	444	104
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	38	-	38	36	0	36
Sale of capital assets	-	-	-	-	-	-
Financial transactions in assets and liabilities	117	1 207	(1 090)	112	13	99
Total	730	1 659	(929)	696	457	239

Determination of tariffs

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

4.3.2 Programme Expenditure

Departmental receipts	Final Appropriation R'000	2022/2023 Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	2021/2022 Actual Expenditure R'000	(Over)/Under Expenditure R'000
Administration	196 949	173 719	23 230	175 710	153 195	22 515
Human Settlements	609 308	601 469	7 839	635 336	558 396	76 940
Cooperative Governance	157 603	131 372	26 231	141 980	128 162	13 818
Traditional Affairs	36 671	24 894	11 777	21 907	18 508	3 399
Total	1 000 531	931 454	69 077	974 933	858 261	116 672

4.3.3 Virements/roll overs

Programme	Virement Over/ under R'000	Variance R'000	Over/ under %	Reasons for virement	Remedial steps
Administration	1 839	23 230	88.2%	To defray over expenditure	An application for roll-over of unspent voted funds from the 2022/2023 financial year to 2023/2024 financial year amounting to R32 million has been submitted to Provincial Treasury.
Human Settlements	(433)	7 839	98.7%	To offset over expenditure under Programme 1	
Cooperative Governance	(1 406)	26 231	83.4%	To offset over expenditure under Programme 1	
Traditional Affairs	-	11 777	67.9%		
Totals	-	69 077	93.1%		

4.4 Reasons for unauthorised, fruitless, and wasteful expenditure

The department did not incur unauthorised expenditure for the 2022/2023 financial year. The department realised a saving of R69 077million. Savings were realised on Compensation of Employees and Goods and savings because of non-filling of vacancies due to the moratorium by the Office of the Premier on the filling of vacancies and the judgement by the Constitutional Court on the PPPFA, 2017 impacted on procurement of goods and services.

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

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

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

It does so by:

- upgrading informal settlements through the provisioning of bulk services to communities (water & sanitation);

- restoring dignity of citizens by handing over title deeds and transferring houses to beneficiaries and allowing them access to economic opportunities (renting out houses, and use houses as guarantees to secure bank loans);
- provision of houses to military veterans;
- provision of affordable rental housing opportunities through the Social and Rental Housing Programme;
- providing houses to the gap market through the Finance-Linked Individual Subsidy Programme (FLISP);
- rendering town planning services; and
- the construction of top structures.

The Department remains committed to rendering support and guiding the 31 municipalities of the Northern Cape towards achieving sound governance structures, improved audit outcomes, efficient and effective delivery of services, as well as deepening participatory democracy within communities.

The Department will continue to enforce the compliance and implementation of the Constitution of the Republic of South Africa, 1996, the local government legislative framework and policies through the following components:

- Municipal Governance and Administration;
- Municipal Infrastructure;
- Municipal Planning;
- Municipal Performance, Valuations, Monitoring and Reporting;
- Public Participation and Gender Based Violence (GBV); and
- Disaster management.

All the dysfunctional municipalities will continue to receive support from the Department through the Municipal, Support and Intervention Package (MSIP) approved by the Cabinet and Provincial Executive Council.

There is an increase in the number of coalition municipalities and there is emerging trend which indicates that challenges of governance and stability in the municipalities is more prevalent at these municipalities. Efforts will be made in the Department together with CoGTA to develop legislative framework to ensure that coalition agreements are in writing and are binding parties for a significant period. This all to avoid instability and disruptions of governance systems.

In as far as Traditional Institutional Development is concerned, the Department continues to give support to traditional leadership institutions. The Department provides financial, legal, and human capital support towards preserving and promoting traditions, customs, and culture within the recognized traditional communities, in accordance with the Traditional and Khoisan Leadership Act (TKLA), which came into effect on 1 April 2021. The TKLA repeals the Traditional Leadership Governance and Framework Act of 2003 and the National House of Traditional Leaders Act of 1997. While the Northern Cape Provincial Governance Framework and Houses of Traditional Leaders Act of 2007 remains in force, the TKLA gives recognition to traditional and Khoi-San communities, structures, leadership positions, and for the withdrawal of such recognition, provide for the functions, and roles of traditional and Khoi-San leaders, the establishment of councils as well as support to those councils.

Furthermore, the Act also provides for the proper reconstitution of traditional councils and the alignment of the terms of offices of various institutions of traditional leadership. To ensure uniformity with regards to the composition of traditional councils, the Minister has issued a formula to determine the number of members of traditional councils. All councils must be established before the end of March 2023.

Although the Commission on Khoisan Matters will deal with all the initial applications for recognition of communities and their leaders, it will be incumbent upon the Traditional Institutional Development Directorate to give guidance and information to all members of the communities and prospective leaders. Note that the application

process for Khoisan communities is still ongoing and it will take a period of 5 years. Unfortunately, this development adds pressure on the limited resources of the Department.

National Development Plan (NDP) 2030 Vision and Trajectory

The Constitution of the Republic of South Africa (1996) envisages a professional, accountable, and development-oriented department capable of delivering integrated sustainable human settlements, responsive, accountable, and participatory democracy at local government level. The National Development Plan identifies specific steps that need to be taken to promote the values and principles of public administration contained in the Constitution.

The Province needs an economy that is more inclusive and more dynamic, in which the fruits of growth are shared equitably. In 2030, the economy should be close to full employment, equip people with the skills they need, ensure that ownership of production is more diverse and able to pay for investment in human and physical capital (NDP, p. 28).

The NDP highlights the need for well-run and effectively coordinated state institutions with skilled public servants who are committed to the public good and capable of delivering consistently high-quality services, while prioritising the nation's developmental objectives.

It is therefore necessary to take steps needed to strengthen skills, enhance morale, clarify lines of accountability, build an ethos of public service, implement applicable policies, capacitate staff and traditional leaders, openness, and transparency, in a bid to achieve service delivery targets, good governance and accountability.

Over the 2014-19 MTSF the human settlements sector has adjusted both the USDG and HSDG grants respectively by introducing the Upgrading of Informal Settlements Partnership Grant (UISPG) which is aimed at prioritising the upgrading of informal settlements. Other grants that were introduced during this period is the Provincial Emergency Housing Grant, and the Municipal Emergency Housing Grant.

Owing to the introduction of these grants and the preceding Urban Settlements Development Grant (USDG), the prioritisation of the catalytic projects and mining towns, and the development of the next five-year MTSF, the 2019-2024 MEIA Policy and Implementation Framework is reviewed to ensure alignment to the new developments within the Department as well as to ensure that each reporting requirement does not lead to the development of new, overlapping, duplicate, and parallel data collection and monitoring systems being created.

Provincial Growth and Development Plan

The Vision 2040 of the PGDP provides for four drivers:

- Driver 1: Economic Transformation, growth, and development
- Driver 2: Social Equity and Human Welfare
- Driver 3: Environmental Sustainability and Resilience
- Driver 4: Accountable and Effective Governance

Human Settlements falls under Driver 3, and it requires integrated planning that involves:

- a safe and sustainable living environment,
- infrastructure that allows and enables economic activity,
- delivery of services and social facilities, and
- ongoing maintenance capacity.

Driver 4 includes Cooperative Governance and Traditional Affairs. The identified problem statement in the PGDP are as follows:

- Deepening lack of clarity over functions performed between DMs/LMs as multiple functional operational shifts and divisions exercised.
- Poorly executed mandates: capacity, skills, finance.
- Contestation, fragmentation, duplication of services between category Cs and category Bs.
- Poor relations between category Cs and category Bs.
- Lack of intergovernmental oversight and weak frameworks for monitoring functional arrangements.

The following key issues were identified:

- Stronger intergovernmental cooperation;
- The spatial form of LG;
- Technical services authorities; and
- DM expenditure trends

4.6 Public Private Partnerships

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

4.7 Discontinued key activities / activities to be discontinued

Programme 2: Human Settlements

None

4.8 New or proposed new activities

None

4.9 Supply Chain Management

- There were no unsolicited bids for the year under review.
- SCM improved and managed to receive a clean bill of health for the second year on row with minimal matters that will be resolved by strengthening internal controls.
- PPPFA 2017 Regulation changed to PPPFA 2022 within the year of audit which forced SCM policies to be changed and controls amended with implementation. The SCM policy and controls were amended accordingly with the regulations.

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

No gifts, donations or sponsorships were received during the year.

4.11 Exemptions and deviations received from National Treasury

No exemptions from the PFMA or deviations from financial reporting requirements were applied or received from National Treasury for the current financial year.

4.12 Events after the reporting date

No significant events have occurred after the reporting date.

4.13 Other

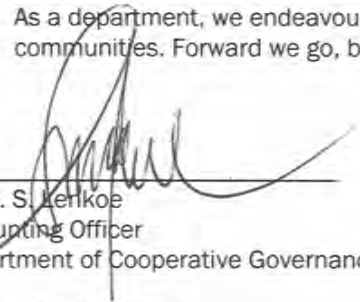
No other material fact or circumstances, which may influence the understanding of the financial state of affairs, not addressed elsewhere in this report.

4.14 Acknowledgement/s or Appreciation

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

4.15 Conclusion

As a department, we endeavour to use our programmes to address socio-economic needs of our people in a bid to improve lives and livelihoods within the Northern Cape communities. Forward we go, backward we shall never return.



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

Date: 31 July 2023

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

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

- * All information and amounts disclosed throughout the annual report are consistent.
- * The annual report is complete, accurate and is free from any omissions.
- * The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- * The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- * The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- * The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- * The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2023.

Yours faithfully


Accounting Officer
Mr. B. S. Lenkoe

Date: 31 July 2023

6. STRATEGIC OVERVIEW

6.1 Vision

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

6.2 Mission

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

6.3 Values

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

Equity:

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

Efficiency:

- Productivity
- The best work methods
- Excellent services

Development:

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



Team work:

- Co-operation
- Support
- Trust

Accountability:

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

Integrity:

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

7. LEGISLATIVE AND OTHER MANDATES

7.1 CONSTITUTIONAL MANDATES

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

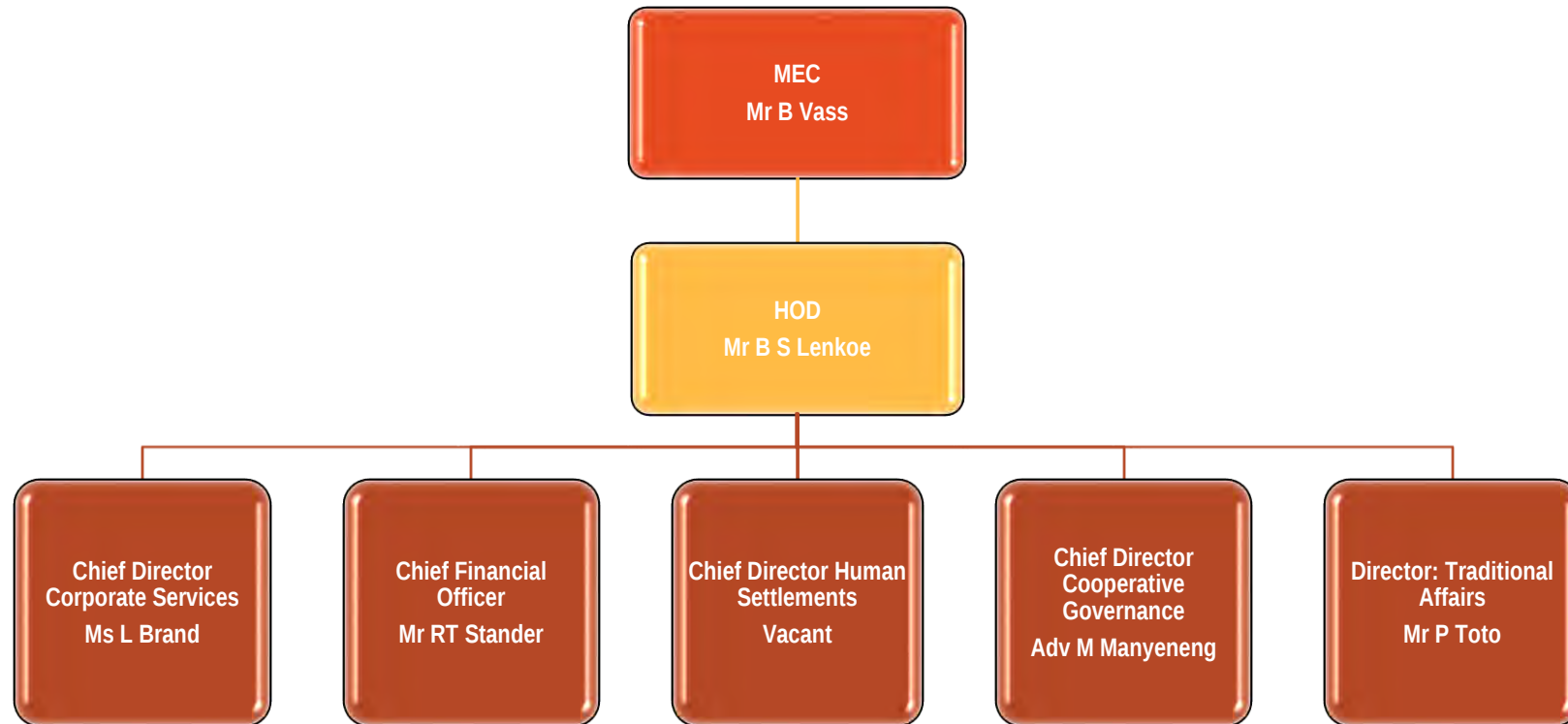
7.2 LEGISLATIVE MANDATES

- Public Finance Management Act (Act No 1 of 1999)
- Promotion of Access to Information Act (Act No of 2000)
- Fire Brigade Services Act (Act No 99 of 1987)
- GIAMA (Act No 19 of 2007)
- National Archives and Records Services of South Africa (Act No 13 of 1996)
- Northern Cape Archives Act (Act No of 2013)
- Housing Act (Act No 107 of 1997)
- The Prevention of Illegal Eviction from Unlawful Occupation of Land Act of 1998
- Housing Consumer Protection Measures Act of 1998
- Rental Housing Act (Act No 50 of 1999 as amended)
- Division of Revenue Act (DORA)
- Deeds Registry Act (Act No 47 of 1937)
- Home Loan and Mortgage Disclosure Act of 2000
- Spatial Planning and Land Use Management Act (Act No 16 of 2013)
- Social Housing Act (Act No 16 of 2008)
- Housing Development Act (Act No 23 of 2008)
- The Housing Code Act of 2009
- Extension of Security of Tenure Act (Act No 62 of 1997)
- Housing Consumers Protection Measures Act (Act No of 1998)
- Disestablishment of South African Trust Limited Trust (Act No 26 of 2002)
- Property Rating Act and Property Valuation Ordinance (Act No 14 of 1993)
- National Housing Code of 2000
- Northern Cape Interim Housing Act (Act No 6 of 1999)
- Disaster Management Act (Act No 57 of 2002)
- Intergovernmental Relations Framework Act (Act No 13 of 2005)
- Remuneration of Public Office Bearers Act (Act No 20 of 1998)
- Local Government: Municipal Systems Act (Act No 32 of 2000)
- Local Government: Municipal Structures Act (Act No 117 of 1998)
- Local Government: Municipal Finance Management Act (Act No 56 of 2003)
- Local Government: Municipal Property Rates Act (Act No 6 of 2004)
- Demarcation Act (Act No of 1998)
- Organized Local Government Act (No 52 of 1997)
- Local Government: Cross-Boundary Municipal Act (Act No 29 of 1998)
- Intergovernmental Fiscal Relations Act (Act No 13 of 2005)
- Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities Act (Act No 19 of 2002)
- Traditional and Khoisan Leadership Act, Act 3 of 2019
- Customary Initiation Act, Act 2 of 2021
- Northern Cape Traditional Leadership Governance and Houses of Traditional Leaders Act (Act No 2 of 2007)
- Housing Act (Act No 107 of 2005)
- Preferential Procurement Policy Framework Act (Act No 5 of 2000)

7.3 Policy Mandates

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

8. ORGANISATIONAL STRUCTURE



9. ENTITIES REPORTING TO THE MEC

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

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





PART B

PERFORMANCE INFORMATION

1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page **108** of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

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

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

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

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

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

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

² Stats SA, Publication 0302, 20209

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

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

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

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

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

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

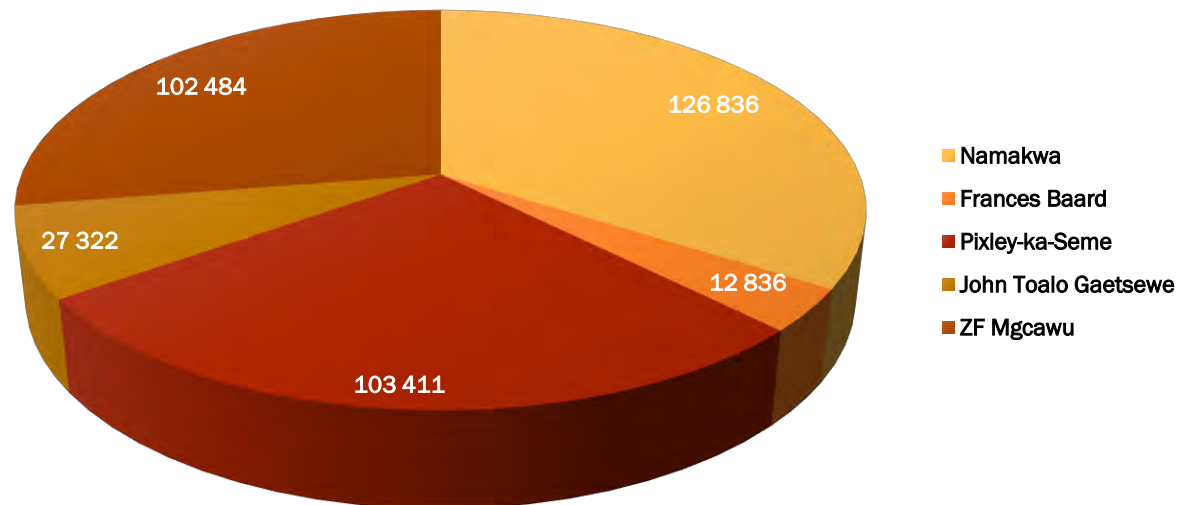
Area:	103 411km ²
Cities/Towns:	Britstown, Campbell, Carnarvon, Colesberg, Copperton, De Aar, Douglas, Griekwastad, Hanover, Hopetown, Hutchinson, Loxton, Marydale, Niekerkshoop, Norvalspont, Noupoot, Petrusville, Philipstown, Prieska, Richmond, Schmidtsdrif, Strydenburg, Van der Kloof, Vanwyksvlei,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

The **ZF (Zwelentlanga Fatman) Mgcawu** District Municipality is a Category C municipality forming the mid-northern section of the Northern Cape Province, bordering with Botswana in the north and Namibia in the west. It makes up just under a third of the province's geographical area, of which 65 000km² comprise the vast Kalahari Desert,

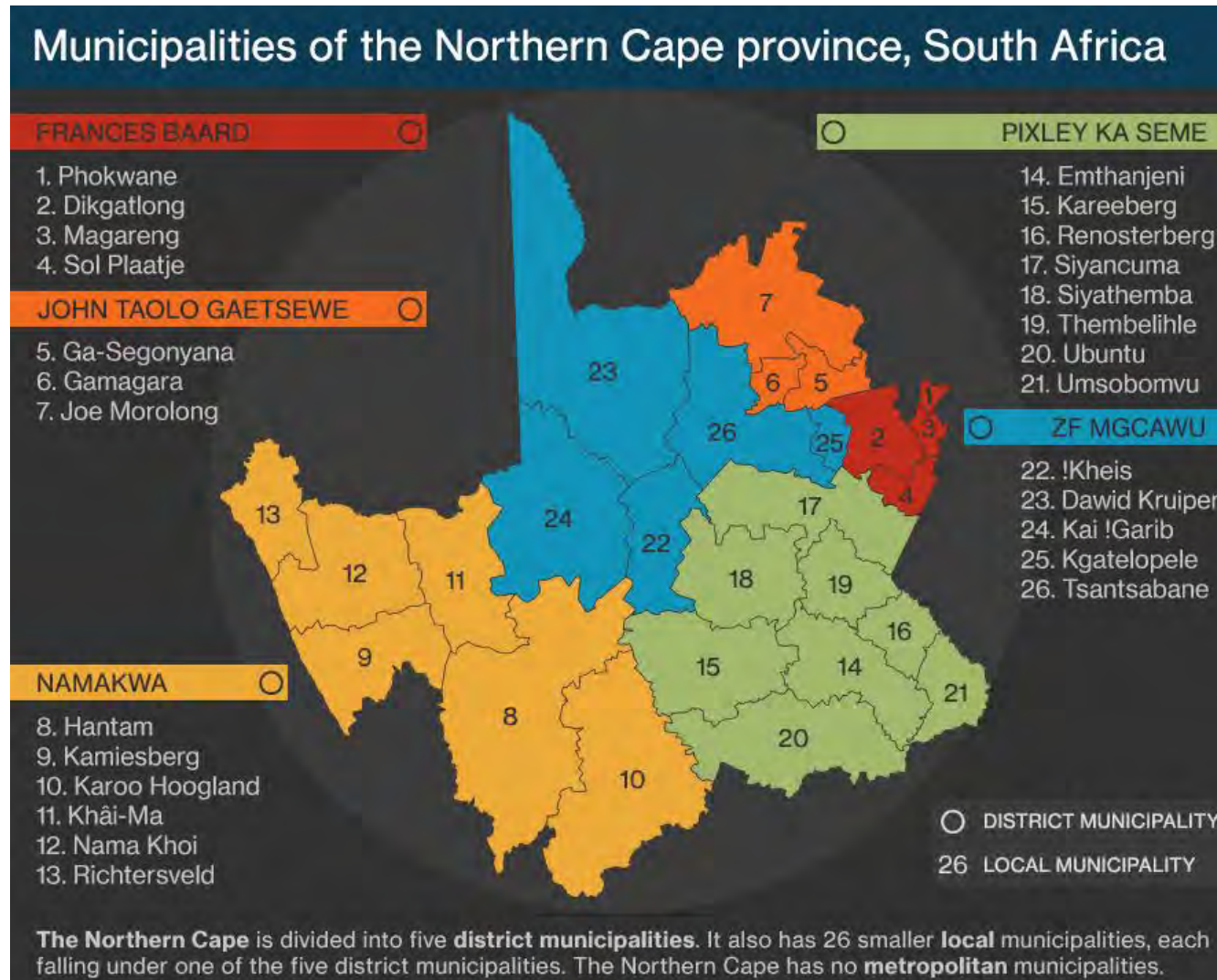
Kgalagadi Transfrontier Park and the former Bushmanland. This district comprises five local municipalities: Dawid Kruiper, Kai! Garib, Tsantsabane, !Kheis and Kgatelopele. Upington is the district municipal capital, where the municipal government is located.

Area: 102 484km²
Cities/Towns: Beeshoek, Brandboom, Danielskuil, Eksteenskuil, Groblershoop, Kakamas, Keimoes, Kenhardt, Lime Acres, Mier, Postmasburg, Rietfontein, Upington
Main Economic Sectors: Agriculture, mining, tourism³

Area per District



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



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

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

Programme 2: Human Settlements

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

Programme 3: Cooperative Governance

Purpose: To strengthen the capacity of 31 municipalities of the Northern Cape to render quality services to communities

Programme 4: Traditional Affairs

Purpose: To coordinate the activities of the Traditional Leadership and Institutions in the Northern Cape Province and give overall strategic management

2.2 Service Delivery Improvement Plan

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

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Fully subsidised houses delivered	Qualifying housing subsidy beneficiaries	186	274	40
Title Deeds registered	Persons qualifying for houses build pre-1994	393	500	59
	Persons qualifying for houses build post-1994	139	3 700	20
	Persons qualifying for houses build post-2014	171	650	44
	Persons qualifying for houses build post-2019	0	150	0

Batho Pele arrangements with beneficiaries (Consultation access etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
Annual information sessions with communities of the total houses to be built and Title Deeds	Departmental officials meet the communities	Involvement of municipalities and communities.

Service delivery information tool

Current/actual arrangements	Desired arrangements	Actual achievements
Communities raise and submit their complaints to the regional offices. Complaints are also raised during EXCO/Presidential Imbizo outreach programs	The Regional and Provincial offices are used in order for community members to report their complaints.	Complaints are received and responded to through the involvement of regional and provincial officials.

Complaints mechanism

Current/actual arrangements	Desired arrangements	Actual achievements
The department has the Service Charter as a mechanism for community members to raise their complaints to the regional or provincial offices.	Complaints of community members to be addressed through the assistance of the regional and provincial offices.	The Service Charter has been circulated to the regional offices for community members to be

Current/actual arrangements	Desired arrangements	Actual achievements
		informed about the services of the department and the complaints mechanisms in place. The Service Charter is on display in the Department's offices.
The Annual Budget Speech for 2022/23 presented by the MEC	Communities are informed of the planned mandates of the department for the financial period.	The Budget Speech for the financial period 2022/23 was presented by the MEC.

2.3 Organisational environment

Programme 1: Administration

Corporate Services

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

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

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

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

Amendments were made to the relevant documentation for the approval of the organisational structure such as the business case study, the organisational development diagnostic report to take the current situation into account where no additional posts will be proposed, and these amended documentations were submitted for approval to MEC. Thereafter the "in-principle approved" organisational structure and all relevant documentation was submitted to the Office of the Premier. On 30 August 2022, a concurrence letter dated 24 August 2022 was received from the MPSA. The Northern Cape Department of CoGHSTA addressed the identified issues following the findings of the analysis of the approved Organisational Structure. The analysis and findings mentioned in the concurrence letter resulted in the post of Director General Support Services being in excess. Following consultation processes within the department, the said Director post's funding will be utilised within the department to fund posts as stipulated in the Amended Implementation Plan of the Human Resource Plan. The approved organisational structure was signed-off once again by MEC Vass and was submitted to OTP thereafter, then to DPSA for uploading on the database.

After numerous submissions to Treasury over the past six years to request permission to fill vacancies, towards the end of 2021, permission was granted to fill 44 posts where contract workers were occupying positions. The Department advertised the posts internally for lower-level posts and externally for levels 10 and higher. At the beginning of 2022, further permission was granted to recruit and select 30 other critical posts during the past financial year. There were a couple of challenges with regards to the filling of some of the posts, hence some of the posts were re-advertised for a second time. By the end of the financial year for 2022/2023, 95% of the recruitment and selection process for the 74 posts were completed.

To optimise the functionality and capacity in the Northern Cape Department of CoGHSTA, an Organisational Functionality Assessment (OFA) has been prioritised for completion; and submission to OTP and DPSA by 31 March 2023. The OFA programme was launched in September 2022. OFA was successfully initiated, and the OFA project is running in the department. A Task Team was appointed for the implementation of the approved organisational structure (even though implementation processes will commence in 2023). Outstanding Standard Operating Procedures (SOPs) were signed off. OFA also provides the opportunity to share evidence-based information that would serve as an input for the review and improvement of cost management in the Department of Northern Cape CoGHSTA. The Work Streams participating in OFA were working according to an approved Project Plan. Regular progress report meetings were coordinated by OTP and attended by CoGHSTA.

The Department is continuously exposed to natural and man-made threats from both internal and external working environments. The control and handling of these threats is essential to protect employees and assets. Thus, professional, and effective service delivery will be provided. Security Management must ensure compliance to the Minimum Information Security Standards (MISS), Minimum Physical Security Standard (MPSS) and relevant legislature. This ongoing process includes the development of regulations, procedures, and practices to provide a reasonable level of security for property and employees.

Risk and Integrity Management techniques or methodologies are considered for all risks within an operation, trying to substantiate them in financial terms and provide meaningful, effective, and measurable mitigation strategies in those areas where the risks to the department are greatest. This holistic approach provides management with the ability to better accomplish the objectives of the department. The Risk and integrity unit in cooperation with Management focus to strengthen measures and standards for managing integrity and promoting ethical conduct in the department. This entails measures for managing unethical conduct that may arise because of financial interests, gifts, hospitality and other benefits and remunerative work outside the public sector.

Although the Department's budget has seen a decline over the years, the Department has made serious strides in the areas of human resource plan, management of diversity, employee health and wellness, as well as skills development and capacity building. So far, the Department has been meeting reporting compliance requirements in the areas of annual performance plans, performance monitoring and evaluation of internal service delivery projects. The Auditor-General's 2021/2022 report remained unqualified. Programme 2 received an unqualified opinion on performance information for the 6th consecutive year. Since COVID-19 the audit remained scaled down, and Programme 3 was once again not audited. The AG therefor only expressed an audit opinion on Programme 2's performance information.

Financial Management

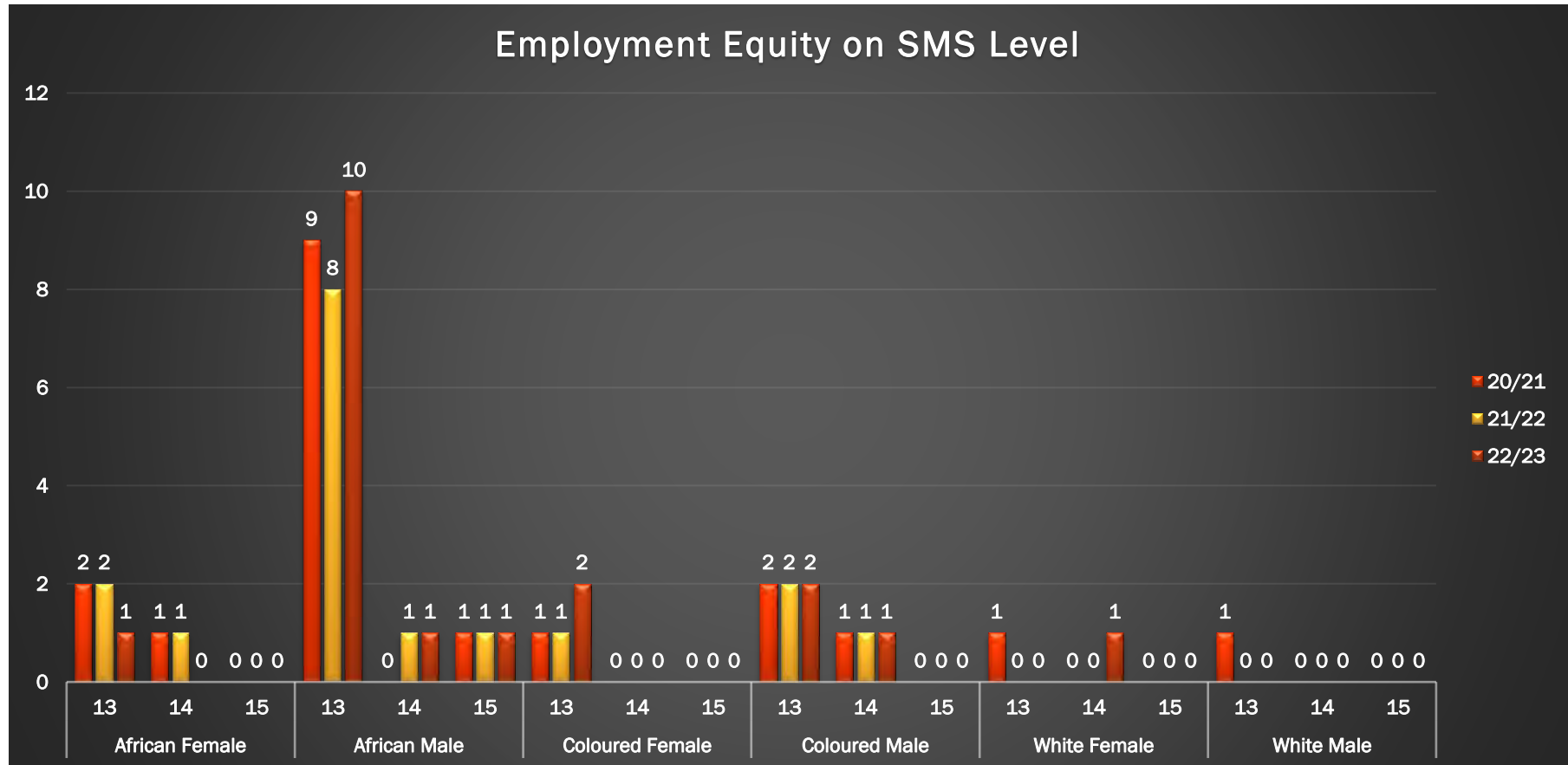
The Department received an unqualified with matters audit opinion - for the 7th consecutive year. Matters raised in the AGSA Report were included in the departmental Audit Action Plan.

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

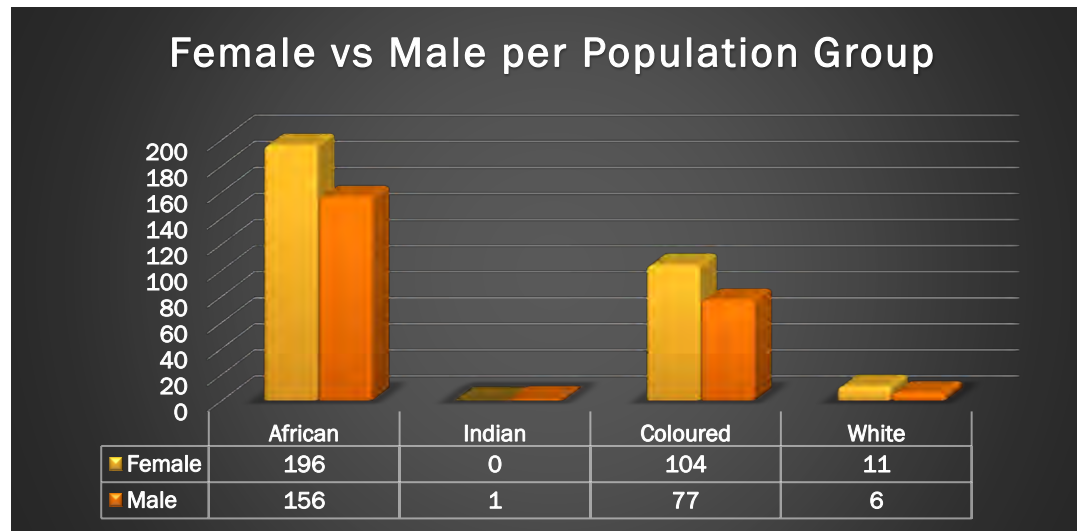
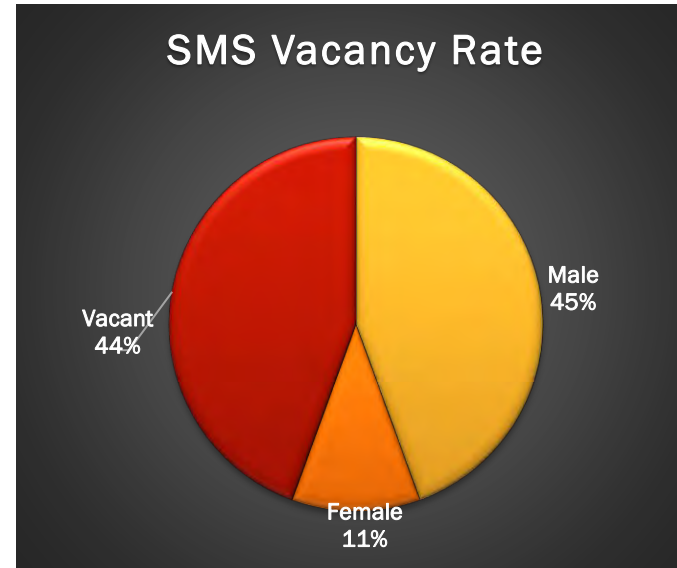
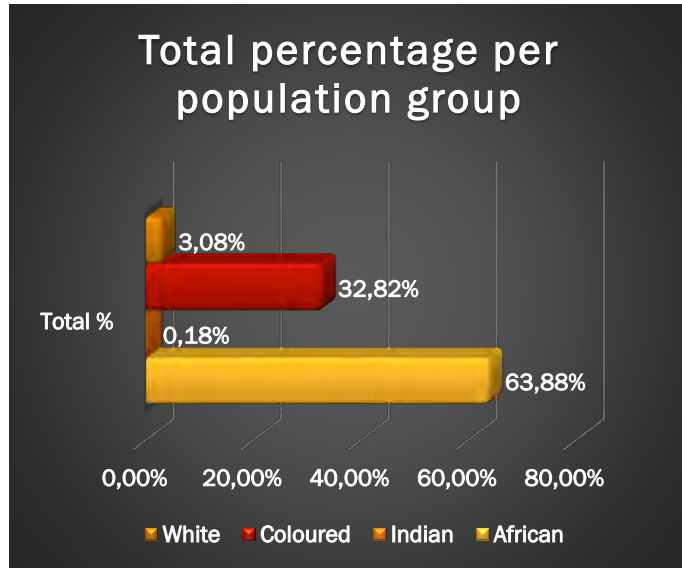
Cost containment measures declared by Provincial Treasury, and Government as a whole, makes it difficult for the Department to fill critical vacant funded positions that are crucial for service delivery. The incorporation of Ba-Ga Mothibi from North West will also add pressure to the organisational structure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

The Employment Equity neither reflects the demographics of the country nor the Province's population. It also does not adhere to the 50/50 equity targets at SMS level as desired by Government. The Department's disability rate is currently at 2.9%, whilst the National target is 2%.

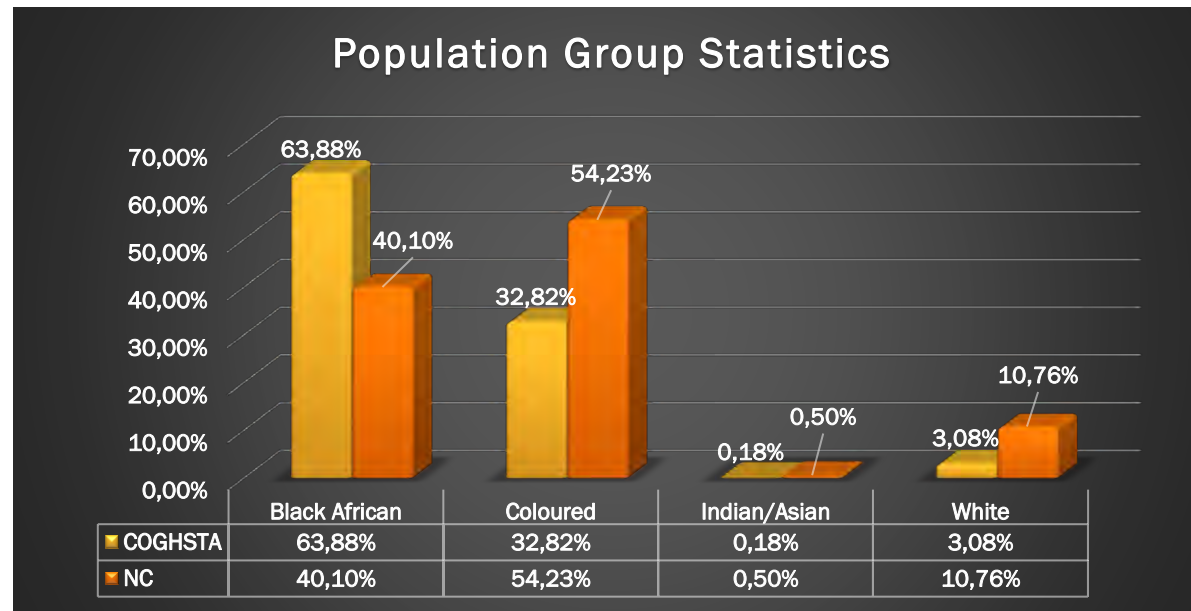
The SMS equity has declined from 19% in 2020/2021 to 15% in mid-2021/2022 to 11% towards the end of 2021/2022 financial year, and increased again to 16% in the 2022/2023 financial year, though the overall gender equity in the Department has more or less remained steady at 55% in 2020/2021 to 56,44% in 2021/2022 to 56,5% towards the end of the 2022/2023 financial year.



To address the SMS equity, the Department endeavours to prioritise the empowerment of female employees from middle management through training and exposing to act in senior management positions. In addition, the Department will give preference to the appointment of females in vacant positions - on both SMS and other levels.



The Department consists of 63,88% black African, 32,82% Coloured, 0,18% Indian/Asian and 3,08% Whites, whilst the Northern Cape population demographics are as follows: 40,1% black African, 54,23% Coloured 0,5% Indian/Asian and 10,76% White⁵. The Department shows a minimal decline in all areas of the different population groups, and this can be attributed to the fact that officials are leaving the service without being replaced with new appointments. Recruitment over the past year (2022/2023) was done by focusing on internal promotions of the officials within the Department. This had a knock-on effect by showing no reduction to the vacancy rate of the Department.



Programme 2: Human Settlements

The Human Settlements Programme experienced challenges with capacity and resources due to numerous vacancies. In addition, the challenges pertaining to the lack of material suppliers and some contractors not meeting their target further hampers delivery on site. Human Settlements programme can however report over achievement on the target set for serviced sites and Households that received subsidies through FLISP. The performance of title deeds and construction of top structures remain a great concern to the programme. Therefore, better planning, project and contract management is required in the new financial year.

Programme 3: Cooperative Governance

Municipal Governance and Administration

The Governance unit is severely understaffed as the unit operates with two (2) officials namely a Deputy Director and Administrative officer. These officials must provide support to 31 municipalities on the functionality of councils. The political environment demands continuous intervention and support as the amount of hung councils increased to ten (10). The challenges experience is enormous from the code of conduct, declaration of interest by councillors, operations of council meeting in accordance

⁵ Statistical data not updated, since StatsSA is yet to release Census 2022 information.

with the standing rules of council. There is an additional programme – Anti-Corruptions that consist out of one (1) Administrative Officer. This component needs serious attention as it deals with corruptions within municipalities it requires investigations and reports tabled at the MEC on corrective measures taken.

The Municipal Administration unit is also under staffed since there are only three (3) officials namely – Deputy Director, Assistant Director, and Administrative Officer. The Deputy Director is currently acting as the Director: Governance and Administration. This unit needs to be capacitated as an additional functional were allocated the roll out of the Staff Regulations for implementation 01 July 2022.

The Chief Director had discussion with other sub-programmes to assist with a Deputy Director for MPAC's. The publication of the Municipal Structures Amendment Act requires that councillors enforced oversight on governance and administration and report quarterly to National COGTA on the status per municipality. The status quo remains the same as the previous quarter since no vacancy was filled although the post of the Director has been shortlisted with possible interviews in early Q4.

Municipal Valuations, Performance Monitoring, Reporting & Evaluation

An additional staff member was added to the directorate, and it should be able to see an improvement in the performance.

Public Participation

In terms of PP & CWP Directorate we have had 6 KPAs in the current financial year which we are ending now in March 2023. It has become abundantly clear that we need a second Deputy Manager in the Directorate. We are therefore proposing that the Director: Auxiliary Services post which will be abolished should be converted to a DD post at level 11 as well as another post at level 7 or 8 depending on the funding of the post and that these posts be allocated to PP & CWP. This will allow a dedicated DD post for PP who will be responsible for the key performance indicators that resort in Public Participation. It is very clear from the District Intervention Programme that we have implemented in two regions thus far, that we would need in the new financial year provide support to the more than 80 % of new councillors who are struggling to implement PP and deal with the work of ward committees.

Funding the Directorate: The new financial allocation of R600 000 to the Directorate for 2023/2024 puts the directorate at a disadvantage right from the start of the new financial year, given the fact that we have spent more than R1 million in the current financial year on goods and services but that the financial assistance provided for the CWP Management and Provincial Steering Committee meetings (4x R65 000=R 260 000) was funded by the IA which is no longer be the case in the new financial year. The new allocation means that we will only be able to reach 40 to 50% of our key performance areas as per the APP and AOP. This fact must be noted as we start the new 2023/2024 financial year.

GBVF: Currently regional offices do not have dedicated staff to deal with GBVF, this, therefore, becomes an add-on to regional office Cooperative Governance staff. In the Unit, we have 2 staff members dealing with this matter. It has become clear that we need to capacitate municipalities individually in terms of their responsibilities and responsiveness to matters of GBVF that are happening in their respective communities. It is therefore crucial as we have indicated before and communicated to the powers at be that the post of SAO GBVF is filled immediately. Furthermore, the configuration at the level of regional offices needs to be reviewed in order that we have capacitated regional offices who are enabled to provide monitoring of the programmes of GBVF implemented at a municipal level. If the unit at the provincial and regional office levels is properly resourced and regional offices have clear AOPs as resolved at the strategic planning session of February 2022 in Upington, we would be able to support municipalities on the implementation of the NSP-GBVF.

PP: In terms of PP & CWP Directorate we have had 6 KPAs in the current financial year which we are ending now in March 2023. It has become abundantly clear that we need a second Deputy Manager in the Directorate. We are therefore proposing that the Director: Auxiliary Services post which will be abolished should be converted to a DD post at level 11 as well as another post at level 7 or 8 depending on the funding of the post and that these posts be allocated to PP & CWP. This will allow a dedicated DD post for PP who will be responsible for the key performance indicators that resort in Public Participation. It is very clear from the District Intervention Programme that

we have implemented in two regions thus far, that we would need in the new financial year provide support to the more than 80 % of new councillors who are struggling to implement PP and deal with the work of ward committees.

CWP: Currently we have 3 staff members in the CWP Unit. The AD post will become vacant in the new financial year. This means that the post of the AD will need to be filled immediately to allow for a process of handover. The new implementation model of CWP may well suggest that former staff employed at the Implementing Agents may need to be absorbed into the provincial administration under the CWP Directorate. This will bring additional constraints on the CWP programme given its limited budget.

Municipal Infrastructure & Free Basic Services

The working environment is improving as some vacancies are advertised and interviews concluded.

Municipal Planning

The vacant position of the Deputy Director responsible for Municipal Strategic Planning (IDP Support) as the vacant post of a professional town planner and chief professional town planner must be advertised and be filled as a matter of urgency.

Municipal Disaster Management

Currently, the Provincial Disaster Management Centre consist of only four officials, The Head of the Provincial Disaster Management Centre, Assistant Director responsible for Disaster Operation, Disaster Administrative officer under Disaster Operation and the Disaster Administrative Officer under Information Management and Communication.

Currently, the PDMC is having six vacant positions, namely – Assistant Director Information Management and Communication, Assistant Director Fire Services, which was never filled because it is unfunded, and two senior administrative officers and Administrative Officer. This situation if not attended is going to create a huge risk for the province given the fact that the PDMC is dealing with various hazards, which include priority hazards in the form of Veld Fires, Floods and Drought. For the total implementation of the Disaster Management Act, 57 of 2002, the department should consider capacitating the PDMC by recruiting officials in line with the proposed structure in the Provincial Disaster Management Plan.

There is an urgent need to appoint officials to the vacant funded positions of the Provincial Disaster Management Centre. Currently, two officials have been appointed to act on vacant positions that need to be advertised as soon as possible.

Programme 4: Traditional Affairs

The post of Director was filled and appointed on 1 September 2022. The position of Manager for Anthropological Services was finally filled after so many years. This will ensure added capacity to the Unit and ensure that we deal with issues of Succession, Disputes in line with Policy and legislation. The vacant positions of the Deputy Directors in the unit and the Secretary of the Provincial House have created a huge void and needs to be filled urgently.

The position of Manager for Institutional Support was filled through lateral transfer of Mr Fabian Borman from Department of Sports, Arts and Culture. Mr Borman is the current Secretary 1 of the Commission of Inquiry into the leadership position of Batlhaping ba Phuduhutswana Ba-ga Jantjie, and he is an admitted attorney. He will be assisting us on legislative prescripts governing the Institution amongst others.

The position for the Secretary of the Provincial House has been advertised and will be filled in due course to ensure that all the critical and funded positions in the unit are filled.

2.4 Key policy developments and legislative changes

In relation to public participation, there is a temporary policy change in terms of the Community Works Programme in that the programme will no longer be implemented through an Implementing Agent at the start of the 2023/2024 financial year until the remodelling of the CWP Programme is complete. This may mean that CWP Programme will have to be implemented via the Provincial Departments of CoGTA/CoGHSTA.

Regarding the DDM, national CoGTA has commenced with the process of finalising regulations to provide for an intergovernmental framework and operational model that will frame the coordination and synchronisation of local intergovernmental development priorities in the context of the DDM, through a set of intergovernmental structures and the One Plan as part of the institutionalisation of the DDM. To this end, the drafting of the regulations will be done in terms of section 47(1)(b) of the Intergovernmental Relations Framework Act of 2005, which empowers the Minister of CoGTA through a notice in the Gazette, to issue regulations or guidelines not inconsistent with the Act regarding amongst others, “a framework for coordinating and aligning development priorities and objectives between the three spheres of government”.

National Disaster Management Centre have declared National State of Disaster pertaining the impact of severe electricity supply constraints in the country as well as National Declaration on flooding. The National State of Disaster was announced by the President during 2023 State of the Nation address and the National State of Flood in the country was done by the Minister of Cooperative Governance.

In line with the Traditional Khoisan Leadership Act 3 of 2019, the reconstitution of traditional council must be completed by 31 March 2023. The members of the Traditional councils will now be 10 members which number includes Senior Traditional leader as the Chairperson. The newly appointed Minister of CoGTA, is addressing the dispute from Traditional leaders who are now rejecting the formula and wish to revert to the previous number of 18 members per Traditional council. This will undoubtedly have serious financial impact on our Province because we have elected 4 members in line with the approved formula. We will await guidance from DTA on the way forward including any legal advice going forward. Currently, all Traditional councils' term has ended as at 31 March 2023, the delay may also affect the status of the recently reconstituted councils.

3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Impact Statement	Spatial transformation through improved integrated settlement development in collaboration with a capable Local Government sector
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Outcomes

MTSF Priority 5: Spatial integration, human settlements and local government					
Outcomes		Outcome Indicators	Baseline	Five-year target	Progress towards achieving
1	Improved audit outcome	Reduced number of matters raised in the Audit report	Unqualified audit with 11 matters	Unqualified audit with no matters	Consistently achieved unqualified audit outcome with matters over the past seven years
2	Adequate Housing in improved quality living environments	Number of informal settlements upgraded to Phase 2 of the Informal Settlements Upgrading Programme	1	5 informal settlements upgraded to Phase 2	Seven Informal settlements was upgraded to phase 3 of the Upgrading of Informal Settlements Programme with water connections (standpipes and water meters), Erf Sewer connections, roads and storm water.
		Number of priority housing development areas invested in	New	Investment in 2 priority development areas	

MTSF	Priority 5: Spatial integration, human settlements and local government				
	Outcomes	Outcome Indicators	Baseline	Five-year target	Progress towards achieving
3	Security of Tenure to households in the subsidy market	Number of households securing ownership	13 308	5 450 households with ownership secured	123 households with ownership secured
4	Transformation of the Local Government sector	Number of municipalities progressing from dysfunctional to functional	15	15 municipalities progressing from dysfunctional to functional	No municipality has officially been approved by CoGTA and/or cabinet to progress from dysfunctional to functional. However, from engagement with Sol Plaatje and work done, the Department recommended to the Provincial Executive Council to progress Sol Plaatje to medium risk.
5	Realizing good governance, peaceful co-existence and development within Traditional Communities	Number of Traditional Councils with inter-sphere relationships	New	8 Traditional Councils with inter-sphere relationships	8 Traditional Councils with inter-sphere relationships

PROGRAMME 1: ADMINISTRATION

Outcome: Improved audit outcome

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

The department managed to address several issues raised by the Auditor General during the previous audit cycle. Disclosure notes such as provisions and retention, has been compiled to be in line with MCS prescripts. Other SCM matters such as non-submission of SBD4 forms by suppliers, clauses in the GCC not adhered to, internal control deficiencies on policy matters within the department has been addressed. Processes to ensure improvement in the quality of compiling annual financial statements for 2022/23 has been put in place, over the current year. The department also reports to the OPCA committee, chaired by the DG monthly, as well as the quarterly internal audit committee meetings, on progress made. Through these efforts, we can work towards achieving an improved audit outcome.

PROGRAMME 2: HUMAN SETTLEMENTS

Outcome: Adequate Housing in improved quality living environments

Outcome Indicator: Number of informal settlements upgraded to Phase 2 of the Informal Settlements Upgrading Programme
Number of priority housing development areas invested

- The target to provide 20 Finance Linked Individual Subsidy Programme (FLISP) units was exceeded with 1 additional subsidy. In total 21 FLISP units were provided.
- Five Priority Human Settlement Development Area Plans (PHSDA's) were developed.
- The target of 2097 serviced sites were overachieved by 3751. In total, 5848 serviced sites were delivered.

Outcome: Security of Tenure to households in the subsidy market

Outcome Indicator: Number of households securing ownership

The target for the number of outstanding pre-1994 title deeds registered was not achieved by 107. The target was 200 and 93 was achieved. The target of 500 for the number of outstanding post-1994 title deeds registered was not achieved. Only 20 title deeds registered, and 480 title deeds could therefore not be registered. The

number of outstanding post-2014 title deeds registered was also not achieved. There were only 44 title deeds registered against a target of 550, thus failing to meet the target by 506. While the number of new title deeds registered post-2019 was also not achieved. The target for title deeds across all four categories has been increased to 5000 for the 2023/2024 financial year to be able to meet the MTSF target.

PROGRAMME 3: COOPERATIVE GOVERNANCE

Outcome: Transformation of the Local Government sector

Outcome Indicator: Number of municipalities progressing from dysfunctional to functional

No municipality has officially been approved by CoGTA and/or cabinet to progress from dysfunctional to functional. However, from engagement with Sol Plaatje and work done, the Department recommended to the Provincial Executive Council to progress Sol Plaatje to medium risk.

Municipal Governance & Administration

The unit provide additional support on the functionality of municipal councils, MPACs, Anti-Corruptions and Capacity Building. The achievements relate to challenges that were identified to ensure the functionality of the programmes. The over-achievement of Capacity Building was due to a lack of skills identified by municipalities in their Work Skills Plans. LGSETA allocated funding to address the shortcomings thus, to led to municipalities developing their staff to ensure the effective operations in municipalities.

Municipal Valuations, Performance Monitoring, Reporting And Evaluations

The directorate achieved two (2) of the four (4) targets, exceeding one of them, as the other two (2) targets were already achieved during the previous Quarter. The other target performance was exceeded in the previous period, resulting in some of the achievements not being recognised as the target is cumulative.

Public Participation

We have managed to have a District Intervention Team on Public Participation in Pixley Ka Seme Region, as well as the CWP Provincial Management and Provincial Steering Committee Meetings. We supported the 5 Municipalities identified in this quarter with provincial visits. The attendance registers for this is available.

Infrastructure Development

All targets achieved. However, challenges pertaining to submission of requested documents and information from some municipalities and sectors persists.

MUNICIPALITIES	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018
Frances Baard	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with findings	Unqualified with findings
Sol Plaatje	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings
Phokwane	Audit not finalised at legislated date	Audit not finalised at legislated date	Disclaimed with findings	Qualified with findings	Qualified with findings
Magareng	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings
Dikgatlong	Qualified with findings	Qualified with findings	Qualified with findings	Disclaimed with findings	Disclaimed with findings
John Taolo Gaetsewe	Unqualified with findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with findings
Ga-Segonyana	Qualified with findings	Unqualified with findings	Unqualified with findings	Qualified with findings	Qualified with findings
Gamagara	Unqualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Disclaimed with findings
Joe Morolong	Disclaimed with findings MI	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings
ZF Mgcawu	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with findings	Unqualified with no findings

MUNICIPALITIES	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018
Dawid Kruiper	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
Kai! Garib	Audit not finalised at legislated date	Audit not finalised at legislated date	Disclaimed with findings	Disclaimed with findings	Qualified with findings
Kgatelopele	Disclaimed with findings	Disclaimed with findings	Qualified with findings	Disclaimed with findings	Disclaimed with findings
Tsantsabane	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Disclaimed with findings
IKheis	Disclaimed with findings MI	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings
Pixley Ka Seme	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
Emthanjeni	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Unqualified with findings
Kareeberg	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
Renosterberg	Disclaimed with findings MI	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings
Siyancuma	Qualified with findings	Qualified with findings	Qualified with findings	Unqualified with findings	Unqualified with findings
Siyathemba	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings
Umsobomvu	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Unqualified with findings
Ubuntu	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings
Thembelihle	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings
Namakwa	Unqualified with no findings	Unqualified with no findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
Nama-Khoi	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings
Richtersveld	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings
Hantam	Unqualified with no findings	Unqualified with no findings	Unqualified with findings	Unqualified with findings	Qualified with findings
Khai-Ma	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings
Karoo Hoogland	Unqualified with findings	Unqualified with findings	Unqualified with findings	Qualified with findings	Unqualified with findings
Kamiesberg	Qualified with findings	Qualified with findings	Qualified with findings	Disclaimed with findings	Qualified with findings

6

PROGRAMME 4: TRADITIONAL AFFAIRS

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

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

The Directorate reconstituted the JTG Local and the Provincial Houses in line with the provision of Act 3 of 2019.

The Directorate also has held several campaigns and interactions with initiation structures to ensure that we have a safe winter initiation season (Upington and Frances Baard initiation Committees). A successful engagement was held with the National Oversight Initiation Committee to path the way forward in implementing the Customary Initiation Act.

The Provincial Initiation Coordinating Committee is being re-constituted to align its term of office of the Provincial House of Traditional Leaders and the term of office of the National Initiation Oversight Committee. Also arranged an awareness session for all Khoi-San stakeholders to assist in completion of the application for recognition of communities and leadership.

⁶ CONSOLIDATED GENERAL REPORT ON LOCAL GOVERNMENT AUDIT OUTCOMES MFMA 2021-22 (<https://www.agsa.co.za/Reporting/MFMAReports/MFMA2021-2022.aspx>)

Conducted induction of the Local and Provincial Houses of Traditional Leaders. The Directorate also held several campaigns and interactions with initiation structures to ensure that there is a safe summer initiation season (Upington, Colesberg, De Aar, Warrenton, Kuruman and Frances Baard Initiation Committees). The Bareki customary law of succession document was completed. The Motshwarakgole customary law of succession is in draft format. The Ba Ga Jantjie Commission of Inquiry was launched to determine the legitimacy of the senior traditional leadership of Ba Ga Jantjie.

The Unit has an MOU with the South African Heritage Council, to support the Institution on Cultural and heritage initiatives.

The Provincial House has held a successful engagement and partnership with KUMBA Iron Ore Mine, which has amongst others pledged a R1 000 000 once-off donation to Traditional councils, it has further committed to sponsor the profiling of Traditional leadership institution and support other cultural initiatives of the Provincial House. This new partnership would be reduced to an MOU.

There was a handover of a new Kgotla, Offices of Kgosi and Royal Household under Batlharo Ba-ga Motlhware traditional community.

The Unit finally appointed the head of the Anthropology, Policy & Legislation division. This appointment brought about a structurally pioneering efficiency to the Unit, as a list of priority cases was formulated, which resulted in workable progress being made with a dispute/claim that has preoccupied the division for an extended period.

The Ba ga Jantjie Commission of Inquiry report was finalised and submitted as per the gazetted date of completion - 31 March 2023. Traditional Council elections were held in John Taolo Gaetsewe (JTG) District, in accordance with the five-year term of office expiry/ end, which precedes the date of reconstitution as stipulated in section 22, subsection 7 of the Traditional and Khoi-San leadership Act, No. 3 of 2019.

The Anthropology Unit successfully completed the reviews of two headmanships/headwomanships in the Manyeding area, which form part of Batlhaping Ba Phuduhutswana Ba ga Jantjie traditional community, in line with the stipulations attached to acting positions.

4. INSTITUTIONAL PROGRAMME PERFORMANCE

4.1 Programme 1: Administration

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

Outcomes contributed to: Improved audit outcome

4.1.1 Sub-Programme: Office of the MEC

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

4.1.2 Sub-Programme: Corporate Services

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

4.2 Programme 2: Human Settlements

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

Outcomes contributed to: Adequate Housing in improved quality living environments
Security of Tenure to households in the subsidy market

4.2.1 Sub-Programme: Housing Needs, Research and Planning

Purpose: To facilitate and undertake housing delivery planning

4.2.2 Sub-Programme: Housing Development

Purpose: To provide individual subsidies and housing opportunities to beneficiaries in accordance with the housing policy

4.2.3 Sub-Programme: Housing Asset Management

Purpose: To provide for the effective management of housing

4.3 Programme 3: Cooperative Governance

Purpose: To strengthen the capacity of 31 municipalities of the Northern Cape in order to render quality services to communities

Outcomes contributed to: Transformation of the Local Government sector.

4.3.1 Sub-Programme: Municipal Administration

Purpose: To ensure legislative compliance and good governance

4.3.2 Sub-Programme: Municipal Performance Monitoring, Reporting and Evaluation

Purpose: To improve and support performance management, property valuations and Back to Basics

4.3.3 Sub-Programme: Municipal Infrastructure

Purpose: To promote, facilitate, coordinate, and monitor infrastructure development and provision of free basic services at municipalities

4.3.4 Sub-Programme: Public Participation

Purpose: To tackle poverty, provide livelihood support for poor households and maximise public participation and community involvement in matters of local government

4.3.5 Sub-Programme: Municipal Planning

Purpose: To strengthen the planning capacity of 31 municipalities to perform their functions

4.4 Programme 4: Traditional Affairs

Purpose: To coordinate the activities of the Traditional Leadership and Institutions in the Northern Cape Province and give overall strategic management

Outcomes contributed to: Realizing good governance, peaceful co-existence, and development within Traditional Communities

4.4.1 Sub-Programme: Traditional Leadership and Institutional Support

Purpose: To provide administrative, financial & legislative support to traditional leaders, councils, communities, and royal councils

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

4.5.1 Actual Achievement on originally tabled APP from 1 April 2022 until end September 2022 (only indicators affected)

Programme 2: Human Settlements

			Annual Targets						
Outcome	Outputs	Output Indicators	Audited Actual Performance		Planned Annual Target	Actual Achievement until end September 2022*	Deviation from planned target to Actual Achievement	Reasons for deviations	Reasons for revisions to the Outputs/Output Indicators/Annual Targets
			20/21	21/22	22/23	22/23	22/23		
Adequate Housing and improved quality living environments	Housing Development								
	Households that received subsidies through FLISP Breaking New Ground (BNG) houses	Number of Breaking New Ground (BNG) houses delivered	New	New	300	113	-187	Overachieve quarterly target to date with 83 due to fast progress on site in some of the projects.	The Business Plan was revised due to Ministerial Priorities, and from Quarter 3 this target was reduced to 274 due to the reprioritisation of the title deed allocation
Security of Tenure to households in the subsidy market	Housing Asset Management								
	Title Deeds	Number of pre-1994 title deeds registered	New	New	200	7	-193	The Conveyancers' contracts with the department ended on 31 March 2022. A new panel of conveyancers was appointed on 1 April 2023.	The Business Plan was revised due to Ministerial Priorities, and from Quarter 3 these targets were increased. [Pre-1994 = 500; Post-1994 = 3700; and post-2014 = 650.] (Initial title deed allocation of R2,5 million was increased to R12,2 million by reprioritising within the current HSDG allocation)
		Number of post-1994 title deeds registered	New	New	500	20	-480		
		Number of post-2014 title deeds registered	New	New	550	44	-506		

Programme 3: Cooperative Governance

Outcome	Outputs	Output Indicators	Annual Targets					Reasons for deviations	Reasons for revisions to the Outputs/Output Indicators/Annual Targets
			Audited Actual Performance		Planned Annual Target	Actual Achievement until end September 2022	Deviation from planned target to Actual Achievement		
			20/21	21/22	22/23	22/23	22/23		
	Public Participation								
	Create jobs through Job Summits, Operation Phakisa and other public sector employment programmes	Number of work opportunities reported through Community Works Programme (CWP) (MTSF 2019-2024, Priority 2)	21 689	22 531	26	21 081	+21 055	Incorrect target	This target was captured incorrectly in the APP as 26 municipalities and not 21 900 work opportunities.

4.5.2 Actual Achievement on re-tabled APP (inclusive of performance on originally tabled APP)

Programme 1: Administration

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			20/21	21/22	22/23	22/23	22/23	
Improved audit outcome	Expenditure according to the allocated budget	Percentage expenditure in relation to the allocated budget	79,3%	93,85%	100%	93%	-7%	The constitutional court judgement on PPPFA against National Treasury has been a challenge for procurement. We could not continue with procurement of any goods and services, until the outcome of the case. The guidance from Treasury were only forwarded to departments during the month of January 2023. If we did any procurement during these uncertain times, irregular expenditure would have been increased due to non-compliant processes followed.

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			20/21	21/22	22/23	22/23	22/23	
								Another factor was based on the non-filling of vacancies due to the moratorium placed by office of the Premier. The department did present a case to Provincial Treasury last year June 2022, indicating that funds were available within the baseline, to appoint officials. We were informed by Provincial Treasury to increase compensation of employees, and reduced goods and services to cater for personnel costs, hence the realization of savings within the different programmes, for 2022/2023 financial year.
	All supplier invoices paid within 30 days	Percentage of invoices paid within 30 days	98,8%	96,7%	100%	97,2%	-2,8%	System unavailability and instability LOGIS / CSD duplicate suppliers. Service providers do not inform department of changes in bank details. Control mechanisms has been put in place to ensure we pay on time. As a control, we have committed ourselves to pay service providers within seven (7) working days, after receipt of an invoice by finance. The non-compliance of 3% is merely issues of disputed invoices between the Department and service providers, but it did have a negative impact on delivery of services to our communities.
	Compliance in line with PPPFA and Treasury Regulations	Percentage of procurement transactions in compliance with Treasury Regulation 16A and PPPFA	New	100%	100%	100%		
	External audit recommendations implemented	Percentage of external audit recommendations implemented	31%	55%	100%	69%	-31%	The audit action plan for quarter 2 was reviewed and audited by internal audit. It was found that our action plan is not accurate. As recommended by internal audit, for quarter 3 2022/2023 the unit concentrated on the accuracy and completeness of the audit action plan.

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			20/21	21/22	22/23	22/23	22/23	
								There were certain audit findings not recorded in the final action plan as indicated in quarter three, but only updated in the last quarter of the year. These issues have been addressed and it will be evident in the audit under review, 2022/23 financial year.
	Equal gender representation	Percentage of female employees in middle management developed	6,8%	14,83%	100%	100%		
	Corporate support services rendered	Percentage of departmental policies implemented	98,3%	100%	100%	100%		

Significant achievement of targets for the outputs	The ongoing implementation of external audit recommendations, through the audit action plan, ensures the reduction of audit findings towards the end goal of a clean audit. Equal gender representation addresses the equity of the department, specifically at senior management level. By developing female middle management employees, we ensure the employment readiness of female employees for senior management positions. Corporate support services are rendered by ensuring the implementation of departmental policies.
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Significant achievement of targets for the outcomes	The achievement of outcome targets will result in compliance to legislative and policy directives, which in turn will contribute to a clean audit.
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How the achievement of targets has contributed towards achieving the department's outcomes	The year-on-year reduction in the number of findings and matters of emphasis, is indicative of progressing to the achievement of the outcome.
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Response	Prioritising women, youth, and persons with disabilities in its service delivery environment (where applicable)	
	Challenges encountered when prioritising delivery for these designated groups	Corrective steps that were undertaken in dealing with such challenges
The SMS equity has increased from 11% in 2021/2022 to 16% in 2022/2023.	The Department's employment equity neither reflects the demographics of the country nor the Province's population.	Development of female employees in middle management will ensure the employment readiness of female employees for senior management positions.

Programme 2: Human Settlements

Outcome	Outputs	Output Indicators	Annual Targets					Reasons for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			20/21	21/22	22/23	22/23	22/23	
Adequate Housing and improved quality living environments	Housing Needs, Research and Planning							
	Spatial transformation Integrated	Number of approved Multi-Year Housing Development Plans (MYHDP)	1	1	1	1		
		Number of municipalities supported with development of credible project pipelines	New	20	20	20		
	Implementation Programmes for priority development areas	Number of integrated implementation programmes for priority development areas completed per year	New	New	5	5		
	Investment of the total Human Settlements allocation in PDAs	Percentage of investment of the total Human Settlements allocation in PDAs	New	New	30%	71,4%	+41,4%	Majority of projects are within PDAs
	Acquired land during 2014-2019 falling within the PDAs rezoned	Percentage of land acquired during 2014-2019 within the PDAs rezoned	New	New	100%	0%	-100%	Lack of adequate funding together with late appointment of service providers to rezone targeted land parcels.
	Housing Development							
	Households that received subsidies through FLISP	Number of households that received subsidies through FLISP (Finance Linked Individual Subsidy Programme)	New	27	20	21	+1	More applications were received, and this is not in our ambit of control
	Breaking New Ground (BNG) houses	Number of Breaking New Ground (BNG) houses delivered	New	New	274	153	-121	Poor performance by contractors
	Serviced sites	Number of serviced sites delivered	New	2 236	2 097	3 832	+1 735	Received additional funding from poor performing provinces.
	Rental Social Housing units	Number of rental social housing units delivered	New	0	70	0	-70	Geo-technical conditions precluded the achievement of this target. The geo-hydro-logical study had a huge impact on the completion of the project.
	Informal settlement upgraded	Number of informal settlements upgraded to Phase 3 of the Upgrading of Informal Settlements Programme (UISP)	New	New	6	7	+1	Additional funding (R194,7 million) from poor performing provinces.
Security of Tenure to households in	Housing Asset Management							
	Title Deeds	Number of pre-1994 title deeds registered	New	New	500	59	-441	Late appointment of conveyancers. A new panel of conveyancers appointed for the new

Outcome	Outputs	Output Indicators	Annual Targets					Reasons for deviations
			Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement		
			20/21	21/22	22/23	22/23	22/23	
the subsidy market		Number of post-1994 title deeds registered	New	New	3 700	20	-3 680	financial year. A strategy to meet our target in the new financial year has been conceptualized as the focus will now be projects that are ready to register title deeds. Projects with historical township establishment processes, pre and post 1994, will be given special attention through the town and regional planning unit.
		Number of post-2014 title deeds registered	New	New	650	44	-606	
		Number of new title deeds registered	New	New	150	0	-150	

Significant achievement of targets for the outputs	The programme reported over achievement on the targets set for serviced sites and Households that received subsidies through FLISP. The overachievement is directly in line with the outputs on Households that received subsidies through FLISP, serviced sites and Informal settlements upgraded.
Significant achievement of targets for the outcomes	Human Settlements programme overachieved on the target set for serviced sites and Households that received subsidies through FLISP. The overachievement is directly in line with the outcome on Adequate Housing and improved quality living environments.
How the achievement of targets has contributed towards achieving the department's outcomes	The Department has received additional funding which gave an edge to the Department in a way that helped the Programme to achieve outcomes for the MTSF.

Response	Prioritising women, youth, and persons with disabilities in its service delivery environment	
	Challenges encountered when prioritising delivery for these designated groups	Corrective steps that were undertaken in dealing with such challenges
The programme has awarded about 52% of all Human Settlements projects to designated groups.	No tender bid documents were received from the category of the persons with disabilities. Poor service delivery on Top Structures	Initiation of termination of contracts Capacity building and training of contractors by NHBRC and Construction Industry Development Board (CIDB). Supply Chain Management conducted training session with contractors.

Programme 3: Cooperative Governance

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			20/21	21/22	22/23	22/23	22/23	
Transformation of the Local Government sector	Municipal Governance and Administration							
	Municipal governance	Number of municipalities supported to comply with MSA Regulations on the appointment of senior managers (Linked to MTSF 2019 – 2024, Priority 1)	21	31	31	27	-4	Not all municipalities had senior management vacancies during the year.
		Number of municipalities supported to comply with MStA on the functionality of governance structures	New	31	31	31		
		Number of municipalities supported to maintain functional MPACs	New	16	31	28	-3	Under-performance in Q1
		Number of IGR fora monitored on functionality	0	0	5	0	-5	There is a problem with the convening of especially the political IGR - only one district reported a political IGR meeting for the year.
		Number of municipalities monitored on the extent to which anti-corruption measures are implemented (Linked to MTSF 2019 – 2024, Priority 1)	New	20	31	18	-13	Under-performance due to capacity constraints in the unit.
		Number of capacity building interventions conducted in municipalities (Linked to MTSF 2019 – 2024, Priority 1) (B2B Pillar 5)	New	17	10	32	+22	During the Covid-19 period LGSETA allocated funds to municipalities for capacity building. These funds were not utilized due to the restricts but committed thus training are convened to ensure accountability for these funds
	Municipal Valuations, Performance Monitoring, Reporting & Evaluation							
	MPRA Compliance	Number of municipalities guided to comply with the MPRA (Linked to MTSF 2019 – 2024, Priority 1) (B2B Pillar 4)	26	26	26	26		
	Municipal performance management	Number of municipalities supported to reduce Unauthorized, Irregular, Wasteful and Fruitless expenditure (Linked to MTSF 2019 – 2024, Priority 1)	New	18	4	13	+9	Municipalities supported in 2021/2022 were once again supported together with new municipalities that were found to struggle with UIWF after their audit outcomes.
Number of municipalities supported to institutionalize the performance		31	31	31	31			

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			20/21	21/22	22/23	22/23	22/23	
		management system (PMS) (Linked to MTSF 2019 – 2024, Priority 1)						
		Number of Section 47 Reports compiled as prescribed by the MSA (Linked to MTSF 2019 – 2024, Priority 1) (B2B Pillar 5)	New	1	1	1		
	Public Participation							
	Promote participation in community based governance processes	Number of Municipalities monitored on the Implementation of GBVF responsive programmes (Final M&E Plan for NSP on GBVF) (Pillar 2: Prevention and Restoration of Social Fabric)	New	26	26	15	-11	The function is currently done from provincial office level, and we have no support from regional office due to no dedicated personnel and insufficient budget.
		Number of municipalities supported to promote participation in community based local governance processes (Priority 1: Capable, Ethical and Developmental State and Priority 6 MTEF indicatory: Social Cohesion and Safer Communities)	New	0	26	8	-18	Municipalities are non-responsive when requested to provide information/complete assessments. For this indicator to be achieved, all 26 municipalities must be supported in both Q2 and Q4. Only municipalities supported in both quarters, are reported.
		Number of municipalities supported to resolve community concerns (Outcome 9: Sub-Outcome 2) (B2B Pillar 1)	New	26	26	25	-1	Joe Morolong Municipality was non-responsive when requested to provide information/complete assessments.
		Number of local municipalities implementing GovChat programme for community engagement and service delivery improvement	12	18	18	0	-18	GovChat is under business rescue and was contracted by DCOG national and is under business review. However, communities did utilise the system. The service provider was not able to provide a province specific report which PPME wanted as proof.
		Number of municipalities supported to maintain functional ward committees (Linked to MTSF 2019 – 2024, Priority 1)	0	26	26	12	-14	Ward committees were established with support from the department. Inductions were done. Municipalities are non-responsive when requested to provide information/complete assessments.
	Create jobs through Job Summits, Operation Phakisa and other public sector employment programmes	Number of work opportunities reported through Community Works Programme (CWP) (MTSF 2019-2024, Priority 2)	21 689	22 531	21 900	22 343	+443	The department forged partnerships with LGSETA to ensure more work opportunities are made available. Vigorous recruitment at site

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement		
			20/21	21/22	22/23	22/23	22/23	
								level allowed us to be able to even in some cases move beyond the target
	Municipal Infrastructure and Basic Services							
Access to basic services	Number of municipalities monitored on the implementation of indigent policies (Sub-outcome 1) (B2B Pillar 2)	23	26	26	23	-3	Municipalities are non-responsive when requested to provide information/complete assessments.	
	Number of municipalities monitored on the implementation of infrastructure delivery programmes (Outcome 9, Sub-outcome 1) (B2B Pillar 5)	26	26	26	26			
	Number of Districts monitored on the spending of National grants	New	5	5	5			
	Municipal Planning							
Integrated municipal planning and development	Number of Districts/Metros monitored on the implementation of One Plans (MTSF 2019 – 2024, Priority 5: Spatial integration, human settlements and local government)	New	5	5	0	-5	No evidence submitted.	
	Number of municipalities with legally compliant IDPs	30	31	31	0	-31	Insufficient evidence submitted.	
	Disaster Management							
Coordinated Provincial Disaster Management	Number of municipalities supported to maintain functional Disaster Management Centres	0	0	5	0	-5	All 5 District Municipalities need to be supported in all 4 quarters, but none of them were supported during all 4 quarters.	
	Number of municipalities supported on Fire Brigade Services	New	5	5	4	-1	Municipalities are non-responsive when requested to provide information/complete assessments.	

Significant achievement of targets for the outputs	All achievements of outputs and outcomes provide a sense of success and possible challenges for the outer years of the MTSF. For example, in respect of the CWP vigorous recruitment at site level allowed us to be able to even in some cases move beyond the target with additional 443. This is a customized target.
Significant achievement of targets for the outcomes	All achievements of outputs and outcomes provide a sense of success and possible challenges for the outer years of the MTSF.
How the achievement of targets has contributed towards achieving the department's outcomes	All achievements of outputs and outcomes provide a sense of success and possible challenges for the outer years of the MTSF. As a result of the challenges observed a reconsideration of the indicators was done to ensure that focus is placed in critical necessary areas only.

Response	Prioritising women, youth, and persons with disabilities in its service delivery environment (where applicable) Challenges encountered when prioritising delivery for these designated groups	Corrective steps that were undertaken in dealing with such challenges
In the CWP Programme our target for women is 55%, we have exceeded this target to above 70%.	No Challenges	Target achieved no need for corrective action.
In the Youth category we need to be at 50%. We are currently reaching between 33-35%.	Young people are complaining about the type of projects at the sites. Most projects are cleaning and greening.	We have requested the CWP staff and the Local Reference Committees to look at the other categories of useful work that can be done at site level. Areas of IT, Administration, Sports and Mentoring to be included. Skills development in areas of Plumbing, Carpentry, Road Maintenance and Welding to be prioritized. Youth to be utilised to assist children with Homework after school in available halls in communities. Sports to done after school e.g., soccer, netball, rugby, hockey, athletics.
In the PWD category our target is 4%. We are managing to achieve the targets.	No challenges experienced.	No corrective action needed.

Programme 4: Traditional Affairs

			Annual Targets					
Outcome	Outputs	Output Indicators	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	Reason for deviations
			20/21	21/22	22/23	22/23	22/23	
Realizing good governance, peaceful co-existence and development within Traditional Communities	Traditional Leadership and Institutional Support							
	Traditional leaderships with good governance and sound administration	Number of Traditional Councils supported to perform their functions	8	8	8	8		
		Number of Anti GBVF Intervention/campaigns for traditional leadership (Final M&E Plan for the NSP on GBVF) (Pillar 2: Prevention and Restoration of Social Fabric)	New	3	2	3	+1	More stakeholders are now involved and wanted to forge relations and partnerships with traditional leadership structures.
		Percentage of traditional leadership succession disputes processed	New	100%	100%	100%		
		Number of activities of the Provincial and Local Houses of Traditional Leaders in compliance with Act 2 of 2007	New	25	16	21	+5	More stakeholders are now involved and wanted to forge relations and partnerships with traditional leadership structures.

Significant achievement of targets for the outputs

All achievements of outputs and outcomes provide a sense of success and possible challenges for the outer years of the MTSF.

Significant achievement of targets for the outcomes	All achievements of outputs and outcomes provide a sense of success and possible challenges for the outer years of the MTSF.
How the achievement of targets has contributed towards achieving the department's outcomes	All achievements of outputs and outcomes provide a sense of success and possible challenges for the outer years of the MTSF. As a result of the challenges observed a reconsideration of the indicators was done to ensure that focus is placed in critical necessary areas only.

Prioritising women, youth, and persons with disabilities in its service delivery environment (where applicable)		
Response	Challenges encountered when prioritising delivery for these designated groups	Corrective steps that were undertaken in dealing with such challenges
The Unit had an awareness campaign on issues of Youth, Women and Persons with disabilities at Bothithong and Dithakong villages under Kgosi Motshwarakgole, in October 2022.	Some of the issues raised by communities are to the following: 1. Parents do not understand different types of disabilities like Autism, and psycho-social disability. 2. Young people are indulging in substance abuse and in the end, they commit crimes for example, stock theft. 3. On challenges of Women, they were complaining about lack of empowerment programmes for rural women.	1. The Unit has partnered with OTP: Provincial Transformation programmes to address social ills and issues of women and youth empowerment through capacity building programmes. 2. On Persons with disabilities, we have partnered with National Task Force on Albinism to conscientize rural communities on the rights of persons with disabilities. We have held sessions with the Northern Cape Provincial House to conduct awareness on the White paper on the rights of persons with disabilities.

4.6 Linking performance with budgets

Sub- Programme Name	2022/2023			2021/2022		
	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
Programme 1						
Office of the MEC	16 849	13 217	3 632	14 863	10 699	4 164
Corporate Services	180 100	160 502	19 598	160 847	142 496	18 351
Sub-Total	196 949	173 719	23 230	175 710	153 195	22 515
Programme 2						
Housing: Needs, Planning and Research	15 034	13 264	1 770	12 980	10 126	2 854
Housing: Settlements: Development	579 209	574 803	4 406	608 153	532 125	76 028
Housing: Asset Management	15 065	13 402	1 663	14 203	16 145	(1 942)
Sub-Total	609 308	601 469	7 839	635 336	558 396	76 940
Programme 3						
Local Governance	139 157	120 171	18 986	120 788	116 152	4 636
Development & Planning	18 446	11 201	7 245	21 192	10 010	21 192
Sub-Total	157 603	131 372	26 231	141 980	128 162	13 818
Programme 4						
Traditional Affairs	36 671	24 894	11 777	21 907	18 508	3 399
Sub-Total	36 671	24 894	11 777	21 907	18 508	3 399
TOTAL	1 000 531	931 454	69 077	974 933	856 261	116 672

4.7 Strategy to overcome areas of under performance

Programme 2

On the delivery of housing units, the following strategies will be implemented:

1. Enhance the Enterprise Development Programme to ensure that contractors that are part of the policy decision by the National Minister of Human Settlements and Minister's Meeting with Members of the Executive Committee (MINMEC) to set aside 40% of all grant allocations for the empowerment of women, youth, and people living with disabilities, are adequately capacitated and supported.
2. Improve the contract and project management capacity of the human settlements programme by appointing additional scarce skills capacity to improve the delivery of housing units.
3. Appointment of key panels such as the Implementing Agents, Professional Service Providers and Contractors to assist with the project and contract management.

On title deeds:

1. A panel of conveyances was appointed on 1 April 2023 for a period of three years to assist with the registration of 5000 title deeds for the next financial year, 2023.
2. Prioritize all formalized settlements, prior to the construction of housing units, for the registration of title deeds to provide security of tenure.
3. Appointment of key personnel to manage the registration of title deeds.

Programme 3

- Engagements will be held with M&E unit to determine and agree on the calculation mechanism.
- Quarterly reporting sessions will be held with each Directorate and M&E on what is expected of them and what is being reported against.
- Regional offices and Deputy Directors will be required to play a central role in monitoring and supporting municipalities and the senior managers will be dedicated to strategic work of monitoring and directing the activities of their teams.

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

The Department did not have instances where standardised outputs and output indicators were not incorporated in the Annual Performance Plan and therefore not implemented and reported on in the Annual Report.

5. TRANSFER PAYMENTS

5.1 Transfer payments to public entities

None

5.2 Transfer payments to all organisations other than public entities

The table below reflects the **transfer payments made** for the period **1 April 2022 to 31 March 2023**

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Traditional Council	Traditional Council	Provide financial support to augment salaries and wages for support staff of the Council	Yes	R1 543 million	R1 543 million	None

The table below reflects the **transfer payments budgeted** for in the period **1 April 2022 to 31 March 2023**, but the Department made no transfer payments.

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

6. CONDITIONAL GRANTS

6.1 Conditional grants and earmarked funds paid

None

6.2 Conditional grants and earmarked funds received

Conditional Grant 1: Human Settlements Development Grant

Department who transferred the grant	Department of Human Settlements
Purpose of the grant	To provide funding for the creation of sustainable human settlements
Expected outputs of the grant	274 houses 819 sites 5000 title deeds
Actual outputs achieved	153 houses delivered 1 118 Sites serviced 123 title deeds registered
Amount per amended DORA (R'000)	R373 541
Amount received (R'000)	R373 541
Reasons if amount as per DORA was not received	n/a
Amount spent by the department (R'000)	R373 540
Reasons for the funds unspent by the entity	n/a
Reasons for deviations on performance	Title Deeds and Top structures underperformed
Measures taken to improve performance	Panel of Conveyancers appointed to fast track the delivery of Title deeds
Monitoring mechanism by the receiving department	A Business Plan for the grant is drafted at the beginning of every financial year. Monthly, quarterly DoRA Reports and reports to the Office of the Premier are submitted, where financial and non-financial achievements are reported. The HSS System will only allow payments to be authorized if there is an approved submission, appointment letter and certified original invoices submitted.

Conditional Grant 2: Informal Settlements Upgrading Partnership Grant

Department who transferred the grant	Department of Human Settlements
Purpose of the grant	To provide funding for the creation of sustainable human settlements
Expected outputs of the grant	1 245 sites planned
Actual outputs achieved	2 714 Sites serviced
Amount per amended DORA (R'000)	R175 978
Amount received (R'000)	R175 978
Reasons if amount as per DORA was not received	n/a

Amount spent by the department (R'000)	R175 971
Reasons for the funds unspent by the entity	n/a
Reasons for deviations on performance	Additional funding from poor performing provinces (R94,7 million)
Measures taken to improve performance	
Monitoring mechanism by the receiving department	A Business Plan for the grant is drafted at the beginning of every financial year. Monthly, quarterly DoRA Reports and reports to the Office of the Premier are submitted, where financial and non-financial achievements are reported. The HSS System will only allow payments to be authorized if there is an approved submission, appointment letter and certified original invoices submitted.

Conditional Grant 3: Extended Public Works Programme

Department who transferred the grant	Department of Human Settlements
Purpose of the grant	To increase the labour intensity of government-funded infrastructure construction and maintenance projects using labour-intensive methods
Expected outputs of the grant	To create work for the EPWP target group; defined as: local, unemployed, low or unskilled labour and such work must comply with the stipulations in the Ministerial Determination
Actual outputs achieved	208 Work opportunities were created
Amount per amended DORA (R'000)	R2 106
Amount received (R'000)	R2 106
Reasons if amount as per DORA was not received	n/a
Amount spent by the department (R'000)	R1 637
Reasons for the funds unspent by the entity	R396 071.50 roll over applied for commitments from previous financial year
Reasons for deviations on performance	Submission of monthly labour stats by all contracts
Measures taken to improve performance	To increase the labour intensity of government-funded infrastructure construction and maintenance projects using labour-intensive methods
Monitoring mechanism by the receiving department	To create work for the EPWP target group defined as: local, unemployed, low or unskilled labour and such work must comply with the stipulations in the Ministerial Determination

7. DONOR FUNDS

7.1 Donor Funds Received

n/a

8. CAPITAL INVESTMENT

8.1 Capital investment, maintenance, and asset management plan

None





PART C

GOVERNANCE

1. INTRODUCTION

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

The Department did implement good financial governance prescripts through sound financial management processes. Financial compliance as per regulated frameworks has been adhered to of which documents such as procurement plans, quarterly interim financial statements, compliance certificates, budget statement and adjusted budget statement, reporting to other stakeholders such as portfolio committee, SCOPA, internal audit committee and engagements with provincial treasury during the year, shows our commitment towards maintaining processes of good governance. Funding received from both national departments and treasuries, has been spent in line with PFMA, PPPFMA, and Treasury regulations, to ensure resources are optimally used and spent.

2. RISK MANAGEMENT

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

All Risk governance documents which include the policy, strategy, charter, implementation plan is approved and implemented. The unit conducted the 2022/2023 annual risk assessment as well as quarterly risk reviews to determine the effectiveness of its risk management strategy and to identify new and emerging risks.

Quarterly Risk Management Committee (RMC) meetings as per the RMC charter are being conducted to discuss the outcomes of the risk assessment and -reviews and to advise management on the overall system of risk management and the mitigation of unacceptable levels of risk. A risk mitigation plan has also been developed and is being updated quarterly after each risk review session. The appointed independent Chairperson submits quarterly reports to the Accounting Officer which includes recommendations for action and implementation. Risk management is a Key Result Area of all Senior Managers, which gives them greater insight into the risks facing the department.

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

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

3. FRAUD AND CORRUPTION

The Department has an approved fraud and anti-corruption policy and strategy in place, which is further supplemented by a fraud and anti-corruption plan with planned actions and clearly defined outcomes. The plan also provides for mechanisms to report fraud and corruption. The Department also has a whistle blowing policy and Ethics Management Strategy in place which highlights how officials can report fraud or corruption cases.

The Department has an established Ethics Management unit; the unit is severely under-capacity which will be addressed in the 2023/2024 financial year.

No instances of fraud and corruption has been reported for the year under review, due to strict financial control measures instituted within the Department.

4. MINIMISING CONFLICT OF INTEREST

All designated officials as per indication by the Minister of Public Administration are required to submit compulsory financial disclosure on the e-disclosure system. The Department has a Financial Disclosure Policy in place with a compulsory Annexure which all officials who is not subjected to the e-disclosure system must complete and submit to the Ethics officer on an annual basis. These officials are further subjected to vetting and security clearance. The Department has also embarked on the process of Lifestyle audit which is conducted in-line with the e-disclosure system.

All supply chain management committee members signed a code of conduct to ensure proper disclosures, as per the regulations is submitted, before discussions of tenders took place. This control mechanism promotes good ethical behaviour amongst officials.

5. CODE OF CONDUCT

The need exists to provide guidelines to employees regarding 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.

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

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

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

The purpose of this Code of Conduct is:

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

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

Each CoGHSTA building have designated health and safety representatives and competent first aiders according to OHSA. All Health and Safety Reps have been appointed according to the OHSA. First Aid boxes are stocked as per regulation 3 in terms of the Safety Regulations and have been placed in each health and safety representative's designated area with signage. Health and safety committees have been established in all buildings to address all health and safety matters. 16.2 Appointees have been designated in writing who also chairs the different health and safety committees. Hazard identification and risk assessments have been completed for all CoGHSTA buildings. The stat ratio for mitigated hazards for all buildings is as follows:

Larry Moleko Louw: 34 OHS Matters raised. 11 has been addressed and completed.
Upington Regional Office: 104 OHS Matters raised. 70 has been addressed and completed.
Springbok Regional: 65 OHS Matters raised. 27 has been addressed and completed.
Kuruman Regional: 35 OHS Matters raised. Nil has been addressed.
De Aar Regional: 20 OHS Matters raised. Nil has been addressed.
Frances Baard Regional: 0 Matters raised by health and safety representatives.

Asbestos roof sheeting in parking area at Larry Moleko Louw building has been reported as a health risk. The asbestos roof sheeting has been treated and the risk has been mitigated according to the Asbestos Regulations. All glow in the dark emergency evacuation signage and light exit boxes has been placed according to the approval of the Sol Plaatje fire marshal at Larry Moleko Louw and Frances Baard Regional office buildings. The emergency evacuation plan (contingency plan) for Larry Moleko Louw is in the approval stage. All other buildings still require approved emergency evacuation plans and glow in the dark emergency evacuation signage and light exit boxes which poses a risk in terms of injuries in the event of an emergency evacuation. In certain offices and certain areas across all buildings, paper piles, loose cords and articles remain a fire and trip and fall hazard. The COC of Larry Moleko Louw could be provided to the Department of Labour after extensive renovations were done to the building. This brings the Larry Moleko Louw Building in compliance with the DOL requirements.

7. PORTFOLIO COMMITTEES

Date	Matters raised	Department's response		
	At all times maintain quarterly targets and align performance as per the Annual Performance Plan to the available budget, time, and personnel constraints	Targets for the number of houses and registration of title deeds have been difficult to achieve. However, systems and procedures are currently implemented to ensure performance.		
		Performance achievements	Date achieved	Financial Performance / Expenditure linked to performance
		114 houses delivered 142 title deeds registered	Quarter 1 and 2	- R8 930 000,00 for houses delivered. - R1 538 000,00 for title deeds registered.
		Performance will be monitored and evaluated monthly through regular meetings with contractors and conveyancers. The Acting Chief Director of Human Settlements will oversee this process.		
	Management must ensure that work done by internal audit is integrated into the operations of the department to improve internal controls	Performance achievements	Date achieved	Financial Performance / Expenditure linked to

Date	Matters raised	Department's response		
		50% implementation of the internal audit work.	1 April to 8 December 2022.	performance None
		Performance will be monitored and evaluated monthly by regularly engaging internal audit to ensure compliance and implementation. The Acting Chief Director of Human Settlements will oversee this process.		
	The Accounting Officer must ensure that the recommendations of the External Audit Committee are duly considered and implemented for an improved audit outcome.	Performance achievements The Department has been having quarterly meetings with the AC reporting on quarterly targets achieved or not achieved as well as giving progress on recommendations made by the AC	Date achieved End of each quarter	Financial Performance / Expenditure linked to performance None
		Each quarter the Department gives progress reports to the AC, these progress reports as well as the recommendations made by the AC is capture in the minutes by the Internal Audit Unit of Treasury as they are the custodians of the Audit Committee.		
	The Department must ensure that Risk assessments are conducted regularly, that emerging risks are considered and that an appropriate risk management strategy is in place.	It is an ongoing activity, which is reported on quarterly. Risk Management quarterly reports are shared with SMT and presented at the quarterly Risk and Ethics Management Committee that is chaired by an independent chairperson.		
		Performance achievements Risk Management quarterly report compiled finalised, signed off and presented at the Risk and Ethics Management Committee meetings.	Date achieved Quarterly	Financial Performance / Expenditure linked to performance Risk Chairperson remuneration as per National Treasury Note
		The Accounting Officer signs off all Risk Management Reports on a quarterly basis. All risk activities are reflected in the report and Risk and Ethics Management Committee minutes, the chairperson's report and risk registers are attached to the risk management report.		

Date	Matters raised	Department's response		
	Management must ensure that the internal control environment is fit for purpose by designing and implementing an effective system for the monitoring of the audit action plan.	It is an ongoing activity with clear deadlines and activities reported monthly. This resolution has been implemented consistently and reported on at SMT meetings and EMC engagements.		
		Performance achievements	Date achieved	Financial Performance / Expenditure linked to performance
		Improved audit action plan compiled finalised and signed off.	Quarterly	Funds availability forms are used to ensure no overspending occurs.
		Accountability is to sign off reports. Collection of data as presented per indicator to indicate if improvement is needed or not. If less than 100% by end January 2023, more actions will be introduced to ensure compliance and implementation.		

8. SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
#1	Financial Statements	Ensure financial statements are supported adequately by audit evidence, including ensuring that its financial statements are subjected to three levels of review before submission for auditing purposes. As such, submission within 30 days is required of an Implementation Plan on a framework for the compilation and review of financial statements that details Capacity, Frequency, Timing, Methodology, and Assurance.	The interim financial statements are being compiled by the deputy director for accounting, monitored by the director financial management and verified by the chief financial officer before submission is made to provincial treasury and audit committee. These monitoring mechanisms are performed on a quarterly basis. Both internal audit and provincial treasury issue reports to indicate any challenges or weaknesses with the respective programmes.	Yes
#2	Irregular Expenditure	The Internal Audit Unit must, on a quarterly basis, submit a report to the committee that monitors, tracks and traces irregular expenditure for inclusion in the Consequence Management Report.	This process will be addressed by the head of department and such reports will be submitted to internal audit and portfolio committee during the month of May 2023. Procurement processes need to unfold before any progress can be reported.	Yes
#3	Consequence Management	The Internal Audit Unit must, on a quarterly basis, submit a Consequence Management Progress Report to the committee that monitors the implementation of appropriate and adequate consequences (disciplinary steps) against officials who permitted or incurred unauthorized, irregular, or fruitless and wasteful expenditure.	The reports will be submitted to audit committee for discussions and consideration.	Yes

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
None		

10. INTERNAL CONTROL UNIT

A need to assess the control environment within the Department arose because of the recurring findings in the report of the Auditor General. The department will establish an internal control unit in the 2023/2024 financial year. The purpose of the unit is to ensure sound financial governance practices.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

11.1 Internal audit

The Internal Audit service has been performed by the Northern Cape Provincial Treasury's "Provincial Internal Audit Service". The function was setup under section 38(1)(a)(ii) and section 76(4)(e) of the PFMA as a shared function for the Northern Cape Provincial Administration, and in terms of paragraph 3.2.3. of the Treasury Regulations. The unit fulfils an independent assurance function.

The internal audit unit follows a risk-based audit approach in providing management and the audit committee with assurance on the adequacy and effectiveness of governance, risk management, and internal control processes. The internal audit is guided by an internal audit charter, approved by the Audit Committee, and performs its functions as provided in the Public Finance Management Act (PFMA) and the internal audit charter.

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

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

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

Internal Audit quality review outcome

Internal Audit underwent the mandatory 5-year quality review assessment during the 2022-23 financial year and maintained the general conformance outcome.

Clean audit drive

Internal Audit aligned its processes to meet the vision of the Office of the Premier's Operation Clean Audit drive. Internal Audit reviewed the completeness and adequacy of the AGSA audit action plan and furthermore conducted monthly follow up audits to monitor the implementation thereof.

11.2 Audit Committee

Throughout the year under review, the Audit Committee operated in terms of an approved Audit Committee Charter, which was the committee's approved terms of reference.

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

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

The audit committee consisted of the members listed hereunder and met four times as per its approved meeting schedule:

Audit Committee Membership:

Name	Qualifications	Internal or external	Date appointed	No of Meetings attended
Mr. V. Pangwa (Chairperson)	Bachelor of Commerce Accounting Bachelor of Commerce Honours Accounting CA (SA)	External	01/12/2017 – 30/11/2023	4 out of 4
Ms. N. Jaxa	Bachelor of Commerce Accounting Bachelor of Commerce Honours Accounting Masters of Business Administration	External	01/12/2020 – 30/11/2023	4 out of 4
Mr. M. Masibi	Bachelor of Commerce Accounting Master of Public Administration CCSA PIA	External	01/12/2020 – 30/11/2023	3 out of 4
Mr. R. Miller	Bachelor of Commerce Honours Accounting	Internal	01/12/2017 – 30/11/2023	4 out of 4
Mr. I. Manyane	Post Graduate Diploma Public Management (2020) BA Psychology	Internal	01/12/2020 – 30/11/2023	2 out of 4

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

12. AUDIT COMMITTEE REPORT

REPORT OF THE AUDIT COMMITTEE FOR 2022/23

The Audit Committee has adopted formal terms of reference, as its Audit Committee Charter. The audit committee has discharged its responsibilities in terms of its charter as contained therein, in line with the requirements of section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13.

THE EFFECTIVENESS OF INTERNAL CONTROL

The Audit Committee is satisfied as to the effectiveness of the internal audit function during the year and that the internal audit activity has to a large extent addressed the risks pertinent to the Department. Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the Department revealed certain weaknesses, which were then raised with the Department.

List of Assignments Completed during the year

- a. Risk, Fraud and Ethics Management
- b. Draft annual financial statements and annual report
- c. Contract Management
- d. Performance Information (bi-annually)
- e. Occupational Health and Safety
- f. Recruitment and Selection
- g. Interim Financial Statements
- h. Asset Management
- i. Tenders
- j. Frontloading
- k. Follow up on AGSA action plan (monthly)
- l. Follow up on IA action plan (bi-annually)
- m. Compliance with Division of Revenue Act
- n. Leave Management

Areas of concern

Governance

- Key executive management and senior management positions vacant and filled for extended periods with acting officials.
- Audit rectification plans were developed and not fully implemented on time, resulting in repeat audit findings by internal and external auditors

Controls

- Procurement and contract management remains a concern due to insufficient capacity to investigate prior year irregular expenditure.
- Leave management reflected control weaknesses as some leave forms were not always captured timeously on the system or the leave forms were not fully completed prior to commencement of leave.
- Inventory management reflected a control weakness as the inventory register was not updated throughout the year.
- The audit of pre-determined objectives revealed differences between information contained in the portfolio of evidence against reporting requirements per the technical indicator description and corrective actions were not always documented in the quarterly reports.

- The audit of supply chain management reflected control weaknesses in the areas of tender documentation and in terms of the evaluation of bids.
- The audit of expanded public works programmes revealed control weaknesses in the areas of advertisement of job opportunities, wages and in terms of the grant agreement.
- From the various reports and assessments of internal audit, it can be concluded that the internal control environment is partially adequate and partially effective.

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

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

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

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

EVALUATION OF THE FINANCIAL STATEMENTS

The Audit Committee has:

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

AUDITOR GENERAL REPORT

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

The Auditor-General also reported on material irregularities and potential losses under investigation. The Audit Committee requested the Auditor-General to provide progress quarterly and to ensure the Audit Committee role in oversight over this process is acknowledged Auditor-General guidance.

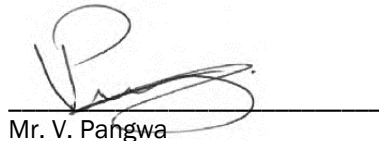
REPORT TO THE ACCOUNTING OFFICER AND EXECUTIVE AUTHORITY

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

The Audit Committee met with the Accounting Officer in the Audit Committee meetings.

CONCLUSION

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



Mr. V. Pahgwa
Chairperson of the Audit Committee
Department of Cooperative Governance, Human Settlements and Traditional Affairs
Date: 31 July 2023

13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Has the Department applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following?		
Criteria	Response Yes/No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licenses, concessions, or other authorisations in respect of economic activity in terms of any law?	No	The department does not issue licenses, concessions, or other authorisations.
Developing and implementing a preferential procurement policy?	Yes	The policy has been amended with specific goals aligned with PPPFA 2022.
Determining qualification criteria for the sale of state-owned enterprises?	No	The department does not sell state assets.
Developing criteria for entering into partnerships with the private sector?	Yes	Treasury Regulation 16.1 to 16.10 is adhered to as a guide to implement any PPP (Public Private Partnership) Procurement.
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad Based Black Economic Empowerment?	No	The department does not award any incentives, grants, and investment schemes in support of Broad Based Black Economic Empowerment.





PART D

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The Department envisions to have competent and satisfied employees to ensure outstanding service delivery. For the Department to achieve this, it needs to fill vacant posts through the prescribed recruitment and selection processes. Upon receipt of approval to advertise critical vacant posts, the Department successfully advertised 77 posts and filled 68 posts. The reviewing of the Organisational Structure was also successful in that the Minister of Public Service and Administration issued a concurrence letter in August 2022 regarding our proposed structure. The concurrence letter had a recommendation that the Department had to comply with, and thereafter send the final structure for recording in their database, and same has been complied with. The Department await confirmation of the conclusion of the submission process.

The Department was also amongst the few selected departments that had to conduct an Organisational Functionality Assessment. The assessment was successfully completed, and the final report was submitted to DPSA before the due date of the 31 March 2023.

There is no job evaluation and grading system available as from 1 May 2022. The DPSA is currently exploring options regarding a new job evaluation and grading system to be utilised in the public service. According to Circular 31 of 2020, the DPSA will publish a list of benchmarked job descriptions, job titles and grading levels of jobs, which departments may use to determine the appropriate grade of a job as a transitional measure until a new system is ready for implementation. The absence of a comprehensive published list as aforementioned, poses a serious challenge to departments in expediting requested and required job evaluations.

The Department have overcome the key challenge that had been preventing it to exercise its responsibility of attracting and retaining skilled capable workforce through the recruitment and selection. This has ensured a decrease in the vacancy rate in both senior management and technical skills level. There is optimal management of conditions of service as well as the usage of the PERSAL system.

Forty-four (44) officials were trained, 27 females and 17 males, for this reporting period. Bursaries were awarded to twenty-four (24) officials and combined with the previous officials who are continuing with their studies, total numbers of bursary holders add up to 50. A shortfall of six (6) officials still needs to be trained to meet the target of fifty (50) officials trained. The number of bursaries awarded has increased from eighteen (18) in 2021 to twenty-four (24) in 2022.

The Department is compliant with all COVID-19 regulations. The EHW unit provided support and guidance to a total 94 employees in wellness management.

The relationship in term of the signed Memorandum of Understanding with Metropolitan continued until the end of March 2023. Their presence in the Department contributed to informed financial decision making whereby 48 officials were trained on financial wellness. The Department has also established a relationship with GEMS which has assisted with wellness and HIV, Counselling and Testing (HCT) opportunities.

The shortfall for the current year is that no information sharing sessions were conducted as information was mostly shared when attending meetings and through circulars. COVID-19 also resulted in employees not feeling comfortable to participate in sessions.

All Pillars are implemented with the limited resources available, and information is distributed to as many employees as possible using emails, pamphlets, posters, etc.

The use of e-learning and technology is becoming the norm due to the COVID-19 pandemic, and the Department is gradually adjusting to that. Changes in the staffing establishment affects the organisational structure.

2. OVERVIEW OF HUMAN RESOURCES

There has been tremendous improvement with operations and planned activities of the department since the lifting of the State of the National Disaster due to COVID 19. The proposed structure is aligned with the operational needs of the department and does not necessarily address the capacity challenges of some programmes. This result from the fact that the department could not create any new posts due to lack of funds to do that. However, programme managers are advised to encourage staff in their span of control to consider learning new skills and accept challenges as it will assist both the department to achieve its goals and empower officials for purposes of growth. This is supported by the fact that Executive Management Committee (EMC) together with the MEC took a decision that all posts below level 10 must be advertised firstly within the department, which is in line with the provincial recruitment and selection policy.

The advertisements always encourage previously disadvantaged persons to apply although equity is still a huge challenge in the department, particularly women in senior management positions. As an interim measure, the department is appointing women in acting senior management positions to gain the necessary experience. This challenge of women in senior management has been addressed, though not fully, but with the appointment of 4 females as directors and 1 female as chief director.

Most training provided was electronically (online), and more bursaries were allocated in this period. Not all officials employed at the department have access to a computer to receive the information electronically or even register for online training (CDWs and general workers).

Load shedding and the internet going off hampers service delivery in terms of PERSAL and the GEPF system online.

Line Managers to take HR matters more seriously and understand that HR relies on them to achieve targets. The department also need to adapt to the development in technology since COVID had an impact in shifting towards the use of technology, such as online meetings.

The organisational structure was amended as per the recommendations highlighted in the concurrence letter from DPSA. The structure has undergone quality assurance processed with OTP following the affected amendments. The structure has been approved and signed off by the MEC. OTP will facilitate the submission process to DPSA and inform the department of its conclusion. The structure is partly implemented with regards to units that have been moved to other sections, as this was to allow such units to sign the correct Performance Agreements with the right managers.

With the absence of the job evaluation and grading system, departments are encouraged to use the benchmarking system for evaluation of posts. The same process remains to be followed when using the electronic job evaluation grading system, such as following the quality assurance processes and presentation to a job evaluation panel for outcome. The challenge with benchmarking is the minimal to no co-operation from sister departments in other provinces in providing requested information, as well as the absence of job evaluation records, or the reluctance of departments to share job evaluation records.

The implementation of the EPMDS policy has been a success in that there has been improvement in submission of EPMDS documents since the disqualification and disciplining of non-compliant officials. About 97% of Performance Agreement were submitted timeously. Allowing Metropolitan access to the work site makes the service available to all employees on Tuesdays from 09:00 to 13:00. A total of 87 employees were screened in terms of the Health and productivity management.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel related expenditure

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

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

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2022 to 31 March 2023

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	173 719	98 416	779	0	57	186
Human Settlements	601 469	43 116	400	0	7,2	77
Cooperative Governance	131 371	123 889	0	0	94	264
Traditional Affairs	24 894	15 974	0	0	64	101
Total as on Financial System (BAS)	931 453	281 395	1 179	0	30	628

Table 3.1.2 Personnel costs by salary band for the period 1 April 2022 to 31 March 2023

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)	4 351	2	20	217 550
Skilled (Levels 3-5)	11 939	4	38	314 184
Highly skilled production (Levels 6-8)	161 743	57	371	435 965
Highly skilled supervision (Levels 9-12)	76 636	27	103	744 039
Senior and Top management (Levels 13-16)	26 431	9	21	1 258 619
Total	281 395	99	628	448 081

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2022 to 31 March 2023

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	81 848	81	0	0	3 186	3	5 587	6
Cooperative Governance	99 698	80	0	0	4 770	4	8 440	7
Human Settlements	34 099	81	0	0	1 176	3	2 532	6
Traditional Affairs	14 112	87	0	0	357	2	558	4
Total	229 757	81	0	0	9 488	3	17 117	6

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2022 to 31 March 2023

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Lower skilled (Levels 1-2)	3 304	89	0	0	230	6	493	13
Skilled (Levels 3-5)	9 343	81	0	0	575	5	1 044	9
Highly skilled production (Levels 6-8)	127 767	80	0	0	6 487	4	12 625	8
Highly skilled supervision (Levels 9-12)	65 642	90	0	0	1 545	2	2 840	4
Senior and Top management (Levels 13-16)	23 699	106	0	0	651	3	115	1
Total	229 757	81	0	0	9 488	3	17 117	6

3.2 Employment and Vacancies

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

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

This information is presented in terms of three key variables:

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

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

Table 3.2.1 Employment and vacancies by programme as on 31 March 2022

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	222	186	16.20	14
Cooperative Governance	272	264	2.90	1
Human Settlement	89	75	15.70	0
Traditional Affairs	50	48	4.00	0
Total	633	573	9.50	15

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2022

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (Levels 1-2)	21	20	4.80	0
Skilled (Levels 3-5)	42	38	9.50	0
Highly skilled production (Levels 6-8)	397	371	6.50	0
Highly skilled supervision (Levels 9-12)	127	103	18.90	0
Senior and Top management (Levels 13-16)	26	21	19.20	0
Contract (Levels 1-2), Permanent	1	1	0.00	0
Contract (Levels 3-5), Permanent	3	3	0.00	3
Contract (Levels 6-8), Permanent	8	8	0.00	7
Contract (Levels 9-12), Permanent	4	4	0.00	3
Contract (Levels >= 13), Permanent	4	4	0.00	2
Total	633	573	9.50	15

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2023

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related, Permanent	118	97	17.80	2
Cartographic Surveying and Related Technicians, Permanent	2	2	0.00	0
Cleaners in offices Workshops Hospitals etc., Permanent	25	24	4.00	0
Client Inform Clerks (Switchboard Reception Inform Clerks), Permanent	3	3	0.00	0
Communication and Information Related, Permanent	1	1	0.00	0
Community Development Workers, Permanent	8	8	0.00	1
Engineering Sciences Related, Permanent	2	1	50.00	0
Engineers and Related Professionals, Permanent	5	3	40.00	0
Finance and Economics Related, Permanent	5	5	0.00	0
Financial and Related Professionals, Permanent	4	2.0	50.00	0
Financial Clerks and Credit Controllers, Permanent	29	24	17.20	0
Food Services Aids and Waiters, Permanent	3	2	33.30	0
General Legal Administration and Related Professionals, Permanent	1	1	0.00	0
Human Resources and Organisational Development and Relate Prof, Permanent	8	7	12.50	7
Human Resources Related, Permanent	27	23	14.80	0
Information Technology Related, Permanent	4	2	50.00	0
Inspectors of Apprentices Works and Vehicles, Permanent	12	11	8.30	0
Legal Related, Permanent	1	1	0.00	0
Library Mail and Related Clerks, Permanent	8	8	0.00	0
Logistical Support Personnel, Permanent	4	3	25.00	0
Material-Recording and Transport Clerks, Permanent	3	3	0.00	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Messengers Porters and Deliverers, Permanent	7	6	14.30	1
Other Administrative and Related Clerks and Organisers, Permanent	218	214	1.80	1
Other Administrative Policy and Related Officers, Permanent	53	50	5.70	0
Other Information Technology Personnel, Permanent	5	4	20.00	0
Other Occupations, Permanent	25	25	0.00	0
Risk Management and Security Services, Permanent	3	3	0.00	0
Secretaries and Other Keyboard Operating Clerks, Permanent	14	10	28.60	0
Security Officers, Permanent	2	2	0.00	0
Senior Managers, Permanent	30	25	16.70	2
Total	633	573	9,50	15

3.3 Filling of SMS Posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as on 31 March 2023

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	4	3	75	1	25
Salary Level 13	20	13	65	7	35
Total	26	18	69.20	8	30.77

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	4	2	50	2	50
Salary Level 13	20	16	80	4	20
Total	26	20	76.92	6	23

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2022 to 31 March 2023

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

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2022 to 31 March 2023

Reasons for vacancies not advertised within six months
As per the moratorium on advertising of posts, the department always has to get approval from both Provincial Treasury and Office of the Premier before advertising any vacant post.
Reasons for vacancies not filled within twelve months
The delay in getting approval is not making it possible to achieve the target of filling the post within 12 months.

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 2022 to 31 March 2023

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

3.4 Job Evaluation

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2022 to 31 March 2023

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)	21	0	0	0	0	0	0
Skilled (Levels 3-5)	42	4	10	0	0	0	0
Highly skilled production (Levels 6-8)	397	5	2	0	0	0	0
Highly skilled supervision (Levels 9-12)	127	6	5	0	0	0	0
Senior Management Service Band A	20	0	0	0	0	0	0
Senior Management Service Band B	4	0	0	0	0	0	0
Senior Management Service Band C	1	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Total	633	15	17	0	0	0	0

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

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2022 to 31 March 2023

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

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

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2022 to 31 March 2023

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
n/a	0	0	0	0
Total number of employees whose salaries exceeded the level determined by job evaluation				0
Percentage of total employed				0

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

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2022 to 31 March 2023

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None
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3.5 Employment Changes

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

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2022 to 31 March 2023

Salary band	Number of employees at 1 April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower Skilled (Levels 1-2) Permanent	20	7	1	5
Skilled (Levels 3-5) Permanent	39	6	14	3.6
Highly Skilled Production (Levels 6-8) Permanent	392	6	14	3.6
Highly Skilled Supervision (Levels 9-12) Permanent	89	8	3	3.4
Senior Management Service Band A Permanent	7	5	0	0
Senior Management Service Band B Permanent	2	0	0	0
Senior Management Service Band C Permanent	1	0	0	0
Senior Management Service Band D Permanent	1	0	0	0
Contract (Level 1-2)	1	0	0	0
Contract (Level 3-5)	3	2	2	66.7
Contract (Level 6-8)	6	5	3	50
Contract (Level 9-12)	10	0	6	60
Contract Brand A	5	2	3	60
Senior Management Service Band C Permanent	1	0	0	0

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2022 to 31 March 2023

Critical occupation	Number of employees at 1 April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related Permanent	92	8	11	12
Architects Town And Traffic Planners Permanent	1	0	0	0
Cartographic Surveying And Related Technicians Permanent	2	0	0	0
Cleaners In Offices Workshops Hospitals Etc. Permanent	24	7	1	4,20
Client Inform Clerks(Switchb Recept Inform Clerks) Permanent	3	0	0	0
Communication And Information Related Permanent	1	0	0	0
Community Development Workers Permanent	9	0	0	0
Engineering Sciences Related Permanent	1	0	0	0
Engineers And Related Professionals Permanent	0	1	0	0
Finance And Economics Related Permanent	4	0	0	0
Financial And Related Professionals Permanent	2	0	0	0
Financial Clerks And Credit Controllers Permanent	29	1	3	10,30
Food Services Aids And Waiters Permanent	2	0	0	0
General Legal Administration & Rel. Professionals Permanent	1	1	1	100

Critical occupation	Number of employees at 1 April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Human Resources & Organisat Developm & Relate Prof Permanent	1	7	1	100
Human Resources Related Permanent	24	0	0	0
Information Technology Related Permanent	2	0	0	0
Inspectors Of Apprentices Works And Vehicles Permanent	10	4	1	10
Legal Related Permanent	1	0	0	0
Library Mail And Related Clerks Permanent	8	0	0	0
Logistical Support Personnel Permanent	2	0	0	0
Material-Recording And Transport Clerks Permanent	3	0	0	0
Messengers Porters And Deliverers Permanent	7	0	1	14,30
Other Administrat & Related Clerks And Organisers Permanent	227	2	9	4
Other Administrative Policy And Related Officers Permanent	53	0	0	0
Other Information Technology Personnel. Permanent	4	1	1	25
Other Occupations Permanent	25	1	1	4
Risk Management And Security Services Permanent	4	0	0	0
Secretaries & Other Keyboard Operating Clerks Permanent	11	0	0	0
Security Officers Permanent	2	0	0	0
Senior Managers Permanent	18	7	3	16,70
Trade Quality Controllers Permanent	3	0	0	0
Total	576	40	33	5,70

The table below identifies the major reasons why staff left the Department.

Table 3.5.3 Reasons why staff left the department for the period 1 April 2022 to 31 March 2023

Termination Type	Number	% of Total Resignations
Death	3	8.82
Resignation	13	38.32
Expiry of contract	12	35.29
Retirement	5	14.70
Transfer to other Public Service Departments	1	2.94
Other	0	0
Total	34	
Total number of employees who left as a % of total employment		5.49

Table 3.5.4 Promotions by critical occupation for the period 1 April 2022 to 31 March 2023

Occupation	Employees at 1 April 2022	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	92	17	18,50	69	75
Architects Town And Traffic Planners	1	0	0	1	100
Cartographic Surveying And Related Technicians	2	0	0	1	50
Cleaners In Offices Workshops Hospitals Etc.	24	0	0	16	66,70
Client Inform Clerks(Switchb Recept Inform Clerks)	3	0	0	2	66,70
Communication And Information Related	1	0	0	1	100
Community Development Workers	9	1	11,10	5	55,60
Engineering Sciences Related	1	1	100	1	100
Engineers And Related Professionals	0	1	0	0	0
Finance And Economics Related	4	1	25	4	100
Financial And Related Professionals	2	1	50	1	50
Financial Clerks And Credit Controllers	29	2	6,90	25	86,20
Food Services Aids And Waiters	2	0	0	2	100
General Legal Administration & Rel. Professionals	1	0	0	0	0
Human Resources & Organisat Developm & Relate Prof	1	0	0	0	0
Human Resources Related	24	0	0	21	87,50
Information Technology Related	2	0	0	2	100
Inspectors Of Apprentices Works And Vehicles	10	0	0	5	50
Legal Related	1	0	0	1	100
Library Mail And Related Clerks	8	0	0	7	87,50
Logistical Support Personnel	2	2	100	2	100
Material-Recording And Transport Clerks	3	0	0	3	100
Messengers Porters And Deliverers	7	0	0	4	57,10
Other Administrat & Related Clerks And Organisers	227	1	0,40	167	73,60
Other Administrative Policy And Related Officers	53	1	1,90	37	69,80
Other Information Technology Personnel.	4	0	0	2	50
Other Occupations	25	0	0	0	0
Risk Management And Security Services	4	0	0	3	75
Secretaries & Other Keyboard Operating Clerks	11	0	0	10	90,90
Security Officers	2	0	0	1	50
Senior Managers	18	2	11,10	6	33,30
Trade Quality Controllers	3	0	0	3	100
Total	576	30	5,20	402	69,80

Table 3.5.5 Promotions by salary band for the period 1 April 2022 to 31 March 2023

Salary Band	Employees at 1 April 2022	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
01 Lower Skilled (Levels 1-2), Permanent	20	0	0	13	65
02 Skilled (Levels 3-5), Permanent	39	0	0	34	87,20
03 Highly Skilled Production (Levels 6-8), Permanent	392	7	1,80	276	70,40
04 Highly Skilled Supervision (Levels 9-12), Permanent	89	17	19,10	72	80,90
05 Senior Management (Levels >= 13), Permanent	11	6	54,50	7	63,60
10 Contract (Levels 1-2), Permanent	1	0	0	0	0
11 Contract (Levels 3-5), Permanent	3	0	0	0	0
12 Contract (Levels 6-8), Permanent	6	0	0	0	0
13 Contract (Levels 9-12), Permanent	10	0	0	0	0
14 Contract (Levels >= 13), Permanent	5	0	0	0	0
TOTAL	576	30	5,20	402	69,80

3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2022

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	17	5	0	0	2	1	0	1	26
Professionals	13	7	0	1	29	7	0	1	58
Technicians and associate professionals	50	18	1	2	59	18	0	4	152
Clerks	66	41	0	0	91	61	0	3	262
Service and sales workers	0	2	0	0	1	1	0	1	5
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	4	2	0	2	4	2	0	0	14
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	29	5	0	0	12	10	0	0	56
Total	179	80	1	5	198	100	0	10	573
Employees with disabilities	6	4	0	0	5	0	0	0	15

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2022

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	1	0	0	0	0	0	0	2
Senior Management	14	4	0	0	1	3	0	1	23
Professionally qualified and experienced specialists and mid-management	41	17	0	3	29	13	0	4	107
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	100	52	1	2	143	77	0	4	379
Semi-skilled and discretionary decision making	17	4	0	0	15	4	0	1	41
Unskilled and defined decision making	6	2	0	0	5	8	0	0	21
Total	172	75	1	5	191	99	0	10	573

Table 3.6.3 Recruitment for the period 1 April 2022 to 31 March 2023

Occupational category	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	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0
Employees with disabilities	1	0	0	0	0	0	0	0	1

Table 3.6.4 Promotions for the period 1 April 2022 to 31 March 2023

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	8	0	0	0	1	3	0	1	13
Professionally qualified and experienced specialists and mid-management	33	12	0	3	24	14	0	3	89
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	49	44	1	0	123	64	0	2	283
Semi-skilled and discretionary decision making	17	1	0	0	12	4	0	0	34
Unskilled and defined decision making	2	1	0	0	3	7	0	0	13
Total	109	58	1	3	163	92	0	6	432
Employees with disabilities	5	3	0	0	5	0	0	0	13

Table 3.6.5 Terminations for the period 1 April 2022 to 31 March 2023

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Professionally qualified and experienced specialists and mid-management	0	1	0	0	1	0	0	1	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	4	1	0	0	5	4	0	0	14
Semi-skilled and discretionary decision making	1	0	0	0	0	0	0	0	1
Unskilled and defined decision making	0	0	0	0	1	0	0	0	1
Total	5	2	0	0	7	4	0	1	19
Employees with disabilities	1	0	0	0	0	0	0	0	1

Table 3.6.6 Disciplinary action for the period 1 April 2022 to 31 March 2023

Disciplinary Action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Final Written Warnings	5	1	0	0	0	0	0	0	6
Disciplinary Measures against employees	1	0	0	0	0	0	0	0	1
Insolence	0	0	0	0	0	1	0	0	1
Final Written Warnings	5	1	0	0	0	0	0	0	6

Table 3.6.7 Skills development for the period 1 April 2022 to 31 March 2023

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	2	0	0	1	6	4	0	0	13
Technicians and associate professionals	3	1	0	0	4	12	0	0	12
Clerks	0	0	0	0	0	11	0	0	19
Total	5	1	0	1	10	27	0	0	44
Employees with disabilities									

3.7 Signing of Performance Agreements by SMS Members

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

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 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 14	3	3	3	100
Salary Level 13	21	21	20	95
Total	25	25	24	96

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2022

Reasons
1 Senior Manager did not submit / enter into PA after he was appointed permanent in July 2022.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2022

Reasons
None

3.8 Performance Rewards

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2022 to 31 March 2023

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Female	7	193	3.60	90.74	12 962.00
Male	4	173	2.30	223.04	55 759.00
Asian					
Female	0	0	0	0.00	0.00
Male	1	1	100	8.45	8 447.00
Coloured					
Female	6	100	6	77.68	12 947.00
Male	1	76	1.30	15.17	15 167.00
White					
Female	2	10	20	32.22	16.110.00
Male	0	5	0	0.00	0.00
Total	0	15	0	0.00	0.00
	21	573	3.70	447.29	21 299.00

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2022 to 31 March 2023

Salary band	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total employment	Total Cost (R'000)	Average cost per employee
Lower Skilled (Levels 1-2)	0	20	0	0.00	0.00
Skilled (Levels 3-5)	0	38	0	0.00	0.00
Highly Skilled Production (Levels 6-8)	8	371	2.20	89.09	11 136.00
Highly Skilled Supervision (Levels 9-12)	12	103	11.70	203.75	16 980.00
Contract (Levels 1-2)	0	1	0	0.00	0.00
Contract (Levels 3-5)	0	3	0	0.00	0.00
Contract (Levels 6-8)	0	8	0	0.00	0.00
Contract (Levels 9-12)	0	4	0	0.00	0.00
Total	20	548	3.60	292.85	14 642.00

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2022 to 31 March 2023

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	1	24	4.20	24.25	24 248.00
Security Officers	0	2	0	0.00	0.00
Human Resources & Organisat Developm & Relate Prof	0	7	0	0.00	0.00
Messengers Porters And Deliverers	0	6	0	0.00	0.00
Risk Management And Security Services	1	3	33.30	16.04	16 035.00
Finance And Economics Related	2	5	40	24.72	12 359.00
Logistical Support Personnel	0	3	0	0.00	0.00
Other Administrat & Related Clerks And Organisers	1	214	0.50	7.37	7 371.00
Other Occupations	0	25	0	0.00	0.00
Legal Related	0	1	0	0.00	0.00
Financial And Related Professionals	1	2	50	23.50	23 502.00
Administrative Related	7	97	7.20	127.15	18 164.00
Communication And Information Related	0	1	0	0.00	0.00
Secretaries & Other Keyboard Operating Clerks	1	10	10	14.94	14 942.00
Cleaners In Offices Workshops Hospitals Etc.	0	24	0	0.00	0.00
Library Mail And Related Clerks	1	8	12.50	5.47	5 466.00
Human Resources Related	2	23	8.70	27.52	13 760.00
General Legal Administration & Rel. Professionals	0	1	0	0.00	0.00
Cartographic Surveying And Related Technicians	0	2	0	0.00	0.00
Material-Recording And Transport Clerks	0	3	0	0.00	0.00
Other Administrative Policy And Related Officers	3	50	6	21.90	7 299.00
Inspectors Of Apprentices Works And Vehicles	0	11	0	0.00	0.00
Senior Managers	0	25	4	154.44	154 442.00
Client Inform Clerks(Switchb Receipt Inform Clerks)	0	3	0	0.00	0.00
Engineers And Related Professionals	0	3	0	0.00	0.00
Other Information Technology Personnel.	0	4	0	0.00	0.00
Trade Quality Controllers	0	3	0	0.00	0.00
Engineering Sciences Related	0	1	0	0.00	0.00
Food Services Aids And Waiters	0	2	0	0.00	0.00
Community Development Workers	0	8	0	0.00	0.00
Information Technology Related	0	2	0	0.00	0.00
Total	21	573	3.70	447.29	21 299.00

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2022 to 31 March 2023

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Total employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	0	20	0	0.00	0.00	0.00
Band B	0	3	0	0.00	0.00	0.00
Band C	0	1	100	154.44	154 441.80	7.30
Band D	0	1	0	0.00	0.00	0.00
Total	1	25	4	154.44	154 441.80	0.60

3.9 Foreign Workers

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

Table 3.9.1 Foreign workers by salary band for the period 1 April 2022 and 31 March 2023

Salary band	01 April 2022		31 March 2023		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	0	0	0	0	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2022 and 31 March 2023

Major occupation	01 April 2022		31 March 2023		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	0	0	0	0	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

3.10 Leave Utilisation

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

Table 3.10.1 Sick leave for the period 1 January 2022 to 31 December 2022

Salary band	Total days	% Days with Medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Contract (Levels 1-2)	2	0	0	0.30	2	1.00
Contract (Levels 3-5)	4	100	1	0.30	4	4.00
Contract (Levels 6-8)	38	84.20	8	2.30	5	55.00
Contract (Levels 9-12)	29	89.70	4	1.20	7	83.00
Lower Skills (Level 1-2)	160	81.90	16	4.70	10	91.00
Skilled (levels 3-5)	326	79.50	35	10.20	10	334.00
Highly skilled production (levels 6-8)	2194	82.30	194	56.40	11	3454.00
Highly skilled supervision (levels 9 -12)	645	74	74	21.50	9	1724.00
Top and Senior management (levels 13-16)	67	92.50	10	2.90	7	326.00
Total	3525	80.90	342	100	10	6194.00

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2022 to 31 December 2022

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)
Contract (Levels 6-8)	63	100	1	10	63	110.00
Contract (Levels 9-12)	11	100	1	10	11	68.00
Lower Skills (Level 1-2)	57	100	1	10	57	32.00
Highly skilled production (levels 6-8)	324	100	7	70	46	490.00
Total	455	100	10	100	46	653.00

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual Leave for the period 1 January 2022 to 31 December 2022

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract (Levels 1-2)	44	41	11
Contract (Levels 3-5)	47	6	8
Contract (Levels 6-8)	128	13	10
Contract (Levels 9-12)	73	10	7
Lower Skills (Level 1-2)	383	19	20
Skilled (levels 3-5)	1085	26	42
Highly skilled production (levels 6-8)	8910	25	355
Highly skilled supervision (levels 9 -12)	2666	26	101
Top and Senior management (levels 13-16)	272	16	17
Total	13644	573	24

Table 3.10.4 Capped leave for the period 1 January 2022 to 31 December 2022

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 2022
Skilled (levels 3-5)	0	0	0	17
Highly skilled production (levels 6-8)	0	0	0	23
Highly skilled supervision (levels 9 -12)	12	2	6	12
Top and Senior management (levels 13-16)	0	0	0	30
Total	12	2	6	20

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

Table 3.10.5 Leave pay-outs for the period 1 April 2022 to 31 March 2023

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2022/23 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2022/23	0	0	0
Current leave payout on termination of service for 2022/23	90 392.32	3	30 130.77
Total	90 392.32	3	30 130.77

3.11 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
n/a	

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		Mrs. Keneilwe Moitsehang Senior Manager: HCM
2	Does the department have a dedicated unit, or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		5 Employees R150 000
3	Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		Wellness Management HIV/AIDS & TB Management Health and Productivity Management SHERQ Management
4	Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		Ms. K Moitsehang Mr. P. Mpotsang Ms. N. Julingalo Ms. W. Isaacs Ms. L Khumalo

	Question	Yes	No	Details, if yes
				Mr. M. Seleke Mr. I. Modise Ms. S. Mgoma-Makhele Ms. M. Joseph-Karsten Mr. W Philander Mr. R. Vass Mr. Mali Ms. P. Thebe
5	Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.		X	
6	Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		Policy on HIV/AIDS & TB Management
7	Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		Presented 3 HCT Opportunities
8	Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		X	

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2022 to 31 March 2023

Total number of Collective agreements	None
---------------------------------------	------

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

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2022 to 31 March 2023

Outcomes of disciplinary hearings	Number	% of total
Written warning	7	87.5
Dismissal	1	12.5
Total	8	100

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2022 to 31 March 2023

Types of misconduct	Number	% of total
Dishonesty in the Workplace	3	37.5
Misuse of State Vehicle	1	12.5
Dereliction of Duties	1	12.5
Alleged Unbecoming Behaviour	1	12.5
Non-Compliance with EPMDS Policy	2	25
Total	8	100

Table 3.12.4 Grievances logged for the period 1 April 2022 to 31 March 2023

Grievances	Number	% of Total
Number of grievances resolved	25	100
Total number of grievances lodged	25	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2022 to 31 March 2023

Disputes	Number	% of Total
Number of disputes dismissed	5	100
Total number of disputes lodged	5	100

Table 3.12.6 Strike actions for the period 1 April 2022 to 31 March 2023

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 2022 to 31 March 2023

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

3.13 Skills development

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

Table 3.13.1 Training needs identified for the period 1 April 2022 to 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2022	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Male	10	0	- Policy drafting and development - Threat and Risk Assessment - Project Management - Gender and Job Access Conference - Organizational development and Design - New Engineering and Construction Contract	0	10
	Female	17	0	- People Management - Trauma debriefing counselling - Infrastructure Development and Planning - Open Software QGIS	0	17

Occupational category	Gender	Number of employees as at 1 April 2022	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Technicians and associate professionals	Male	78	0	- Investigation, detection and prevention of fraud training - Security Grades - Trauma debriefing counselling - Project Management - Advanced Computer Skills - Technical report writing - People Management - Contract Management - Financial Management - Quality Assurance - Disaster Management - Construction Management - Driving Lessons - Sign Language - Introduction to Leading Change	0	78
	Female	135	0		0	135
Sub-Total	Male	88	0		0	88
	Female	152	0		0	152
Total		240	0		0	240

Table 3.13.2 Training provided for the period 1 April 2022 to 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2022	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Male	2	0	- Advanced Contracts and Construction - SITA Annual Government Technology Conference 6th Annual Woman in Leadership Conference 5th Annual Fire Safety Management Forum 2nd Annual Woman Leadership in Engineering, Infrastructure and Innovation	0	2
	Female	10	0		0	10
Technicians and associate professionals	Male	9	0	- Graphic and Design - Presentation and Facilitation Skills - Driving Lessons	0	9
	Female	4	0		0	4
Service and sales workers	Male	6	0	- Computer Training: Basic Word - Computer Training: Basic Excel - Computer Training: Basic Power point - Driving Lessons	0	6
	Female	13	0		0	13
Sub-Total	Male	17	0		0	17
	Female	27	0		0	27
Total		44	0		0	44

3.14 Injury on Duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2022 to 31 March 2023

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

3.15 Utilisation of Consultants

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

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

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2022 to 31 March 2023

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Administration and Management of Traditional Affairs Elections Councils	1	8 months	R7 772 112.00
Appointment of service provider to review and develop SDFs	1	9 months	R1 841 610.00

Total number of projects	Total individual consultants	Total duration (work days)	Total contract value in Rand
1	1	165,35	R7 772 112.00
1	1	165,35	R1 841 610.00

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 to 31 March 2023

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Administration and Management of Traditional Affairs Elections Councils	1	100%	1
Appointment of service provider to review and develop SDFs	1	100%	1

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2022 to 31 March 2023

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

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 to 31 March 2023

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

3.16 Severance Packages

Table 3.16.1 Granting of employee-initiated severance packages for the period 1 April 2022 to 31 March 2023

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

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PART E

PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL, UNAUTHORISED EXPENDITURE AND MATERIAL LOSSES

1.1. Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2022/2023 R'000	2021/2022 R'000
Opening balance	1 000 511	983 745
Add: Irregular expenditure confirmed	6 911	16 766
Less: Irregular expenditure condoned	0	0
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable	0	0
Less: Irregular expenditure not recovered and written off	0	0
Closing balance	1 007 422	1 000 511

Reconciling Notes

Description	2022/2023 R'000	2021/2022 R'000
Irregular expenditure that was under assessment in 2021/22	0	167
Irregular expenditure that relates to 2021/22 and identified in 2022/23	0	161
Irregular expenditure for the current year	6 911	16 604
Total	6 911	16 932

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2022/2023 R'000	2021/2022 R'000
Irregular expenditure under assessment	2 027	167
Irregular expenditure under determination	0	0
Irregular expenditure under investigation	44 011	0
Total	46 038	167

Procurement done by Public Works for maintenance and renovations to office buildings in 2022/2023 financial year under assessment.
Possible irregular expenditure with regards to the appointment of officials without the relevant qualifications for the posts to be assessed in the 2022/2023 financial year.
The variation order on human settlement project, Kathu 5700, exceeds 20%. Prior written approval was not obtained from Treasury to exceed the variation order. The amount in excess is R44 million.

c) Details of current and previous year irregular expenditure condoned

None

d) Details of current and previous year irregular expenditure removed - (not condoned)

None

e) **Details of current and previous year irregular expenditure recovered**

None

f) **Details of current and previous year irregular expenditure written off (irrecoverable)**

None

Additional disclosure relating to Inter-Institutional Arrangements

g) **Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)**

Description
None

h) **Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)**

Description	2022/2023 R'000	2021/2022 R'000
Operating Leases -		
Extension of lease contracts by the Department of Public Works in contravention of Treasury Instruction Note 3 of 2016/17 where variances above 15% is not approved by Treasury	3 687	4 909
Telkom – Contract expired	1 090	2 505
Total	4 777	7 414

i) **Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure**

Disciplinary steps taken
None

1.2. Fruitless and wasteful expenditure

a) **Reconciliation of fruitless and wasteful expenditure**

Description	2022/2023 R'000	2021/2022 R'000
Opening balance	66 074	66 041
Add: Fruitless and wasteful expenditure confirmed	312	33
Less: Fruitless and wasteful expenditure written off	0	0
Less: Fruitless and wasteful expenditure recoverable	132	0
Closing balance	66 254	66 074

Reconciling Notes

Description	2022/2023 R'000	2021/2022 R'000
Fruitless and wasteful expenditure that was under assessment in 2021/22	0	0
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	0	0

Description	2022/2023 R'000	2021/2022 R'000
Fruitless and wasteful expenditure for the current year	180	33
Total	180	33

b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	2022/2023 R'000	2021/2022 R'000
Fruitless and wasteful expenditure under assessment	0	0
Fruitless and wasteful expenditure under determination	0	0
Fruitless and wasteful expenditure under investigation	24 822	18 995
Total	24 822	18 995

c) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2022/2023 R'000	2021/2022 R'000
Fruitless and wasteful expenditure recovered	0	0
Total	0	0

d) Details of current and previous year fruitless and wasteful expenditure not recovered and written off

Description	2022/2023 R'000	2021/2022 R'000
Fruitless and wasteful expenditure written off	0	0
Total	0	0

e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken
None

1.3. Unauthorised expenditure

a) Reconciliation of unauthorised expenditure

Description	2022/2023 R'000	2021/2022 R'000
Opening balance	11 713	11 713
Add: unauthorised expenditure confirmed	0	0
Less: unauthorised expenditure approved with funding	0	0
Less: unauthorised expenditure approved without funding	0	0
Less: unauthorised expenditure recoverable	0	0
Less: unauthorised not recovered and written off	0	0
Closing balance	11 713	11 713

Reconciling Notes

Description	2022/2023 R'000	2021/2022 R'000
Fruitless and wasteful expenditure that was under assessment in 2021/22	0	0
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	0	0
Fruitless and wasteful expenditure for the current year	180	33
Total	180	33

b) **Details of current and previous year unauthorised expenditure (under assessment, determination, and investigation)**

Description	2022/2023 R'000	2021/2022 R'000
Unauthorised expenditure under assessment	0	0
Unauthorised expenditure under determination	0	0
Unauthorised expenditure under investigation	0	0
Total	0	0

1.4. Additional disclosure relating to material losses in terms of PFMA Section 40(3)(b)(i) &(iii)

a) **Details of current and previous year material losses through criminal conduct**

Material losses through criminal conduct	2022/2023 R'000	2021/2022 R'000
Theft	0	0
Other material losses	0	0
Less: Recovered	0	0
Less: Not recovered and written off	0	0
Total	0	0

b) **Details of other material losses**

None

c) **Other material losses recovered**

None

d) **Other material losses written off**

None

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	2022/2023 R'000	2021/2022 R'000
Valid invoices received	760 698	830 804
Invoices paid within 30 days or agreed period	759 071	827 100
Invoices paid after 30 days or agreed period	1 626	3 704
Invoices older than 30 days or agreed period (unpaid and without dispute)	0	0
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

3. SUPPLY CHAIN MANAGEMENT

3.1. Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
n/a				

3.2. Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Prieska 200	Biz Afrika Construction (Pty) Ltd.	Variation	A16010018/8	32 215	0	906
Wegdraai 50	Xcellent Construction	Variation	A19110005	7 600	0	690
Lerato Park Ph5	Weird Industries	Variation	A19080009	45 806	0	2 750
Lerato Park Ph5	WTP Environmental Consultants	Variation	A19080009	390	0	78
Lerato Park Ph5	Point Pivot Projects	Variation	A19080009	499	0	30
Breipaal 506	Gap Infrastructure Cooperation	Variation	A08100006/1	29 458	10 563	2 647
Breipaal 506	Gap Infrastructure Cooperation	Variation	A08100006/1	29 458	10 563	4 198
Britstown 848	Gap Infrastructure Cooperation	Variation	A14010013	51 967	5 384	7 230
Calvinia 260	Gap Infrastructure Cooperation	Variation	A19090006/1	15 933	430	1 905
Dakota 409	Gap Infrastructure Cooperation	Variation	A20080019	25 631	2 526	2 996
Gamakor 1541	Gap Infrastructure Cooperation	Variation	A19100004	113 228	0	507
Gamakor 1541	Gap Infrastructure Cooperation	Variation	A19100004	113 228	0	3 086
Ganspan 531	Gap Infrastructure Cooperation	Variation	A12120003/1	32 540	8 116	4 421
Goutrou 1512	Gap Infrastructure Cooperation	Variation	A19100008	111 122	0	3 028
Goutrou 1512	Gap Infrastructure Cooperation	Variation	A19100008	111 122	0	6 790
Grobbershoop 1517	Gap Infrastructure Cooperation	Variation	A20070003	112 465	0	3 038
Grobbershoop 1517	Gap Infrastructure Cooperation	Variation	A20070003	112 465	0	11 362
Ivory Park 1175	Gap Infrastructure Cooperation	Variation	A17030002	72 006	17 899	418
Jacksonville 139	Gap Infrastructure Cooperation	Variation	A17080014	8 518	230	1 558
Kathu 5700	Gap Infrastructure Cooperation	Variation	A18010003/1	262 114	83 742	5 035

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Opwag 748	Gap Infrastructure Cooperation	Variation	A20070008	45 839	9 358	1 498
Opwag 748	Gap Infrastructure Cooperation	Variation	A20070008	45 839	9 358	9 762
Paballelo 881	Gap Infrastructure Cooperation	Variation	A20020021	53 989	11 774	10 937
Paballelo Makweta Valley 503	Gap Infrastructure Cooperation	Variation	A160400001	30 641	1 017	8 660
Paballelo Nort East 990	Gap Infrastructure Cooperation	Variation	A16100012	60 056	4 442	11 790
Rosedale 400	Gap Infrastructure Cooperation	Variation	A20080016	24 512	1 258	3 719
Rosedale 438	Gap Infrastructure Cooperation	Variation	A20080017	26 841	4 916	5 523
Rosedale 452	Gap Infrastructure Cooperation	Variation	A20080018	27 699	3 702	3 281
Smarties 328	Gap Infrastructure Cooperation	Variation	A19100003	19 855	1 063	1 657
Williston 150	Gap Infrastructure Cooperation	Variation	A20010013	8 732	248	2 367
De Aar 2386	Weird Industries	Expansion	A14010014	17 627	0	0
De Aar 2386	All Star Industries	Expansion	A14010014	17 627	0	0
De Aar 287	MIB Infrastructure development	Variation	A14010014	33 319	0	7 463
Total						128 330





PART F

FINANCIAL INFORMATION

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OPINION

Opinion

1. I have audited the financial statements of the Department of Co-operative Governance, Human Settlements and Traditional Affairs set out on pages **118 to 164**, which comprise the appropriation statement, statement of financial position as at 31 March 2023, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Cooperative Governance, Human Settlements and Traditional Affairs as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with Modified Cash Standard (MCS) prescribed by National Treasury and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 05 of 2022 (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 responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Underspending of the vote

7. As disclosed in the appropriation statement, the department materially underspent the vote on the following programmes:
 - Programme 1: Administration by R23 230 000
 - Programme 3: Cooperative Governance by R26 231 000
 - Programme 4: Traditional Institutional Management by R11 777 000

Other matters

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

National Treasury Instruction No. 4 of 2022/2023: PFMA Compliance and Reporting Framework.

9. On 23 December 2022, the National Treasury issued Instruction No. 4 of 2022-23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, among others, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in the disclosure notes to the annual financial statements. Only the current year and prior year figures are disclosed in note 22 to the financial statements of the Department of Cooperative Governance, Human Settlements and Traditional Affairs. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g., condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the department. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Unaudited supplementary schedules

10. The supplementary information set out on pages **165 to 169** does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

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

Responsibilities of the auditor-general for the audit of the financial statements

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
16. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023, for auditing. I selected programmes that measure the department's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Human Settlements	44, 48-49	The purpose of the programme is to develop sustainable human settlements in the Northern Cape in the context of transforming cities, towns, and rural communities, through the building of cohesive, sustainable and caring communities with closer access to work and other critical amenities.
Cooperative Governance	45, 50-52	The purpose of the programme is to monitor and support all district and local municipalities within the province with the aim of ensuring good governance by compliance with legislative prescripts, improving audit outcomes, service delivery, and deepening participatory democracy through the establishment of functional structures and systems that support development and prosperity.

17. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the department's planning and delivery on its mandate and objectives.
18. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
19. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
20. The material findings on the performance information of the selected programme are as follows:

Programme 2: Human Settlements

Various indicators

21. The achievements were reported against the targets of the indicators below. I could not determine if the reported achievements were correct, as the processes established to consistently measure, and reported achievements were inadequate. Adequate supporting evidence was also not provided for auditing. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Reported achievement
Number of pre-1994 title deeds registered	59
Number of post-1994 title deeds registered	20
Number of post-2014 title deeds registered	44
Number of new title deeds registered	0

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements. This information should be considered in the context of the material findings on the reported performance information.
24. The department plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

Key service delivery indicators not achieved	Planned target	Reported achievement
Programme 2: Human Settlements		
<i>Targets achieved: 50% Budget spent: 99%</i>		
Percentage of land acquired during 2014-2019 within PDAs rezoned	100%	0%
Number of Breaking New Ground (BNG) houses delivered	274	153
Number of rental social housing units delivered	70	0
Number of pre-1994 title deeds registered	500	59
Number of post-1994 title deeds registered	3 700	20
Number of post-2014 title deeds registered	650	44
Number of new title deeds registered	150	0

25. Reasons for the underachievement of targets are included in the annual performance report on pages **44 to 52**.

Material misstatements

26. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Human Settlements and Cooperative Governance. Management did not correct all of the misstatements and I reported material findings in this regard.

REPORT ON COMPLIANCE WITH LEGISLATION

27. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.
28. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
29. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the department, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
30. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Consequence management

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

OTHER INFORMATION IN THE ANNUAL REPORT

32. The accounting officer is responsible for the other information included in the annual report. The other information referred to 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 on in this auditor's report.
33. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
34. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

35. The other information I obtained prior to the date of this auditor's report is the disclosure of the unauthorised, irregular, and fruitless and wasteful expenditure, and the remaining information is expected to be made available to us after 31 July 2023.
36. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. Particulars of fruitless and wasteful expenditure included in the annual report is materially inconsistent with audit evidence obtained during the audit. Prior year fruitless and wasteful expenditure was incorrectly disclosed as under investigation.
37. When I do receive and read the remaining other 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

38. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
39. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion and, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
40. Leadership did not establish an effective system for consequence management, aimed at investigating instances of unauthorized, irregular, and wasteful expenditure. Consequently, the accounting officer could not ascertain individual accountability for possible losses incurred.
41. Leadership did not adequately oversee the performance reporting process, leading to insufficient implementation of controls for daily and monthly transaction processing and reconciliation. Moreover, they did not ensure the preparation of regular, accurate, and comprehensive performance reports supported by reliable information.

MATERIAL IRREGULARITIES

42. 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 material irregularities as previously reported in the auditor's report.

Material irregularities in progress

43. I identified material irregularities during the prior year audit and notified the accounting officer of this, as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not yet completed the process of evaluating the responses from the accounting officer. This material irregularity will be included in next year's auditor's report.

Status of previously issued reported material irregularities

Lerato Park 483 project – Financial Management and internal controls not carried out adequately to prevent remedial work done on the project

44. The project was suspended before completion, leaving the facilities in varying stages of completion. A conditional assessment was performed when a new contractor was appointed. The assessment highlighted poor workmanship from the previous contractor that required remedial work. Financial Management and internal controls were not carried out adequately in contravention with PFMA Section 45 (a). The non-compliance resulted in remedial work of R11 666 776 that had to be done.
45. I notified the accounting officer of the material irregularity on 28 July 2022 and invited the AO to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer has not taken any action in response to being notified of the material irregularity. I recommend that the accounting officer should take the following further actions to address the material irregularity, which should be implemented by 27 February 2024.
- Appropriate action should be taken to investigate the non-compliance with Section 45(a) of the PFMA, in order to determine the circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions. All persons, including juristic persons, liable for the losses should be identified.
 - The financial loss should be quantified, and appropriate action should commence to recover the financial loss suffered. The recovery process should not be unduly delayed.
 - Effective and appropriate disciplinary steps should be initiated, without undue delay, against any official that the investigation found to be responsible, as required by section 38(1)(h) of the PFMA.

Auditor General

Kimberley
31 July 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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 selected requirements in key legislation.

Financial statements

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
- conclude on the appropriateness of the 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 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

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.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	PFMA 1 (Definition of irregular expenditure) PFMA 40(1)(a); 40(1)(b); 40(1)(c)(i) PFMA 38(1)(b); 38(1)(c)(ii); 39(1)(a); 39(2)(a); 43(4); 45(b) PFMA 38(1)(d) PFMA 38(1)(h)(iii) PFMA 38(1)(a)(iv); 38(1)(b); 38(1)(c); 38(1)(c)(ii); 144; 44(1); 44(2); 45(b); 50 (3); 50(3)(a)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 17.1.1; 18.2; 19.8.4 Treasury Regulation 6.3.1 (a); 6.3.1 (b); 6.3.1 (c); 6.3.1 (d); 6.4.1 (b); 8.1.1; 8.2.1; 8.2.3; 9.1.1; 15.10.1.2(c) Treasury Regulation 10.1.1(a); 10.1.2; 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7 Treasury Regulation 8.4.1 Treasury Regulation 5.1.1 ;5.2.1 ;5.2.3(a) ;5.2.3(d) ;5.3.1 Treasury Regulation 4.1.1; 4.1.3; 9.1.4; 12.5.1; 16A9.1(b)(ii); 16A9.1(e); 16A9.1(f) Treasury Regulation 16A 3.1; 16A 3.2 (fairness); 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e); 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A8.2 (1) and (2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A 9; 16A 9.1; 16A9.1 (c); 16A 9.1(d); 16A 9.1(e); 16A 9.2; 16A 9.2(a)(ii); 16A 9.2(a)(iii); 8.2.1; 8.2.2
Division of Revenue Act No. 5 of 2022	DoRA 11(6)(a); 12(5); 16(1); 16(3); 16(3)(a)(i); 16(3)(a)(ii)(bb)
Public service regulation	Public service regulation 25(1)(e)(i); 25(1)(e)(iii) Public service regulation 13(c); 18; 18 (1) and (2)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1) PRECCA Section 29
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
PPPFA	Section 1 (i); 2.1 (a); 2.1 (b); 2.1 (f)
PPR 2017	Paragraph 4.1; 4.2; 5.1; 5.3; 5.6; 5. 7; 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2; 12.1 and 12.2
PPR 2022	Paragraph 3.1; 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
SITA Act	Section 7(3); 20(1)(a)(l); 7(6)(b)
SITA Regulations	Reg 8.1.1 (b); 8.1.4; Reg 8.1.7; Reg 9.6; Reg 9.4; Req 12.3; Req 13.1 (a); Req 14.1; Req 14.2
PFMA SCM Instruction no. 09 of 2022/2023	Par. 3.1; par. 3.3 (b); par. 3.3 (c); par. 3.3 (e) ; par 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4(a); 4.4 (c)-(d); 14.6; 5.4; 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Paragraph 5.5.1 (vi); 5.5.1 (x);
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1; 6.2; 6.7
NT SCM Instruction Note 02 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b); 3.3.1; 3.2.2; 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/1 0	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2; 4.3.2; 4.3.3

Legislation	Sections or regulations
Competition Act	Section 4(1)(b)(ii)
NT instruction Note 4 of 2015/16	Paragraph 3.4
NT instruction 3 of 2019/20 - Annexure A	Section 5.5.1(iv) and (x)
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 2020/21	Paragraph 1
Erratum NTI 5 of 2020/21	Paragraph 2
Practice Note 7 of 2009/10	Paragraph 4.1.2
Practice Note 11 of 2008/09	Paragraph 3.1; 3.1(b)
NT instruction Note 1 of 2021/22	Paragraph 4.1
Public Service Act	Section 30 (1)

2. ANNUAL FINANCIAL STATEMENTS

APPROPRIATION STATEMENT for the year ended 31 March 2023

Appropriation per programme									
	2022/23							2021/22	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1. Administration	195,110	-	1,839	196,949	173,719	23,230	88.2%	175,710	153,195
2. Human Settlements	609,741	-	(433)	609,308	601,469	7,839	98.7%	635,336	558,396
3. Cooperative Governance	159,009	-	(1,406)	157,603	131,372	26,231	83.4%	141,980	128,162
Traditional Institutional	36,671	-	-	36,671	24,894	11,777	67.9%	21,907	18,508
4. Management									
	1,000,531	-	-	1,000,531	931,454	69,077	93.1%	974,933	858,261
TOTAL									
Reconciliation with statement of financial performance									
ADD:									
Departmental receipts				1,351				27	
Actual amounts per statement of financial performance (total revenue)				1,001,882				974,960	
Actual amounts per statement of financial performance (total expenditure)					931,454				858,261

APPROPRIATION STATEMENT
for the year ended 31 March 2023

Appropriation per economic classification									
	2022/23							2021/22	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	433,633	-	(1,175)	432,458	370,470	61,988	85.7%	380,839	335,512
Compensation of employees	320,074	-	-	320,074	281,395	38,679	87.9%	292,275	277,177
Goods and services	113,559	-	(1,175)	112,384	89,075	23,309	79.3%	88,564	58,335
Transfers and subsidies	551,456	-	1,175	552,631	552,631	-	100.0%	585,213	516,090
Non-profit institutions								1,400	1,400
Households	551,456	-	1,175	552,631	552,631	-	100.0%	583,813	514,690
Payments for capital assets	15,442	-	-	15,442	8,329	7,113	53.9%	8,429	6,207
Machinery and equipment	13,834	-	-	13,834	6,711	7,123	48.5%	7,970	5,748
Intangible assets	1,608	-	-	1,608	1,618	(10)	100.6%	459	459
Payments for financial assets	-	-	-	-	24	(24)	-	452	452
Total	1,000,531	-	-	1,000,531	931,454	69,077	93,1%	974,933	858,261

APPROPRIATION STATEMENT
for the year ended 31 March 2023

Programme 1: ADMINISTRATION									
	2022/23							2021/22	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Office of the MEC	16,849	-	-	16,849	13,217	3,632	78.4%	14,863	10,699
2. Corporate Services	178,261	-	1,839	180,100	160,502	19,598	89.1%	160,847	142,496
Total for sub programmes	195,110	-	1,839	196,949	173,719	23,230	88.2%	175,710	153,195
Economic classification									
Current payments	185,944	-	(732)	185,212	164,762	20,450	89%	168,444	146,589
Compensation of employees	115,919	-	-	115,919	98,416	17,503	84.9%	105,581	95,927
Goods and services	70,025	-	(732)	69,293	66,346	2,947	95.7%	62,863	50,662
Transfers and subsidies	400	-	732	1,132	1,132	-	100.0%	967	967
Households	400	-	732	1,132	1,132	-	100.0%	967	967
Payments for capital assets	8,766	-	1,839	10,605	7,801	2,804	73.6%	5,847	5,187
Machinery and equipment	7,158	-	1,839	8,997	6,183	2,814	68.7%	5,388	4,728
Intangible assets	1,608	-	-	1,608	1,618	(10)	100.6%	459	459
Payments for financial assets	-	-	-	-	24	(24)	-	452	452
Total	195,110	-	1,839	196,949	173,719	23,230	88.2%	175,710	153,195

APPROPRIATION STATEMENT
for the year ended 31 March 2023

Programme 2: Human Settlements									
	2022/23							2021/22	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
Housing Needs, Research and									
1. Planning	15,467	-	(433)	15,034	13,264	1,770	88.2%	12,980	10,126
2. Housing Development	579,209	-	-	579,209	574,803	4,406	99.2%	608,153	532,125
3. Housing Asset Management	15,065	-	-	15,065	13,402	1,663	89.0%	14,203	16,145
Total for sub programmes	609,741	-	(433)	609,308	601,469	7,839	98.7%	635,336	558,396
Economic classification									
Current payments	59,336	-	(158)	59,178	51,339	7,839	86.8%	52,377	45,013
Compensation of employees	52,011	-	-	52,011	43,116	8,895	82.9%	45,177	42,391
Goods and services	7,325	-	(158)	7,167	8,223	(1,056)	114.7%	7,200	2,622
Transfers and subsidies	549,513	-	158	549,671	549,671	-	100.0%	582,108	512,985
Households	549,513	-	158	549,671	549,671	-	100.0%	582,108	512,985
Payments for capital assets	892	-	(433)	459	459	-	100.0%	851	398
Machinery and equipment	892	-	(433)	459	459	-	100.0%	851	398
Payments for financial assets									
Total	609,741	-	(433)	609,308	601,469	7,839	98.7%	635,336	558,396

APPROPRIATION STATEMENT
for the year ended 31 March 2023

Programme 3: Cooperative Governance									
	2022/23							2021/22	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Local Governance	140,563	-	(1,406)	139,157	120,171	18,986	86.4%	120,788	116,152
2. Development and Planning	18,446	-	-	18,446	11,201	7,245	60.7%	21,192	12,010
Total for sub programmes	159,009	-	(1,406)	157,603	131,372	26,231	83.4%	141,980	128,162
Economic classification									
Current payments	153,428	-	(201)	153,227	131,171	22,056	85.6%	139,897	127,132
Compensation of employees	128,360	-	-	128,360	123,889	4,471	96.5%	124,004	123,061
Goods and services	25,068	-	(201)	24,867	7,282	17,585	29.3%	15,893	4,071
Transfers and subsidies	-	-	201	201	201	-	100.0%	546	546
Households			201	201	201	-	100.0%	546	546
Payments for capital assets	5,581	-	(1,406)	4,175	-	4,175	-	1,537	484
Machinery and equipment	5,581	-	(1,406)	4,175	-	4,175	-	1,537	484
Payments for financial assets									
Total	159,009	-	(1,406)	157,603	131,372	26,231	83.4%	141,980	128,162

APPROPRIATION STATEMENT
for the year ended 31 March 2023

Programme 4: TRADITIONAL INSTITUTIONAL MANAGEMENT									
	2022/23							2021/22	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Traditional Institutional Administration	36,671	-	-	36,671	24,894	11,777	67.9%	21,907	18,508
Total for sub programmes	36,671	-	-	36,671	24,894	11,777	67.9%	21,907	18,508
Economic classification									
Current payments	34,925	-	(84)	34,841	23,198	11,643	66.6%	20,121	16,778
Compensation of employees	23,784	-	-	23,784	15,974	7,810	67.2%	17,513	15,798
Goods and services	11,141	-	(84)	11,057	7,224	3,833	65.3%	2,608	980
Transfers and subsidies	1,543	-	84	1,627	1,627	-	100.0%	1,592	1,592
Non-profit institutions	-	-	-	-	-	-	-	1,400	1,400
Households	1,543	-	84	1,627	1,627	-	100.0%	192	192
Payments for capital assets	203	-	-	203	69	134	34.0%	194	138
Machinery and equipment	203	-	-	203	69	134	34.0%	194	138
Payments for financial assets									
Total	36,671	-	-	36,671	24,894	11,777	67.9%	21,907	18,508

NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2023

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, and Annexure 1A-H of the Annual Financial Statements.
2. **Detail of specifically and exclusively appropriated amounts voted (after Virement)**
Detail of these transactions can be viewed in the note on Annual Appropriation to the Annual Financial Statements.
3. **Detail on payments for financial assets**
Detail of these transactions can be viewed in the note on Payments for financial assets to the Annual Financial Statements.
4. **Explanations of material variances from Amounts Voted (after Virement):**

4.1 Per programme

	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
Programme	R'000	R'000	R'000	%
1. Administration	196,949	173,719	23,230	12%
2. Human Settlement	609,308	601,469	7,839	1%
3. Co-Operative Governance	157,603	131,372	26,231	17%
4. Traditional Institutional Management	36,671	24,894	11,777	32%
Total	1,000,531	931,454	69,077	7%

ADMINISTRATION	196,949	173,719	23,230	12%
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This programme has spent R 173,719 million or 88 percent from its final appropriation of R 196,949 million as at 31 March 2023. The programme realised savings of R23,230 million, from its final appropriation for the 2022/2023 financial year. The expenditure for Goods and Services amounts to R66,346 million or 92,6 percent from a budget allocation of R69,293 million, thus representing an under expenditure of R2,947 million or 4,2 percent. The reasons for such savings realised were based on commitments such as computer services that were installed late by State Information Technology Agency (SITA), fleet services and property payments.

NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2023

Spending on Compensation of Employees is R98, 416 million or 84,9 percent of the total allocated budget of R115,919 million. It realised a savings of R17, 503 million or 15 percent. The savings on Compensation of Employees is due to delays in recruitment and selection processes, based on the moratorium placed on the filling of vacancies in the province. Payments for capital assets realised a total saving of R2,804 million or 26,4 percent of the total allocation of R10,605 million. Spending on other machinery and equipment is R6,183 million or 68.7 percent of the total allocation of R8,997 million.

The department did bulk procurement for office equipment for different programmes of which suppliers could not deliver by end of March 2023, as well as computers through SITA as tools of trade and upgrades of old computer equipment during the financial year, but there were delays in the delivery, therefore expenditure could not be incurred.

HUMAN SETTLEMENTS	609,308	601,469	7,839	1%
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This Programme has spent R 601,469 million or 99 percent of its final appropriation of R 609,308 million as at 31 March 2023. The expenditure for Goods and Services amounts to R8,223 million from a budget allocation of R7,167 million or 114,7 percent. The expenditure for Goods and Services were overspent by R1, 056 million or 14,7 percent. The overspending was due to payments made to consultants for providing project management services in relation to housing projects. An amount of R549,513 million or 100 percent of the total allocation for Transfers and Subsidies was spend over the year. Therefore, the department received an additional allocation of R194,700 million in the 2022/2023 special adjustment budget, during February 2023. These funds was spent in the 2022/2023 financial year on projects under the Human Settlement Development Grant (HSDG) and Informal Settlement Upgrading Partnership Grant (ISUP) programmes.

CO-OPERATIVE GOVERNANCE	157,603	131,372	26,231	17%
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This Programme has spent R 131,372 million or 83,4 percent of its final appropriation of R 157,603 million as at 31 March 2023. The expenditure for Goods and Services amounts to R7, 282 million or 29,3 percent from a budget allocation of R24,867 million. Goods and services realised a saving of R17,585 million or 70,7 percent. The programme is responsible for monitoring and supporting municipalities. The saving realised was as a result of additional funds amounting to R33 million, earmarked for municipal intervention received during the 2022/2023 adjustment budget process. Delays in the submission of support and intervention plans from municipalities cause delays in the spending of funds. The department submitted a roll over request to Treasury for approval and the funds will be spent in accordance with the municipal support and intervention programme.

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2023**

TRADITIONAL INSTITUTIONAL MANAGEMENT	36,671	24,894	11,777	32%
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This Programme has spent R 131,372 million or 83,4 percent of its final appropriation of R 157,603 million as at 31 March 2023. The expenditure for Goods and Services amounts to R7, 282 million or 29,3 percent from a budget allocation of R24,867 million. Goods and services realised a saving of R17,585 million or 70,7 percent. The programme is responsible for monitoring and supporting municipalities. The saving realised was as a result of additional funds amounting to R33 million, earmarked for municipal intervention received during the 2022/2023 adjustment budget process. Delays in the submission of support and intervention plans from municipalities cause delays in the spending of funds. The department submitted a roll over request to Treasury for approval and the funds will be spent in accordance with the municipal support and intervention programme.

4.2 Per economic classification

	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
Economic classification	R'000	R'000	R'000	%
Current payments				
Compensation of employees	320,074	281,395	38,679	12%
Goods and services	112,384	89,075	23,309	21%
Transfers and subsidies				
Provinces and municipalities				
Non-profit institutions	1,543	1,543		0%
Households	551,088	551,088	-	0%
Payments for capital assets				
Buildings and other fixed structures				
Machinery and equipment	13,834	6,711	7,123	52%
Intangible assets	1,608	1,618	-10	101*%
Payments for financial assets	0	24	-24	0
Total	1,000,531	931,454	69,077	7%

The department's total expenditure amounts to R 931,454 million or 93,1% of its final appropriation of R1000,531 billion. Spending on Compensation of Employees was R281,395 million or 87,9 percent of its total allocation of R320,074 million. The department adjusted COE upwards in the 2022/2023 adjustment budget to make provision for the filling of all vacancies. Due to the moratorium placed on the filling of vacancies, not all vacancies could be filled by the end of the financial year.

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2023**

Included in the savings for Goods and Services is funding earmarked for municipal interventions. The Constitutional court judgement on the PPPFA against National Treasury had been a challenge for procurement. The department could not continue with procurement of any Goods and Services until the outcome of the case. Guidance was only received in the month of January 2023 from Treasury and procurement could only commence after the Procurement policy was reviewed. An amount of R1,543 million was transferred to the Traditional Council to fund the operations of the councils. Spending for machinery and equipment was R6,711 million or 48,5 percent of the total allocation of R13,834 million. The department embarked on a bulk procurement of computer equipment in the 2022/2023 financial year however delays in the delivery resulted to the savings. The department requested roll over of unspent funds from the Treasury. The department wrote-off salary related debts amounting to R24 thousand in the 2022/2023 financial year.

4.3 Per conditional grant

	Final Budget	Actual Expenditure	Variance	Variance as a percentage of Final Budget
Conditional grant	R'000	R'000	R'000	%
EPWP INTEGRATED GRANT FOR MUNIC	2,106	1,709	397	19%
HUMAN SETTLEMENTS DEVEL GRANT	373,541	373,541	-	0%
INFORM SETTLE UPGR PART GRNT PROV	175,972	175,972	-	0%
Total	551,619	551,222	397	-

The final appropriation for transfers and subsidies was R552,631 million as at the 31 March 2023. The department received an additional allocation of R194,700 million in the 2022/2023 special adjustment budget. R100,000 million was in respect of Human Settlement Development Grant and R94,700 million was for the Informal Settlement Upgrading Partnership Grant. Spending of EPWP Integrated Grant was R1,709 million or 81,1 percent of the total allocation of R2,106 million. The department applied to Treasury for a rollover of R397 thousand for the 2023/2024 financial year.

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
REVENUE			
Annual appropriation	1	1,000,531	974,933
Departmental revenue	2	1,351	27
TOTAL REVENUE		1,001,882	974,960
EXPENDITURE			
Current expenditure			
Compensation of employees	4	281,395	277,177
Goods and services	5	89,075	58,335
		370,470	335,512
Transfers and subsidies			
Transfers and subsidies	7	552,631	516,090
		552,631	516,090
Expenditure for capital assets			
Tangible assets	8	6,711	5,748
Intangible assets	8	1,618	459
		8,329	6,207
Unauthorised expenditure approved without funding			
Payments for financial assets	6	24	452
TOTAL EXPENDITURE		931,454	858,261
SURPLUS/(DEFICIT) FOR THE YEAR		70,428	116,699

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
ASSETS			
Current assets		61,000	104,998
Cash and cash equivalents	9	60,868	35,768
Prepayments and advances	10	-	-
Receivables	11	132	69,230
Non-current assets		295	322
Prepayments and advances	13		
Receivables	11	295	322
Other financial assets	12		
TOTAL ASSETS		61,295	105,320
LIABILITIES			
Current liabilities		72,922	116,985
Voted funds to be surrendered to the Revenue Fund	12	69,077	116,672
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	460	306
Bank overdraft	19	-	-
Payables	14	3,385	7
Non-current liabilities			
Payables	15	5	22
TOTAL LIABILITIES		72,927	117,007
NET ASSETS		-11,632	-11,687

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
Represented by:			
Recoverable revenue		81	26
Unauthorised expenditure		-11,713	-11,713
TOTAL		-11,632	-11,687
	Note	2022/23 R'000	2021/22 R'000
Recoverable revenue			
Opening balance		26	25
Transfers:		55	1
Irrecoverable amounts written off	6.1	-24	-452
Debts revised		-	-
Debts recovered (included in departmental revenue)		-	-
Debts raised		79	453
Closing balance		81	26
Unauthorised expenditure			
Opening balance		-11,713	-11,713
Unauthorised expenditure - current year			
Relating to overspending of the vote or main division within the vote			
Incurred not in accordance with the purpose of the vote or main division			
Less: Amounts approved by Parliament/Legislature with funding			
Less: Amounts approved by Parliament/Legislature without funding and derecognised			
Current			
Capital			
Transfers and subsidies			
Less: Amounts recoverable			
Less: Amounts written off			
Closing Balance		-11,713	-11,713
TOTAL		-11,632	-11,687

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2023

	Note	2022/23 R'000	2021/22 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1,002,612	975,656
Annual appropriation funds received	1.1	1,000,531	974,933
Departmental revenue received	2	2,081	723
Net (increase)/decrease in net working capital		72,476	-71,484
Surrendered to Revenue Fund		-118,599	-195,210
Surrendered to RDP Fund/Donor		-	-26
Current payments		-370,470	-335,512
Interest paid	7		
Payments for financial assets		-24	-452
Transfers and subsidies paid		-552,631	-516,090
Net cash flow available from operating activities	16	33,364	-143,118
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	-8,329	-6,207
Proceeds from sale of capital assets	3.4	-	-
(Increase)/decrease in non-current receivables	11	27	-27
Net cash flow available from investing activities		-8,302	-6,234
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		55	1
Increase/(decrease) in non-current payables		-17	-9
Net cash flows from financing activities		38	-8
Net increase/(decrease) in cash and cash equivalents		25,100	-149,360
Cash and cash equivalents at beginning of period		35,768	185,128
Cash and cash equivalents at end of period	17	60,868	35,768

NOTES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2023

PART A: 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 on a going concern basis.
3.	Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department
4.	Rounding Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
5.	Foreign currency translation Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.
6.	Comparative information
6.1	Prior period comparative information Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.
6.2	Current year comparison with budget A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

NOTES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2023

7.	Revenue
7.1	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. Appropriated funds are measured at the amounts receivable. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.
7.2	Departmental revenue Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Departmental revenue is measured at the cash amount received. In-kind donations received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.
7.3	Accrued departmental revenue Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and the amount of revenue can be measured reliably. The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the department's debt write-off policy.
8.	Expenditure
8.1	Compensation of employees
8.1.1	Salaries and wages Salaries and wages are recognised in the statement of financial performance on the date of payment.
8.1.2	Social contributions Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment. Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

NOTES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2023

8.2	Other expenditure Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold. Donations made in kind are recorded in the notes to the financial statements on the date of transfer and are measured at cost or fair value.
8.3	Accruals and payables not recognised Accruals and payables not recognised are recorded in the notes to the financial statements at cost or fair value at the reporting date.
8.4	Leases
8.4.1	Operating leases Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. Operating lease payments received are recognised as departmental revenue. The operating lease commitments are recorded in the notes to the financial statements.
8.4.2	Finance leases Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. 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.
9.	Aid assistance
9.1	Aid assistance received Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value. CARA Funds are recognised when receivable and measured at the amounts receivable. Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.
9.2	Aid assistance paid Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.

NOTES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2023

10.	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.
11.	Prepayments and advances Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost.
12.	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.
13.	Investments Investments are recognised in the statement of financial position at cost.
14.	Financial assets
14.1	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.
14.2	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.
15.	Payables Payables recognised in the statement of financial position are recognised at cost.
16.	Capital assets
16.1	Immovable capital assets Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2023

16.2	Movable capital assets Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.
16.3	Intangible capital 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.
16.4	Project costs: Work-in-progress Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid. Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register. Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.
17.	Provisions and contingents
17.1	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.

NOTES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2023

17.2	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.
17.3	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.
17.4	Capital commitments Capital commitments are recorded at cost in the notes to the financial statements.
18.	Unauthorised expenditure Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure. Unauthorised expenditure is recognised in the statement of changes in net assets 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 recorded in the notes to the financial statements comprise of • unauthorised expenditure that was under assessment in the previous financial year; • unauthorised expenditure relating to previous financial year and identified in the current year; and • unauthorised incurred in the current year.
19.	Fruitless and wasteful expenditure Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable. Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of . • fruitless and wasteful expenditure that was under assessment in the previous financial year; • fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and • fruitless and wasteful expenditure incurred in the current year.

NOTES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2023

20.	Irregular expenditure Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable. Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of: • irregular expenditure that was under assessment in the previous financial year; • irregular expenditure relating to previous financial year and identified in the current year; and • irregular expenditure incurred in the current year.
21.	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.
22.	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.
23.	Principal-Agent arrangements The department is party to a principal-agent arrangement for the construction of houses. In terms of the arrangement the department is the principal and is responsible for building of houses for beneficiaries. All related revenues, expenditures, assets, and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.
24.	Departures from the MCS requirements Management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard except that it has departed from a particular requirement to achieve fair presentation; and the requirement from which the department has departed, the nature of the departure and the reason for departure.
25.	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.
26.	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.

NOTES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2023

27.	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 full compensation of key management personnel is recorded in the notes to the financial statements.
28.	Inventories 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.
29.	Public-Private Partnerships Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies. A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.
30.	Employee benefits The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is recorded in the Employee benefits note. Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date. The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.
31.	Transfer of functions Transfer of functions are accounted for by the acquirer by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of transfer. Transfer of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.
32.	Mergers Mergers are accounted for by the combined department by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of the merger. Mergers are accounted for by the combining departments by derecognising or removing assets and liabilities at their carrying amounts at the date of the merger.

NOTES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2023

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:

	2022/23			2021/22		
	Final Budget	Actual Funds Received	Funds not requested / not received	Final Budget	Appropriation Received	Funds not requested / not received
Programmes	R'000	R'000	R'000	R'000	R'000	R'000
Administration	196,949	196,949	-	173,250	173,250	-
Human Settlement	609,308	609,308	-	635,812	635,812	-
Co-Operative Governance	157,603	157,603	-	144,940	144,940	-
Traditional Institutional Management	36,671	36,671	-	20,931	20,931	-
Total	1,000,531	1,000,531	-	974,933	974,933	-

1.2 Conditional grants

	Note	2022/23 R'000	2021/22 R'000
Total grants received	31	<u>551,619</u>	<u>581,973</u>

2. Departmental revenue

	Note	2022/23 R'000	2021/22 R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	451	442
Sales of capital assets	2.4	-	-
Transactions in financial assets and liabilities	2.2	1,630	281
Transfer received	2.6	-	-
Total revenue collected		<u>2,081</u>	<u>723</u>
Less: Own revenue included in appropriation	13	<u>730</u>	<u>696</u>
Total		<u>1,351</u>	<u>27</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

2.1 Sales of goods and services other than capital assets

	Note	2022/23 R'000	2021/22 R'000
Sales of goods and services produced by the department		451	442
Sales by market establishment		127	112
Administrative fees		-	-
Other sales		324	330
Total	2	451	442

2.2 Transactions in financial assets and liabilities

	Note	2022/23 R'000	2021/22 R'000
Receivables		-	4
Other receipts including Recoverable Revenue		1,630	277
Total	2	1,630	281

3. Aid assistance

	Note	2022/23 R'000	2021/22 R'000
Opening balance		-	26
Prior period error		-	-
As restated		-	26
Transferred from statement of financial performance		-	-
Transfers to or from retained funds		-	-
Paid during the year		-	-26
Closing balance		-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

4. Compensation of employees

4.1 Analysis of balance

	Note	2022/23 R'000	2021/22 R'000
Basic salary		191,001	186,669
Performance award		510	1,538
Service based		131	182
Compensative/circumstantial		4,824	4,491
Periodic payments		476	475
Other non-pensionable allowances		43,780	45,365
Total		240,722	238,720

Performance Awards include pay progression incentives paid to qualifying Senior Managers in respect of the 2021/2022 performance cycle. Appeals of qualifying employees for the 2021/2022 performance cycle were concluded in 2022/2023 financial year.

4.2 Social contributions

	Note	2022/23 R'000	2021/22 R'000
Employer contributions			
Pension		23,389	22,013
Medical		17,219	16,381
UIF		3	2
Bargaining council		62	61
Total		40,673	38,457
 Total compensation of employees		 281,395	 277,177
 Average number of employees		 577	 578

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

5. Goods and services

	Note	2022/23 R'000	2021/22 R'000
Administrative fees		946	371
Advertising		488	375
Minor assets	5.1	73	535
Bursaries (employees)		925	768
Catering		1,407	359
Communication		1,091	741
Computer services	5.2	6,215	3,525
Consultants: Business and advisory services		13,894	113
Infrastructure and planning services		-	14
Laboratory services		-	-
Legal services		1,717	854
Contractors		3,823	645
Entertainment		21	65
Audit cost - external	5.3	7,968	6,483
Fleet services		4,016	2,102
Inventories	5.4	51	186
Consumables	5.5	2,156	1,888
Housing		-	-
Operating leases		14,828	18,913
Property payments	5.6	12,587	13,326
Rental and hiring		586	-
Transport provided as part of the departmental activities		-	-
Travel and subsistence	5.7	12,003	5,511
Venues and facilities		1,698	415
Training and development		1,179	109
Other operating expenditure	5.8	1,403	1,037
Total		89,075	58,335

Consultants: Business and Advisory Services include payments made to professional service providers for monitoring housing projects. A consultant was appointed to facilitate the reconstitution of the 8 Traditional Councils. The increase in legal services is due to the appointment of attorneys by the department to assist municipalities with legal matters. Payments made to Contractors include assistance to municipalities with maintenance and operations of infrastructure to improve service delivery. Venues and Facilities as well as Training shows an increase in expenditure because the department move away from virtual sessions and more in person meetings, workshops and trainings were conducted in the year under review.

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

5.1 Minor assets

	Note	2022/23 R'000	2021/22 R'000
Tangible capital assets		73	535
Buildings and other fixed structures		-	-
Machinery and equipment		73	535
Intangible capital assets		-	-
Software		-	-
Total	5	73	535

5.2 Computer services

	Note	2022/23 R'000	2021/22 R'000
SITA computer services		5,774	3,525
External computer service providers		441	-
Total	5	6,215	3,525

The department procure cabling and support services from SITA in the 2022/2023 financial year.

5.3 Audit cost - external

	Note	2022/23 R'000	2021/22 R'000
Regularity audits		7,968	6,483
Total	5	7,968	6,483

5.4 Inventories

	Note	2022/23 R'000	2021/22 R'000
Clothing material and accessories		51	12
Other supplies	5.4.1	-	174
Total	5	51	186

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

5.4.1 Other supplies

	Note	2022/23 R'000	2021/22 R'000
Other		-	174
Total	5.4	-	174

5.5 Consumables

	Note	2022/23 R'000	2021/22 R'000
Consumable supplies		1,235	707
Uniform and clothing		251	153
Household supplies		603	512
Building material and supplies		-	30
IT consumables		136	3
Other consumables		245	9
Stationery, printing, and office supplies		921	1,181
Total	5	2,156	1,888

5.6 Property payments

	Note	2022/23 R'000	2021/22 R'000
Municipal services		1,949	1,780
Property management fees		-	-
Property maintenance and repairs		542	-
Other		10,096	11,546
Total	5	12,587	13,326

5.7 Travel and subsistence

	Note	2022/23 R'000	2021/22 R'000
Local		10,738	5,511
Foreign		1,265	-
Total	5	12,003	5,511

During the 2021/2022 virtual meetings both National and Provincial meetings were mainly conducted due to COVID therefore the Travel and Subsistence was less compared to the 2022/2023 financial year. The mandate of the department is to provide hands on support and interventions and oversight over municipalities. There were more targeted interventions in municipalities and site visits of housing projects in the 2022/2023 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

5.8 Other operating expenditure

	Note	2022/23 R'000	2021/22 R'000
Resettlement costs		103	-
Other		1,300	1,037
Total	5	1,403	1,037

5.9 Remuneration of members of a commission or committee of inquiry (Included in Consultants: Business and advisory services)

Name of Commission / Committee of Inquiry	Note	2022/23 R'000	2021/22 R'000
Risk Management Committee; Rental Housing Tribunal Committee	5	343	86
Total		343	86

The department is responsible for paying of sitting allowances to all Housing Tribunal committee members for National and Provincial meetings.

6. Payments for financial assets

	Note	2022/23 R'000	2021/22 R'000
Debts written off	6.1	24	452
Total		24	452

Irrecoverable Salary related debts in deceased cases written off in the 2022/2023 financial year.

6.1 Debts written off

Nature of debts written off	Note	2022/23 R'000	2021/22 R'000
Salary and Tax debt		24	452
Total debt written off	6	24	452

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

7. Transfers and subsidies

	Note	2022/23 R'000	2021/22 R'000
Non-profit institutions	Annex 1F	1,543	1,400
Households	Annex 1G	551,088	514,690
Total		552,631	516,090

Included in transfers and subsidies to Non-profit institutions is a once-off transfer made to the Traditional Councils to augment salaries and wages of the administrative personnel.

8. Expenditure for capital assets

	Note	2022/23 R'000	2021/22 R'000
Tangible capital assets		6,711	5,748
Buildings and other fixed structures	39		
Machinery and equipment	37	6,711	5,748
Intangible capital assets		1,618	459
Software	38	1,618	459
Total		8,329	6,207

8.1 Analysis of funds utilised to acquire capital assets - Current year

	2022/23		
Name of entity	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible capital assets	6,711	-	6,711
Buildings and other fixed structures			
Machinery and equipment	6,711		8,867
Intangible capital assets	1,618		1,618
Software	1,618		1,618
Total	8,329	-	8,329

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

8.2 Analysis of funds utilised to acquire capital assets - Prior year

Name of entity	2021/22		
	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible capital assets	5,748	-	5,748
Buildings and other fixed structures			
Machinery and equipment	5,748	-	5,748
Intangible capital assets	459		459
Software	459		459
Total	6,207	-	6,207

8.3 Finance lease expenditure included in Expenditure for capital assets

	Note	2022/23 R'000	2021/22 R'000
Tangible capital assets			
Buildings and other fixed structures			
Machinery and equipment		5,107	3,910
Total		5,107	3,910

9. Cash and cash equivalents

	Note	2022/23 R'000	2021/22 R'000
Consolidated Paymaster General Account		60,861	35,761
Cash on hand		7	7
Total		60,868	35,768

10. Prepayments and advances

	Note	2022/23 R'000	2021/22 R'000
Staff advances			
Travel and subsistence			
Prepayments (Not expensed)	13.2		
Advances paid (Not expensed)	13.1		
Total			

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

10.1 Prepayments (Expensed)

	2022/23			
	Amount as at 1 April 20YY R'000	Less: Received in the current year R'000	Add / Less: Other R'000	Add Current year prepayments R'000
	Amount as at 31 March 2023 R'000			
Transfers and subsidies	32,000		-32,000	
Capital assets	-		-	
Other	-		-	
Total	32,000	-	-32,000	

Bigen Africa is the implementing agent for Lerato Park CRUs. No funds were transferred in the 2022/2023 financial year. Bigen Africa spent funds available from transfers made in prior financial years in the 2022/2023 financial year.

10.2 Prepayments (Expensed)

	2021/22			
	Amount as at 1 April 2021 R'000	Less: Received in the current year R'000	Add / Less: Other R'000	Add Current year prepayments R'000
	Amount as at 31 March 2022 R'000			
Transfers and subsidies	8,147	-	-	23,853
Capital assets	-	-	-	-
Other	-	-	-	-
Total	8,147	-	-	23,853

11. Receivables

		2022/23			2021/22		
	Note	Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
Claims recoverable	14.1	-	-	-	69,123	38	69,161
Recoverable expenditure	14.3	69	276	345	101	265	366
Staff debt	14.4	63	19	82	6	19	25
Other receivables	14.5						
Total		132	295	427	69,230	322	69,552

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

11.1 Claims recoverable

	Note	2022/23 R'000	2021/22 R'000
Provincial departments		-	69,161
Total	11	-	69,161

11.2 Recoverable expenditure

	Note	2022/23 R'000	2021/22 R'000
<i>Group major categories, but list material items</i>			
Sal Tax Debt		-	-
Sal Reversal Control		27	31
Sal ACB Recalls		135	99
Sal Income Tax		-	9
Sal Deduction Disall Acc		183	183
Claims Rec		-	-
Pension Rec		-	44
Sal GEHS Refund		-	-
Sal Pension Fund		-	-
Total	11	345	366

11.3 Staff debt

	Note	2022/23 R'000	2021/22 R'000
<i>Group major categories, but list material items</i>			
Staff Debt e.g., bursary debt		82	25
Total	11	82	25

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

12. Voted funds to be surrendered to the Revenue Fund

	Note	2022/23 R'000	2021/22 R'000
Opening balance		116,672	194,684
Prior period error	17.2		-
As restated		116,672	194,684
Transferred from statement of financial performance (as restated)		69,077	116,672
Add: Unauthorised expenditure for the current year		-	-
Voted funds not requested/not received	1.1	-	-
Transferred to retained revenue to defray excess expenditure (<i>Parliament/Legislatures</i>)	17.1	-	-
Conditional grants surrendered by the provincial department	17.3	-	
Paid during the year		-116,672	-194,684
Closing balance		69,077	116,672

12.1 Reconciliation on unspent conditional grants

	Note	2022/23 R'000	2021/22 R'000
Total conditional grants received	1.2	551,619	581,973
Total conditional grants spent		(551,222)	(512,826)
Unspent conditional grants to be surrendered		397	69,147-
Less: Paid to the Provincial Revenue Fund by Provincial department		-	(69,147)
Approved for rollover		-	-
Not approved for rollover		-	(69,147)
Add: Received from provincial revenue fund by national department	17	-	-
Due by the Provincial Revenue Fund		397	-

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

	Note	2022/23 R'000	2021/22 R'000
Opening balance		306	109
Prior period error	18.1		
As restated		306	109
Transferred from statement of financial performance (as restated)		1,351	27
Own revenue included in appropriation		730	696
Paid during the year		-1,927	-526
Closing balance		460	306

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

14. Payables - current

	Note	2022/23 R'000	2021/22 R'000
Amounts owing to other entities			
Advances received			
Clearing accounts	14.1	-	7
Other payables	14.2	3,385	-
Total		3,385	7

14.1 Clearing accounts

Description	Note	2022/23 R'000	2021/22 R'000
Sal Reversal Acc		-	7
Total	14	-	7

14.2 Other payables

Description	Note	2022/23 R'000	2021/22 R'000
Claims Recoverable		3,385	-
Total	14	3,385	-

15. Payables - non-current

	Note	2022/23				2021/22
		One to two years R'000	Two to three years R'000	Older than three years R'000	Total R'000	Total R'000
Advances received	21.1					
Other payables	15.1	-	-	5	5	22
Total		-	-	5	5	22

15.1 Other payables

Description	Note	2022/23 R'000	2021/22 R'000
Income Tax		5	13
Claims Rec		-	9
Total	15	5	22

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

16. Net cash flow available from operating activities

	Note	2022/23 R'000	2021/22 R'000
Net surplus/(deficit) as per Statement of Financial Performance		70,428	116,699
Add back non-cash/cash movements not deemed operating activities		-34,908	-259,817
(Increase)/decrease in receivables		69,098	-68,731
(Increase)/decrease in prepayments and advances			
(Increase)/decrease in other current assets			
Increase/(decrease) in payables - current		3,378	-2,753
Proceeds from sale of capital assets			
Proceeds from sale of investments			
(Increase)/decrease in other financial assets			
Expenditure on capital assets		10,485	6,207
Surrenders to RDP Fund/Donors		-118,599	-195,210
Voted funds not requested/not received			
Own revenue included in appropriation		730	696
Other non-cash items		-	-26
Net cash flow generating		35,520	-143,118

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

	Note	2022/23 R'000	2021/22 R'000
Consolidated Paymaster General account		60,861	35,761
Cash on hand		7	7
Total		60,868	35,768

18. Contingent liabilities and contingent assets

18.1 Contingent liabilities

Liable to	Nature	Note	2022/23 R'000	2021/22 R'000
Motor vehicle guarantees	Employees	Annex 3A		
Housing loan guarantees	Employees	Annex 3A	50	50
Other guarantees		Annex 3A	-	-
Claims against the department		Annex 3B	8,005	145
Intergovernmental payables		Annex 5	604	604
Total			8,659	799

NOTES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2023

Provision is made for possible contingent liability in the court case matter between the department of CoGHSTA and Cross Border Development. An application was made for monies due to CoGHSTA which were retained by the respondent as security.

18.2 Contingent assets

Nature of contingent asset	Note	2022/23 R'000	2021/22 R'000
Wiets Transport		-	400
Total		-	400

The department recover the amount of R392 thousand from Wiets Transport in the 2022/2023 financial year. The difference of R8 thousand is the excess amount the department had to pay as part of the settlement agreement with Wiets Insurers.

19. Accruals and payables not recognised

19.1 Accruals

Listed by economic classification	Note	2022/23			2021/22
		30 Days R'000	30+ Days R'000	Total R'000	Total R'000
Goods and services		5,347	878	6,225	2,466
Interest and rent on land					
Transfers and subsidies					
Capital assets					
Other					
Total		5,347	878	6,225	2,466

Listed by programme level	Note	2022/23 R'000	2021/22 R'000
Administration		5,718	2,326
Human Settlements		27	55
Co-Operative Governance		261	23
Traditional Institutional Management		219	62
Total		6,225	2,466

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

19.2 Payables not recognised

	<i>Note</i>	2022/23			2021/22
		30 Days R'000	30+ Days R'000	Total R'000	Total R'000
Listed by economic classification					
Goods and services		2,799	69	2,868	11,213
Interest and rent on land		-	-	-	-
Transfers and subsidies		-	-	-	3,360
Capital assets		-	-	-	-
Other		302	-	302	-
Total		3,101	69	3,170	14,573
	<i>Note</i>	2022/23		2021/22	
Listed by programme level		R'000		R'000	
Administration		2,015		11,135	
Human Settlements		83		3,381	
Co-Operative Governance		200		40	
Traditional Institutional Management		872		17	
Total		3,170		14,573	

20. Employee benefits

	<i>Note</i>	2022/23 R'000	2021/22 R'000
Leave entitlement		17,028	19,332
Service bonus		7,945	7,257
Performance awards		4,257	1,461
Capped leave		1,693	1,728
Other		115	104
Total		31,038	29,882

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

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

21. Lease commitments

21.1 Operating leases

2022/23				
Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
R'000	R'000	R'000	R'000	R'000
Not later than 1 year		13,325	2,209	15,534
Later than 1 year and not later than 5 years		46,675	1,835	48,510
Later than 5 years		17,305		17,305
Total lease commitments		77,305	4,044	81,349

2021/22				
Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
R'000	R'000	R'000	R'000	R'000
Not later than 1 year		10,471	3,577	14,048
Later than 1 year and not later than 5 years		37,332	4,045	41,377
Later than 5 years		35,987	-	35,987
Total lease commitments		83,790	7,622	91,412

The 3 contracts for regional offices have been extended:
 Umbra (Upington): 01.08.2022 – 31.01.24 (18 months)
 ANND Eiendomme (Springbok): 01.10.2022 – 31.03.2024 (18 months)
 Sequeira Brothers (De Aar): 01.10.2022 – 31.03.2024 (18 months)

21.2 Finance leases **

2022/23				
Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	1,462	1,462
Later than 1 year and not later than 5 years	-	-	2,081	2,081
Later than 5 years				
Total lease commitments	-	-	3,543	3,543

NOTES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2023

Finance leases relate to photocopy machines. A normal lease agreement period entered by the department is 36 months and thereafter it is renewed or terminated. Repairs and maintenance are included in the lease agreement. There is no sub-leasing of machines. Three (3) machines have been upgraded. Upgraded machines contracts started on start on 01.02.2023 and 01.04.2023 (2 machines).
1 Shredder (rental) for the main Registry has been added. Contract started on 01.03.2023.

	Specialised military equipment R'000	Land R'000	2021/22 Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	6,447	6,447
Later than 1 year and not later than 5 years	-	-	-	84	84
Later than 5 years	-	-	-	-	-
Total lease commitments	-	-	-	6,531	6,531

22. Unauthorised, Irregular and Fruitless and wasteful expenditure

	Note	2022/23 R'000	2021/22 R'000
Unauthorised expenditure - current year		-	-
Irregular expenditure - current year		6,911	16,766
Fruitless and wasteful expenditure - current year		180	33
Total		7,091	16,799

23. Related party transactions

	Note	2022/23 R'000	2021/22 R'000
Payments made			
Goods and services		304	168
Total		304	168

The Housing Fund was set up as a conduit for national housing funding and to hold all housing assets in the province. There has been a national decision to de-established the Housing Fund in all Provinces; however, the legislative changes to the National Housing Act have not yet been enacted to allow for the de-establishment of the Northern Cape Housing Development Fund. The department is responsible for the payment of Audit Fees. Key Management personnel as per Note 24 form part of Related parties due to the control and influence they have over the activities of the department.

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

24. Key management personnel

	2022/23 R'000	2021/22 R'000
Political office bearers	2,099	1,980
Officials:		
CFO and above	4,887	5,134
Levels 13	5,351	5,407
Family members of key management personnel	559	538
Total	12,896	13,059

Key management personnel are officials from level 14 and above and 13 who have authority and responsibility for planning, directing, and controlling the activities of the department. It also includes those acting in level 14 vacancies and family members that meets the definition of key management.

25. Provisions

	Note	2022/23 R'000	2021/22 R'000
Housing Retention Fees		18,144	25,695
Total		18,144	25,695

Retention fees are calculated by using the actual retention amount withheld, in terms of departmental housing projects built, from the contractors as per progress payment certificate paid. Retention money is set aside as security for the due completion of work and to enable a fund to be available to rectify defects which have not been rectified by the contractor. As per the department's business practice all retention money is released when the contractor is practical completed, and the retention amounts of projects are withheld as payments are made to the supplier as per the percentage retention per contract. There is an existent uncertainty about the timing of the retention outflows as management expects all retention amounts to be refunded to the supplier on practical completion of the project based on experience.

25.1 Reconciliation of movement in provisions - Current year

	Provision 1 R'000	Provision 2 R'000	Provision 3 R'000	Provision 4 R'000	Total provisions R'000
Opening balance	25,695	-	-	-	25,695
Increase in provision	2,725	-	-	-	2,725
Settlement of provision	-10,276	-	-	-	-10,276
Closing balance	18,144	-	-	-	18,144

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

Reconciliation of movement in provisions - Prior year

	2021/22				
	Provision 1	Provision 2	Provision 3	Provision 4	Total provisions
	R'000	R'000	R'000	R'000	R'000
Opening balance	6,492	-	-	-	6,492
Increase in provision	-	-	-	19,503	19,503
Settlement of provision	-	-300	-	-	-300
Closing balance	6,492	-300	-	19,503	25,695

26. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	2022/23				
	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	30,759	-	1,689	572	31,876
Transport assets	4,576	-	-	-	4,576
Computer equipment	12,721	-	163	357	12,527
Furniture and office equipment	10,491	-	1,291	148	11,634
Other machinery and equipment	2,971	-	235	67	3,139
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	30,759	-	1,689	572	31,876

26.1 MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	2021/22				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	32,635	-	1,882	3,758	30,759
Transport assets	7,672	-	-	3,096	4,576
Computer equipment	12,616	-	667	562	12,721
Furniture and office equipment	9,998	-	549	56	10,491
Other machinery and equipment	2,349	-	666	44	2,971
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	32,635	-	1,882	3,758	30,759

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

26.2 Minor assets

MOVEMENT IN MINOR CAPITAL ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023
2022/23

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	810	-	7,320	-	8,130
Additions	-	-	-	104	-	104
Disposals	-	-	-	214	-	214
Total Minor assets	-	810	-	7,210	-	8,020

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	446	-	3,866	-	4,312
Total number of minor assets	-	446	-	3,866	-	4,312

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

2021/22

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	810	-	6,996	-	7,806
Prior period error	-	-	-	-	-	-
Additions	-	-	-	529	-	529
Disposals	-	-	-	205	-	205
Total Minor assets	-	810	-	7,320	-	8,130

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	442	-	3,891	-	-	4,333
Number of minor assets at cost	-	-	-	-	-	-
Total number of minor assets	442	-	3,891	-	-	4,333

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

26.3 Movable tangible capital assets written off

MOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2023

	2022/23				
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets
	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	199	-
Total movable assets written off	-	-	-	199	-

27. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	2022/23			
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
SOFTWARE	1,821	1,618	-	3,439
TOTAL INTANGIBLE CAPITAL ASSETS	1,821	1,618	-	3,439

27.1 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	2021/22				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	1,362	-	459	-	1,821
TOTAL INTANGIBLE CAPITAL ASSETS	1,362	-	459	-	1,821

28. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	2022/23			
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	3,364	-	-	3,364
Other fixed structures	3,364	-	-	3,364
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	3,364	-	-	3,364

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

28.1 MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	2021/22				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	3,364	-	-	-	3,364
Other fixed structures	3,364	-	-	-	3,364
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	3,364	-	-	-	3,364

29. Principal-agent arrangements

29.1 Department acting as the principal

	Note	2022/23 R'000	2021/22 R'000
Bigen Africa		-	-
Management Fees		-	1,308
Cash Resources as 31 March 2023		-	24,211
Housing Development Agency		-	-
Cash Resources as 31 March 2023		28,626	38,292
Housing Development Agency Management fees		494	2,034
Total		29,120	65,845

Bigen Africa and Housing Development Agency (HDA) is acting as agents and is responsible for implementing housing projects and undertaking transactions on behalf of the department as per the agreement entered into with the department CoGHSTA. Agency fees are paid to them in this regard. The only resources under the custodianship of the implementing agencies were the cash that was paid by the department for project implementation.

The remaining balance inclusive of interest with Bigen amounts to R275 (2022: R24 million). No transfers of funds were made to Bigen Africa in the 2022/2023 financial year. An amount of R24 million spent in the 2022/2023 financial year was in relation to transfers made in the prior financial years. Upon suspension or termination of this Agreement and subject to the obligation of Bigen Africa to reduce expenditure to a minimum, CoGHSTA shall pay Bigen Africa all amounts which are due to Bigen Africa, the contractors and sub-consultants up to the date of termination or suspension, less amounts previously paid to Bigen Africa, contractors and sub-consultants, as well as reasonable costs incidental to the termination of the services to be delivered by Bigen Africa, the contractors and sub-consultants.

The remaining balance inclusive of interest with HDA is R29 million (2022: R38 million). An amount of R9,9 million was spent in the 2022/2023 financial year. Upon termination of the agreement between CoGHSTA and HDA the parties shall pay over to each other all remaining and excess funds (including accrued interest) as well as transfer any liabilities, risks, and rights.

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

30. Prior period errors
30.1 Correction of prior period errors

	Note	2021/22		
		Amount bef error correction	Prior period error	Restated
		R'000	R'000	R'000
<i>Other: (E.g. Unauthorised expenditure, Irregular expenditure, Fruitless and wasteful expenditure, etc.)</i>				
Irregular Expenditure	30	16,605	161	16,766
Net effect		16,605	161	16,766

Irregular expenditure has been restated. The adjustment arose because of a payment made to Mjila and Partners that was not disclosed as irregular expenditure in the 2021/2022 financial year. The adjustment arose because of a payment made to Mjila and Partners that was not disclosed as irregular in the 2021/2022 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

31. Statement of conditional grants received

Name of grant	2022/23									2021/22	
	GRANT ALLOCATION					SPENT				Division of Revenue Act / Provincial grants	Amount spent by department
	Division of Revenue Act / Provincial grants	Roll overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	Under- / (Overspending)	% of available funds spent by department		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Human Settlement Development Grant	373,541	-	-	-	373,541	373,541	373,541	-	100%	374,104	374,080
Consolidation support grant (EPWP)	2,106	-	-	-	2,106	2,106	1,709	397	81%	2,037	2,037
Prov Emergency Grant	-	-	-	-	-	-	-	-	-	69,123	-
Informal Settlement Grant	175,972	-	-	-	175,972	175,972	175,972	-	100%	136,709	136,709
TOTAL	551,619	-	-	-	551,619	551,619	551,222	397	-	581,973	512,826

32. Broad Based Black Economic Empowerment performance

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

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

ANNEXURE 1F
STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	2022/23						2021/22	
	TRANSFER ALLOCATION				EXPENDITURE			
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Non-profit institutions								
Transfers								
Pocket Money Households (Trad Aff)	1,543	-	-	1,543	1,543	-	1,400	1,400
TOTAL	1,543	-	-	1,543	1,543	-	1,400	1,400

The department provides financial support in the form of an annual transfer to the Traditional Councils.

ANNEXURE 1G
STATEMENT OF TRANSFERS TO HOUSEHOLDS

	2022/23						2021/22	
	TRANSFER ALLOCATION				EXPENDITURE			
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Household								
Transfers								
H/H Empl S/Ben:Leave Grat	-	-	-	-	575	-	-	1,733
Human Settlement Redev Pro	549,513	-	-	549,513	549,513	100%	579,936	510,789
Consolidation Support (EPWP)	-	-	-	-	-	-	2,037	2,037
H/H Claims against the State	-	-	-	-	7	-	-	-
H/H: Donations and Gifts	400	-	-	400	993	248%	-	131
TOTAL	549,913	-	-	549,913	551,088	-	581,973	514,690

Transfers and subsidies include cash donations made for households.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2023

ANNEXURE 1J STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

Nature of gift, donation or sponsorship (Group major categories but list material items including name of organisation)	2022/23 R'000	2021/22 R'000
Made in kind		
Donations	993	196
TOTAL	993	196

ANNEXURE 3A STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2023 - LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2022 R'000	Guarantees draw downs during the year R'000	Guarantees repayments/ cancelled/ reduced during the year R'000	Revaluation due to foreign currency movements R'000	Closing balance 31 March 2023 R'000	Revaluations due to inflation rate movements R'000	Accrued guaranteed interest for year ended 31 March 2023 R'000
ABSA	Housing	50	50	-	-	-	50	-	-
	TOTAL	50	50	-	-	-	50	-	-

ANNEXURE 3B STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2023

Nature of liability	Opening balance 1 April 2022 R'000	Liabilities incurred during the year R'000	Liabilities paid / cancelled / reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing balance 31 March 2023 R'000
Claims against the department	145	-	-	-	145
Pemberley Fleet	-	7,860	-	-	7,860
Cross Border Development	-	-	-	-	-
TOTAL	145	7,860	-	-	8,005

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

ANNEXURE 5
INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2022/23 *	
							Payment date up to six (6) working days after year end	Amount
	31/03/2023 R'000	31/03/2022 R'000	31/03/2023 R'000	31/03/2022 R'000	31/03/2023 R'000	31/03/2022 R'000		R'000
DEPARTMENTS								
Current								
Dept of Justice & Con Dev	-	-	327	327	327	327	-	-
Dept Sport Arts and Culture	-	-	277	277	277	277	-	-
TOTAL INTER-GOVERNMENT PAYABLES	-	-	604	604	604	604	-	-

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

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

ANNEXURE 6
INVENTORIES

	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Total
	R'000	R'000	R'000	R'000	R'000
Inventories for the year ended 31 March 2023					
Opening balance	-	-	-	2,227,369	2,227,369
Add/(Less: Adjustments to prior year balances	-	-	-	(159,129)	-
Add: Additions/Purchases - Cash	-	-	-	530,186	-
Add: Additions - Non-cash	-	-	-	-	-
(Less): Disposals	-	-	-	-	-
(Less): Issues	-	-	-	(2,993)	-
Add/(Less): Received current, not paid; (Paid current year, received prior year)	-	-	-	-	-
Add/(Less): Adjustments	-	-	-	-	-
Closing balance	-	-	-	2,595,433	2,227,369

	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Total
	R'000	R'000	R'000	R'000	R'000
Inventories for the year ended 31 March 2022					
Opening balance	-	-	-	1,605,484	1,605,484
Add/(Less: Adjustments to prior year balances	-	-	-	-	-
Add: Additions/Purchases - Cash	-	-	-	623,956	623,956
Add: Additions - Non-cash	-	-	-	-	-
(Less): Disposals	-	-	-	-	-
(Less): Issues	-	-	-	(2,071)	(2,071)
Add/(Less): Received current, not paid; (Paid current year, received prior year)	-	-	-	-	-
Add/(Less): Adjustments	-	-	-	-	-
Closing balance	-	-	-	2,227,369	2,227,369

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2023

ANNEXURE 10

DEPARTMENT OF HUMAN SETTLEMENTS HOUSING RELATED EXPENDITURE CLASSIFICATION

	Note	2022/23 R'000	2021/22 R'000
Inventories			
Goods and Services		549,513	512,985
TOTAL		549,513	512,985





PART G

HOUSING FUND FINANCIALS

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Northern Cape Housing Development Fund set out on pages **178 to 188**, which comprise the statement of financial position as at 31 March 2023, the statement of financial performance, the statement of changes in net assets for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Northern Cape Housing Development Fund as at 31 March 2023, and its financial performance for the year then ended in accordance with the Generally Recognised Accounting Practice (Standards of GRAP) and the Housing Fund Act of South Africa (Act No.107 of 1997).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified opinion.

Material uncertainty related to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 11 to the financial statement which indicates that there has been a national decision to de-establish the Northern Cape Housing Development Fund in all provinces. As stated in note 11, these events or conditions indicate that material uncertainty exist that may cast significant doubt on the ability of Northern Cape Housing Development Fund to continue as a going concern.

EMPHASIS OF MATTER

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

Restatement of corresponding figures

9. As disclosed in note 14 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2022.

Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP, the Housing Fund Act of South Africa (Act No. 71 of 1997) 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.
11. In preparing the financial statements, the accounting officer is responsible for assessing the 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 entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

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

PERFORMANCE INFORMATION REPORTING

14. As the entity was dormant for the year under review, no work was performed on the audit of predetermined objectives.

AUDIT OF COMPLIANCE WITH LEGISLATION

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

OTHER INFORMATION IN THE ANNUAL REPORT

16. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements and the auditor's report.
17. My opinion on the financial statements do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

18. 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.
19. 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

20. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
21. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion.
22. Management did not implement controls to ensure that the information submitted to compile the annual financial statements is adequately reviewed.

Auditor General

Auditor General
Kimberley
31 July 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

2. ANNUAL FINANCIAL STATEMENTS

NORTHERN CAPE HOUSING DEVELOPMENT FUND

Annual Financial Statements for the year ended 31 March 2023

Accounting Officer's Responsibilities and Approval

The accounting officer is required 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 satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the fund, and explain the transactions and financial position of the business of the fund at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the fund and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that they are 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, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the fund and all office bearers are required to maintain the highest ethical standards in ensuring the fund's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the fund is on identifying, assessing, managing, and monitoring all known forms of risk across the fund. 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 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 going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the accounting officer has no reason to believe that the fund will not be a going concern in the foreseeable future. The annual financial statements support the viability of the fund.

The annual financial statements have been audited by the independent auditing firm, Auditor General of South Africa, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the accounting officer, the accounting officer, and committees of the accounting officer. The accounting officer believes that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's audit report is presented on pages 172 to 174.

The annual financial statements set out on pages 178 to 188 which have been prepared on the going concern basis, were approved by the accounting officer, and were signed on 31 July 2023.

Mr. B S Lenkoe
Accounting Officer
Northern Cape Department of Cooperative Governance, Human Settlements and Traditional Affairs
31 July 2023

Accounting Officer's Report

The accounting officer presents their report for the year ended 31 March 2023.

1. Review of financial results and activities

Main business and operations

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

The fund generated a deficit after tax for the year ended 31 March 2023 of R265,005 (2022: surplus of R427,558).

The fund's revenue increased from R216,529 in the prior year to R283,151 for the year ended 31 March 2023.

The fund had no cash flows from operating activities for the year ended 31 March 2023.

2. Going concern

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

The accounting officer believes that the fund has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis.

The accounting officer has satisfied himself that the fund is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The accounting officer is not aware of any new material changes that may adversely impact the fund. The accounting officer is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the fund.

3. Events after reporting date

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

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

4. Accounting Officer

The accounting officer of the fund during the year and up to the date of this report is as follows:
Mr. B.S. Lenkoe

5. Independent Auditors

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

6. Compilers

Risen Advisory were the compilers for the year under review.

NORTHERN CAPE HOUSING DEVELOPMENT FUND
Annual Financial Statements for the year ended 31 March 2023

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

Figures in Rand	Note(s)	2023	2022
ASSETS			
Current Assets			
Inventories	4	18,706,000	18,696,000
Total Assets		18,706,000	18,696,000
Equity and liabilities			
Equity			
Accumulated surplus		18,063,863	18,328,868
Liabilities			
Current Liabilities			
Trade and other payables	5	642,137	367,132
Total Equity And Liabilities		18,706,000	18,696,000

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2023	2022
Revenue	7		
Services in kind		283,151	216,529
Other expenses	8	(558,156)	(388,971)
Auditors' remuneration - Fees		(223,719)	(167,654)
Consulting Fees		(59,432)	(48,875)
Rates and Taxes		(275,005)	(172,442)
Other gains and losses	9		
Fair value adjustments			
(Deficit) / Surplus from operating activities		(265,005)	427,558
(Deficit) / Surplus for the year		(265,005)	427,558

NORTHERN CAPE HOUSING DEVELOPMENT FUND
Annual Financial Statements for the year ended 31 March 2023

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2022

Figures in Rand	Accumulated surplus	Total
Balance at 1 April 2021 as previously reported	10,851,310	10,851,310
Increase (decrease) due to corrections of prior period errors	7,050,000	7,050,000
Balance at 1 April 2021 as restated	17,901,310	17,901,310
Changes in equity	427,558	427,558
Surplus for the year	427,558	427,558
Total comprehensive income for the year	18,328,868	18,328,868
Balance at 31 March 2022	18,328,868	18,328,868
Balance at 1 April 2022		
Changes in equity		
Deficit for the year	(265,005)	(265,005)
Total comprehensive income for the year	(265,005)	(265,005)
Balance at 31 March 2023	18,063,863	18,063,863

NORTHERN CAPE HOUSING DEVELOPMENT FUND
Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1. General information

Northern Cape Housing Development Fund ('the fund') principal activity is housing development.

The fund is incorporated as a Fund and domiciled in South Africa. The address of its registered office is.

2. Basis of preparation and summary of significant accounting policies

The financial statements of Northern Cape Housing Development Fund have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP). The financial statements have been prepared under the historical cost convention unless specified otherwise. They are presented in South African Rand.

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

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

2.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

NORTHERN CAPE HOUSING DEVELOPMENT FUND
Annual Financial Statements for the year ended 31 March 2023

When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts.

There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Trade and other payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest.

2.2 Inventories

Definition

Inventories are assets:

- In the form of materials or supplies consumed in the production process.
- In the form of materials or supplies to be consumed or distributed in the rendering of services.
- Held for sale or distribution in the ordinary course of operation.
- In the process of production for sale or distribution

Recognition

Inventories are recognized as an asset when

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

Measurement

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

Subsequent inventories are measured at lower of cost and net realizable value, except for property inventory which is measured at municipal valuation. This includes property inventory that are held for:

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

NORTHERN CAPE HOUSING DEVELOPMENT FUND
Annual Financial Statements for the year ended 31 March 2023

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

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

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

2.3 Revenue

Revenue recognition

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners. Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit. Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes. Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange. Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity. Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others. The taxable event is the event that the government, legislature, or other authority has determined will be subject to taxation. Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

An inflow of resources from a non-exchange transaction recognized as an asset is recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow. As the Fund satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it reduces the carrying amount of the liability recognized and recognizes an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognized by the entity. When, as a result of a non-exchange transaction, the entity recognizes an asset, it also recognizes revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognize a liability. Where a liability is required to be recognized it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognized as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognized as revenue. Transfers Apart from Services in kind, which are not recognized, the entity recognizes an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset. The entity recognizes an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

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

Services in kind

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

Conditional grants and receipts

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

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2.4 Related parties

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

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

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

3. Critical accounting estimates and judgements

In the application of the entity's accounting policies, which are described below, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2023	2022
4. Inventories		
Inventories comprise:		
Properties for devolution	18,706,000	18,696,000
A register containing information on the properties owned by the Fund is available at the Fund's registered address.		
The fund is currently in the process of transferring the above-mentioned properties to the various local authorities through a devolution process.		
5. Trade and other payables		
Trade and other payables from non-exchange transactions comprise:		
Municipal rates and transfer costs	642,137	367,132
6. Financial risk factors		
The fund's financial instruments consist mainly of trade and other receivables and other payables. All financial instruments are recognized at fair value. Trade receivables and payables financial instruments approximate their fair value due to the short-term nature of these instruments. The fair value together with the carrying amounts have been determined by using available market information and are presented in the Statement of Financial Position as detailed below:		
Carrying amount of financial liabilities by category		
	Debt instruments at amortised cost	Total
Year ended 31 March 2023		
Trade and other payables excluding non-financial liabilities (Note 5)	642,137	642,137
Year ended 31 March 2022		
Trade and other payables excluding non-financial liabilities (Note 5)	367,132	367,132

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Figures in Rand	2023	2022
7. Revenue		
Revenue from non-exchange transactions comprises:		
NC CoGHSTA - Services in kind	283,151	216,529
The Department, which is a related party, paid rates and taxes and property transfer fees, audit fees on behalf of the fund. This payment is treated as income in the accounting records of the housing fund.		
8. Other expenses		
Other expenses comprise:		
Auditors' remuneration - Fees	223,719	167,654
Consulting fees	59,432	48,875
Property related expenses	275,005	172,442
Total other expenses	558,156	388,971
9. Other gains and (losses)		
Other gains and (losses) comprise:		
Other fair value gains and (losses)	10,000	600,000
10. Related parties		
10.1 Government related parties		
Entity name	Nature of relationship	
NC CoGHSTA	The Housing Fund's operations and management decisions are controlled by the Northern Cape Department of Cooperative Governance, Human Settlements and Traditional Affairs. The Department, which is a related party, paid rates and taxes and property transfer fees, audit fees on behalf of the fund. This payment is treated as income in the accounting records of the housing fund.	

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Figures in Rand		2023	2022
10.2	Related party transactions and balances	NC CoGHSTA	Total
	Year ended 31 March 2023		
	Related party transactions		
	Services in kind	283,151	283,151
	Year ended 31 March 2022		
	Related party transactions		
	Services in kind	216,529	216,529
11.	Going concern		
	The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.		
	The ability of the fund to continue as a going concern is dependent on several factors in the midst economic climate at the time. There has been a decision taken to de-establish the Housing Fund in all provinces, however, legislative changes to the National Housing Act, 1997 (Act No 107 of 1997) have not yet been enacted to allow for the de-establishment of the Northern Cape Housing Fund. It is probable that the Fund will transfer all remaining properties to local authorities during the 2023/2024 financial year.		
12.	Adjusted comparative information		
	Adjustments to the statement of financial position		
		As presented	Adjusted
		Management adjustment	
13.	Cash flows from operating activities		
	(Deficit) / surplus for the year	(265,005)	427,558
	Adjustments for:		
	Fair value gains and losses	(10,000)	(600,00)
	Change in operating assets and liabilities:		
	Adjustments for increase in other operating payables	275,005	172,442
	Net cash flows from operations	-	-

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Figures in Rand

2023

2022

14. Prior period errors

The following prior period errors were corrected in the current year. The effect of the error is disclosed below.

14.1 Inventory accounting policy

The prior year accounting policy stated the following:

"Subsequent inventories are measured at lower of cost and net realizable value.

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

- Distribution at no charge or for a nominal charge or.
- Consumption in the production process of goods to be distributed at no charge or for a nominal charge."

Inventory consisting of properties were however not valued as per the policy disclosed in the past but rather against municipal valuations. The accounting policy has been amended in the current year and has no financial impact.

14.2 The consulting fees for the 2022 financial year were not recorded in the prior year financial statements. This has been corrected retrospectively resulting in an increase of services in kind income and consulting fees expense of R48,875. This therefore has no effect on the accumulated surplus. The disclosure note for related parties have been adjusted accordingly.

14.3 Inventory incorrectly valued

Erf 401 included in the inventory register was recorded at the incorrect value. The property was revalued in the 2021 financial year and the prior period inventory balance and accumulated surplus has been adjusted to reflect this.

The impact on each line item of the financial statements is as follows:

	As presented	Management adjustment	Adjusted
Year ended 31 March 2022			
Assets			
Current assets			
Inventories	11,646,000	7,050,000	18,696,000
Total current assets	11,646,000	7,050,000	18,696,000
Equity and liabilities			
Equity			
Retained earnings	10,851,310	7,050,000	17,901,310
Total equity	10,851,310	7,050,000	17,901,310

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