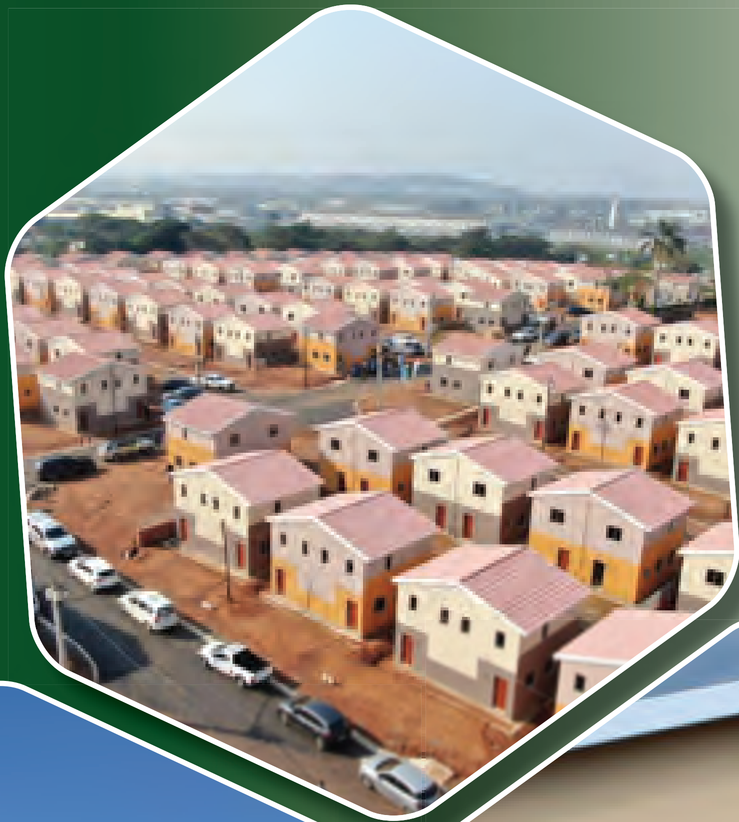
KWAZULU-NATAL PROVINCE
HUMAN SETTLEMENTS
REPUBLIC OF SOUTH AFRICA

Annual Report 2023/24

KWAZULU-NATAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 08

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PART A:
GENERAL INFORMATION

1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS / ACRONYMS

ACTT	Anti-Corruption Task Team	**AFS**	Annual Financial Statements
AGSA	Auditor-General of South Africa	**AO**	Accounting Officer
APP	Annual Performance Plan	**AR**	Annual Report
ASGISA	Accelerated and Shared Growth Initiatives for South Africa	**BBBEE**	Broad Based Black Economic Empower ment
BEE	Black Economic Empowerment	**BNG**	Breaking New Ground
CBD	Central Business District	**CETA**	Construction Education and Training Authority
CFO	Chief Financial Officer	**CG**	Conditional Grant
CIDB	Construction Industry Development Board	**CIP**	Comprehensive Infrastructure Plan
COGTA	Cooperative Governance and Traditional Affairs	**COP**	Community of Practice
CRU	Community Residential Unit	**DBSA**	Development Bank of Southern Africa
DFI	Development Finance Institution	**DHS**	Department of Human Settlements
DLA	Department of Land Affairs	**DMV**	Department of Military Veterans
DORA	Division of Revenue Act	**DPSA**	Department of Public Service and Administration
DTT	Departmental Task Team	**EAAB**	Estate Agency Affairs Board
EEDBS	Enhanced Extended Discount Benefit Scheme	**EPRE**	Estimates of Provincial Revenue and Expenditure
EPWP	Expanded Public Works Programme	**FET**	Further Education and Training
FLISP	Finance Linked Individual Subsidy Programme	**GHS**	General Household Survey
GIS	Geographical Information System	**GRAP**	Generally Recognized Accounting Practices
GVA	Gross Value Added	**GWEA**	Government Wide Enterprise Architecture
HDA	Housing Development Agency	**HEAC**	Housing Evaluation and Adjudication Committee
NHNR	National Housing Needs Register	**HDP**	Housing Development Plan
HH	Households	**HOD**	Head of Department
HSDG	Human Settlements Development Grant	**HSP**	Housing Sector Plan
IDP	Integrated Development Plan	**IGRFA**	Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005)
IRDP	Integrated Residential Development Programme	**IRDS**	Integrated Rural Development Strategy
ISDS	Integrated Sustainable Development Strategy	**ISUP**	Informal Settlement Upgrade Programme
ITB	Ingonyama Trust Board	**KZN**	KwaZulu-Natal
KZNDHS	KwaZulu-Natal Department of Human Settlements	**KZNPA**	KwaZulu-Natal Provincial Administration
LEFTEA	Less Formal Township Establishment Act, 1991	**MBASA**	Master Builders Association of South Africa
MEC	Member of Executive Council	**MDG**	Millennium Development Goals
MI	Mortgage Insurance	**MIG**	Municipal Infrastructure Grant
MINMEC	Ministers and Members of Executive Councils	**MHDP**	Municipal Housing Development Plan

MHSP	Municipal Housing Spatial Plan	**MOU**	Memorandum of Understanding
MSP	Master Spatial Plan	**MTEF**	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework	**MYHD**	Multi Year Housing Development Plan
NDHS	National Department of Human Settlements	**NHBRC**	National Home Builders Registration Council
NHFC	National Housing Finance Corporation	**NHNR**	National Housing Needs Register
NDP	National Development Plan	**NSDA**	Negotiated Service Delivery Agreement
NSDP	National Spatial Development Plan	**NURCHA**	National Urban Reconstruction & Housing Agency
NUSP	National Upgrading Support Programme	**OSD**	Occupational Specific Dispensation
OSS	Operation Sukuma Sakhe	**OTP**	Office of the Premier
PEHG	Provincial Emergency Housing Grant	**PES**	Provincial Equitable Share
PGDP	Provincial Growth and Development Plan	**PFMA**	Public Finance Management Act
PHDP	Provincial Housing Development Plan	**PGDS**	Provincial Growth and Development Strategy
PIAS	Provincial Internal Audit Services	**PHP**	Peoples Housing Process
PPC	Provincial Planning Commission	**PIE**	Prevention of Illegal Eviction from and Unlawful Occupation of Land Act
PSETA	Provincial Sector of Education and Training Agency	**PSEDS**	Provincial Spatial Economic Development Strategy
RHAF	Rental Housing Association Fund	**RDP**	Reconstruction and Development Programme
SABS	South African Bureau of Standards	**RHLF**	Rural Housing Loan Fund
SCM	Supply Chain Management	**SALGA**	South African Local Government Association
SDIP	Service Delivery Improvement Plan	**SDG**	Sustainable Development Goals
SHF	Social Housing Foundation	**SHA**	Social Housing Association
SHRA	Social Housing Regulatory Authority	**SHI**	Social Housing Institution
SIP	Strategic Infrastructure Project	**SHSS**	Sustainable Human Settlements Strategy
SMME	Small Medium and Micro Enterprises	**SITA**	State Information Technology Agency
SLA	Service Level Agreement	**SOE**	State Owned Enterprises
TR	Treasury Regulations	**TEC**	Technical Evaluation Committee
TRP	Title Deed Restoration Programme	**TRA**	Temporary Residential Accommodation
PHDA	Priority Housing Development Area	**POPIA**	Protection of Personal Information Act
UISP	Upgrading of Informal Settlements Programme	**FTE**	Full Time Equivalent

3. FOREWORD BY THE MEC

The Honourable

Mr. S. A. Duma, MPL

Member of the Executive Council for Department of Transport and Human Settlements, KwaZulu-Natal

This report, being tabled in the Nelson Mandela centenary, is introduced by a quote of inspiration often stated and personally proven to be correct by our legend and icon: "*When people are **determined** they can overcome anything*". This quote served as a motto for the KwaZulu-Natal Department of Human Settlements.

The role of the human settlements sector within the Province remains a fundamental driver to support economic growth and recovery and to address the inherent legacies of the apartheid forms of planning and development patterns. This was also noted by the Honourable Premier of the Province of KwaZulu- Natal, Ms. Nomusa Dube-Ncube, during her 2024 State of the Province Address, wherein it was stated that **"a direct link remains between our inherited spatial patterns and the stubborn persistence of poverty, inequality, and economic inefficiency".** This thus underpins the responsibilities and obligations of the Department in its endeavour to progressively fulfil the citizens of this Province's fundamental right to access adequate housing, to live in dignity and under habitable circumstances.

The enclosed data on performance shows a Department steadfast in its compliance with Outcome 8 principles in respect of an improved quality of life for all. The spread of housing opportunities shows a Department that is intent to provide comfort and dignity to not only the poor. The development goalposts have been shifted to highlight the urban development agenda well.

The Department ensures that its performance and interventions are all geared towards partnerships, innovation and delivery. These have realised outcomes in this reporting period which further stamp the Department as not merely the provider of housing structures but of sustainable human settlements. Communities in Projects now have access to sports fields, community halls, crèches, small business and multi-purpose centres.

The Department will continue to play a dominant role to promote the socio-economic upliftment and empowerment of designated groups in the construction industry through the implementation of programmes that support the national priorities of the advancement of vulnerable groups and also ensures that their rights and privileges are prioritized. I therefore wish to reaffirm the commitment to maximise the potential of women, youth and persons with disabilities (designated groups) through skills development and addressing joblessness, poverty and inequality.

The plight of the most vulnerable and destitute remains a key priority intervention for this Department and in line with the national and provincial imperatives, will continue to implement human settlements interventions to address their housing needs as well as other pertinent social and economic challenges such as poverty and inequality. The implementation of projects for farm dwellers and military veterans as well as the provision of housing under Operation Sukuma Sakhe bears testimony to this commitment. Decisive action through the provision of home/asset ownership with the issuing of title deeds to uplift the lives of the most vulnerable and marginalized citizens of this Province will also be prioritized.

The outcomes of the 2023/24 financial year provides tangible proof of a Department hard at work as all its business units are working together to ensure a "better life for all". I appreciate the work done by the Head of Department, staff and all partners in implementing a plan of action which includes quality as a foundation, walled by integrity and pride and cemented by sheer **determination.**

Honourable Mr. S. A. Duma, MPL
MEC for Transport and Human Settlements
KwaZulu-Natal
Date: 31 August 2024

4. REPORT OF THE ACCOUNTING OFFICER

Mr. M.O.S. Zungu

Accounting Officer

KwaZulu-Natal Department of Human Settlements

Overview of the operations of the Department

The Department of Human Settlements has become more resolute in the provision of sustainable human settlements. We better coordinated, strategic and determined to achieve the department's vision of ***"Together Breaking New Ground to achieve decent, integrated and sustainable human settlement patterns".*** We are more efficient and prudent in the use of the Human Settlements Development Grant and are doing more with less without hurting the citizenry.

The KwaZulu-Natal Department of Human Settlements seeks to mobilise this energy and to cement partnerships to ensure the fulfilment of its mandate to provide *"houses, security and comfort to all"*. A Programme that mobilizes this energy is the Enhanced People's Housing Process (EPHP) which is part of a national initiative and which provides for community / beneficiary involvement in the construction of their houses.

The current financial constraints and the extent of the backlogs, compels us to seek different ways of reaching more people despite the limitations. The central challenges we face are a growing population and spiralling urbanisation.

Armed with the National Development Plan (NDP) and the Human Settlements Master Spatial Plan which complement our Provincial Growth and Development Strategy (PGDS) and Provincial Infrastructure Master Plan, we are focussing on appropriate areas where Human Settlements would make a maximum development impact. This has informed a rural to urban paradigm shift with greater focus on informal settlements upgrades, serviced sites and the GAP market. We will also see an incremental increase in the provision of social housing (rental).

The imperatives of Radical Economic Transformation have long informed our approach to delivery of our programmes. Any credible analysis of our beneficiary, Implementing Agent and contractor profiles will reveal that those empowerment objectives have been met. A more difficult challenge is on the building materials production and supply side.

The core mandate of the Department to provide sustainable human settlements is gaining momentum in spite of challenges encountered as we steam ahead in ensuring that the strategic objectives are aligned and achieved to the core delivery of the Department.

The Department has delivered to its citizens in KwaZulu-Natal, a total of ***14,934 housing opportunities*** in the form of completed houses, serviced sites, title deeds, rectification and maintenance of government-owned stock in the 2023/24 financial year.

The actual delivery per subsidy instrument is as follows:

Human Settlements Programme	Other	Units	Sites
Integrated Residential Development Programme	-	1,553	197
Informal Settlement Upgrading	-	-	2,666
Housing Finance Linked Individual Subsidies [R3,501 – R22,000]	-	319	-
Military Veterans Housing Programme	-	19	-
Rural Housing: Communal Land Rights	-	6,939	-
Consolidation Housing Programme	-	138	-
Operation Sukuma Sakhe	-	654	-
2019 Provincial Declared Disaster		60	
Number of Title Deeds Issued	1,724	-	-
Maintenance	360	-	-
Rectification & Refurbishments	305	-	-
Total	**2,389**	**9,682**	**2,863**
Total Housing Opportunities			**14,934**

Our policies and programmes have therefore impacted positively on the lives of ***14,934 families*** in the 2023/24 financial year.

The Department is exhausting innovative interventions to ensure that the pace of service delivery is not relaxed. Indeed, we are leaving no stone unturned in the pursuit of a collective, concerted and controlled approach towards housing delivery.
We are also enforcing better management of business plans and stricter monitoring to avoid over-expenditure and to ensure quality control.

Overview of the financial results of the Department
The main appropriation of the Department was **R4,344,117 billion**. The Department spent 95% (R4,103,222) of the total allocation.

The Department has a net under expenditure of **R240,895 million**, which consist of **R263,741 million** under spent in the conditional grant and an over expenditure of **R22,846 million** experienced in the Equitable Share. The Department have requested for funds of **R263,741 million** to be rolled over to 2024/25 financial year which is explained in detail under the Roll-over section.

The over expenditure incurred in the Equitable Share is as follows:

- **R21,245 million** under Programme 1: Administration (Equitable Share) is mainly due to payment made for the unfunded 2023 wage agreement. Communication was received from Provincial Treasury stating that National Treasury will not be funding the 2023 wage agreement and the department will fund it from their current baseline allocation, reprioritization of funding in respect of mass job creation as per 2023 SOPA pronouncement, payments made for the roll-out of Outreach Programmes on Community Engagements which occurred during the financial year and various items under Goods and services such as fleet services, property payments, lease of office accommodation, legal fees, audit costs, travel and subsistence, etc. were severely impacted by the carry-through effects on the budget cuts.

- **R1,601 million** under Programme 4: Housing Assets Management (Equitable Share) is mainly due to the payment made for the unfunded 2023 wage agreement. Communication was received from Provincial Treasury stating that National Treasury will not be funding the 2023 wage agreement and the department will fund it from their current baseline allocation.

Departmental Receipts

The table below shows the revenue budget and the actual revenue collected for 2023/24 financial year for the KZN Department of Human Settlements.

It must be noted that the Department is not a revenue generating Department and as such, minimal revenue accrues to the Department as per the table below:

Departmental receipts	2023/2024			2022/2023		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts	-	-	-	-	-	-
Casino taxes	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-
Liquor licences	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-
Sale of goods and services other than capital assets	**460**	**324**	**136**	**460**	**361**	**99**
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	**21**	**203**	**(182)**	**21**	**16**	**5**
Sale of capital assets	**710**	**1,726**	**(1,016)**	**710**	**925**	**(215)**
Financial transactions in assets and liabilities	**3,700**	**14,894**	**(11,194)**	**3,700**	**4,332**	**(632)**
Total	**4,891**	**17,149**	**(12,256)**	**4,891**	**5,634**	**(743)**

Total Departmental Revenue amounted to R17,149 million compared to projection of R4,891 million, resulting in over-collection of R12,256 million.

- The under-collection against Sales of goods and services other than capital assets of R136,000 is largely from lower than anticipated collection. It is difficult to budget for this source as it is dependent on rental of buildings, commission on garnishee and sale of tender documents from projects that are advertised.
- The over-collection against Interest, dividends and rent on land of R182,000 is mainly attributed to the interest received on land purchased in Vallbank Farm by the department for housing development projects as well as the interest generated on land purchased (Coronation Farm) by the department. Interest was also received from the Flisp amount that was paid to the conveyancers in the previous months. The uncertain nature of this category makes it difficult to accurately project.
- The over-collection against Sales of capital assets of R1,016,000 is attributed to the lower sales of some units at Ridgeview Gardens. As per approval obtained from Provincial Treasury in June 2016, once the sale is completed the funds will be appropriated back to the department. The department also collected revenue on sales from the auction of thirteen government motor vehicles.
- The over-collection against Financial transactions in assets and liabilities of R11,412,000 relates relates to the recoveries of staff debts, such as salary over-payments and breached bursary contracts. This also includes funds related to the Finance Linked Individual Subsidy Programme (FLISP) which are refunded to the department when beneficiaries are disqualified for a home loan by the financial institution. Also, unspent monies for housing projects were refunded by Dr Nkosazane Zuma Local Municipality, Big Five Hlabisa Local Municipality, Umhlathuze Municipality and Umzumbe Municipality. The department will request the re-appropriation of these funds.

Programme expenditure

Programme Name	2023/2024			2022/2023		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	250,036	271,281	(21,245)	272,592	279,448	(6,856)
2. Housing Needs, Research and Planning	21,009	21,009	-	20,118	20,118	-
3. Housing Development	3,914,462	3,650,721	263,741	3,998,666	3,580,364	418,302
4. Housing Asset Management	158,610	160,211	(1,601)	189,554	182,698	6,856
Total	**4,344,117**	**4,103,222**	**240,895**	**4,480,930**	**4,062,628**	**418,302**

The Department spent 95% (R4,103,222 million) of the total allocation. However, there were post-Adjustment virements undertaken between programmes and economic classification.

The details per Programme after the post-Adjustments Estimate virements are as follows:

- Over expenditure of **R21,245 million** under Programme 1: Administration (Equitable Share) is mainly due to payment made for the unfunded 2023 wage agreement. Communication was received from Provincial Treasury stating that National Treasury will not be funding the 2023 wage agreement and the department will fund it from their current baseline allocation, reprioritization of funding in respect of mass job creation as per 2023 SOPA pronouncement, payments made for the roll-out of Outreach Programmes on Community Engagements which occurred during the financial year and various items under Goods and services such as fleet services, property payments, lease of office accommodation, legal fees, audit costs, travel and subsistence, etc. were severely impacted by the carry-through effects on the budget cuts.
- Over expenditure of **R1,601 million** under Programme 4: Housing Assets Management (Equitable Share) is mainly due to the payment made for the unfunded 2023 wage agreement. Communication was received from Provincial Treasury stating that National Treasury will not be funding the 2023 wage agreement and the department will fund it from their current baseline allocation.
- The Department have requested for funds of **R263,741 million** to be rolled over to 2024/25 financial year.

Virements

Virements between the Programmes of the department against Economic classifications

(a) **Virement of R121 thousand from Programme 2: Housing Needs, Planning and Research to Programme 4: Housing Assets Management – Equitable Share**

(i) Savings amounting to **R40 thousand** were identified in Programme 2 under the Policy sub-programme against *Goods and services* in items such as catering, travel and subsistence, etc. This is mainly due to planned policy information sessions being held virtually.

(ii) Savings amounting to **R81 thousand** were identified in Programme 2 under the Research sub-programme against *Goods and services* due to provision that was made for catering on Housing Consumer Education Information sessions which was cancelled by the department due to budget constraints being experienced in other items.

These savings were moved to Programme 4 under the Administration sub-programme against *Transfers and subsidies to Departmental agencies and accounts* to cater for payment of voluntary severance packages for officials exited the department due to the commitment that the department made to meet the National Department of Human Settlements target to dis-establish the Housing Fund by 2025. The department is in the process of devolving and transferring properties to the municipalities and beneficiaries.

(b) **Virement of R2.151 million from Programme 3: Housing Development to Programme 4: Housing Assets Management – Equitable Share**

Savings amounting to **R2.151 million** were identified in Programme 3 under the Financial Interventions sub-programme against *Transfers and subsidies to Households* due to the revision of the funds that were set aside for EPWP mass job creation programme as per 2023 SOPA pronouncement. These funds were revised due to spending pressures experienced by the department emanating from budget cuts. These savings were moved to Programme 4 under Administration sub-programme against *Transfers and subsidies to Departmental agencies* to cater for payment of voluntary severance packages for officials exited the department due to the commitment that the department made to meet the National Department of Human Settlements target to dis-establish the Housing Fund by 2025. The department is in the process of devolving and transferring properties to the municipalities and beneficiaries.

(c) Virement of R2.883 million from Programme 3: Housing Development to Programme 4: Housing Assets Management - Human Settlement Development Grant

Savings amounting to **R2.883 million** were identified in Programme 3 under the Incremental Interventions sub-programme against *Transfers and subsidies to Households* mainly due to delays experienced by Charlestown Housing Project at Newcastle Municipality as a result of the unavailability of bulk infrastructure services for the project, which made it to be impossible to continue with production on site. These savings were moved to Programme 4 under Sale and Transfer of Housing Properties sub-programme against *Transfers and subsidies to Departmental agencies* to cater for expenditure incurred in respect of Municipal services and rates, as well as property transfers which was negatively affected by budgets cuts during the year.

Below is the table for virement as mentioned above:

FROM	Amount R'000	TO	Amount R'000
Equitable Share			
Programme 2: Housing Needs, Planning and Research		**Programme 4: Housing Assets Management**	
Sub-programme: Policy		**Sub-programme: Administration**	
Goods and services	R 40	Departmental agencies and accounts	R 121
Sub-programme: Research			
Goods and services	R 81		
Programme 3: Housing Development		**Programme 4: Housing Assets Management**	
Sub-programme: Financial Interventions		**Sub-programme: Administration**	
Households	R 2 151	Departmental agencies and accounts	R 2 151
Total	**R 2 272**	**Total**	**R 2 272**

FROM	Amount R'000	TO	Amount R'000
Human Settlement Development Grant			
Programme 3: Housing Development		**Programme 4: Housing Assets Management**	
Sub-programme: Incremental Interventions		**Sub-programme: Sale and Transfer of Housing properties**	
Households	R 2 883	Departmental agencies and accounts	R 2 883
Total	**R 2 883**	**Total**	**R 2 883**

Virements within the Programmes of the department between Economic classifications

(a) Virement of R64 thousand within Programme 2: Housing Needs, Planning and Research

Equitable Share – R82 thousand

(i) Savings amounting to **R64 thousand** was identified in Research sub-programme against *Compensation of Employees* due to an official who took early retirement. These savings were moved within the sub-programme against *Transfers to Households* to defray expenditure incurred for staff exit costs.

(ii) Savings amounting to **R13 thousand** was identified in Administration sub-programme against *Goods and Services* for travel and subsistence which had been allocated for an official who was part of the Outreach Programme committee. Due to the officials office commitments the official was unable to attend these Outreach sessions.

(iii) Savings amounting to **R5 thousand** was identified in Policy sub-programme against Goods and Services for the purchase of office furniture <R5000 due to the non-filling of vacant post.

These savings of **R18 thousand** were moved to Administration sub-programme against *Machinery and Equipment* to cater for office furniture which was delayed in the 2022/2023 financial year

(b) Virement of R110.653 million within Programme 3: Housing Development:

Equitable Share – R1.817 million

(i) Savings amounting to **R1.817 million** were identified in Financial Incremental sub-programme against *Goods and Services* due to the revision of the funds that were set aside for EPWP mass job creation programme as per 2023 SOPA pronouncement. These funds were revised due to spending pressures experienced by the department emanating from budget cuts.

These savings were moved as follows:

- **R1.411 million** were moved to *Goods and Services* to cater for travel and subsistence which were under projected for the period due to carry-through effects of the 2021/2022 MTEF budget cuts.
- **R308 thousand** were moved to *Transfers and subsidies to Households* to defray expenditure incurred for staff exit costs which were difficult to project due to its nature.
- **R98 thousand** were moved to *Machinery and Equipment* to cater for the purchase of office furniture for a newly appointed Manager in Coastal Region and two officials in the Umzinyathi District which was not budgeted for.

Human Settlement Development Grant (HSDG) – R108.836 million

(ii) Savings amounting to **R1.800 million** were identified in Social and Rental Interventions sub-programme against *Transfers and subsidies to Provinces and Municipalities* mainly due to final reconciliation done as per service level agreement between the Department and eThekwini Metro in respect of Ethekwini hostel upgrade, the amount budgeted for the year was higher than the remaining balance due to the Metro.

(iii) Savings amounting to **R92.671 million** were identified in Financial Interventions sub-programme against *Transfers and subsidies to Households* mainly due to the reclassification of Rectification Housing Programme expenditure to Emergency Housing Programme. This is defined in Volume 4 Part 3 of the

Housing Code, which states that Emergency Housing Programme is meant to address the same cases as those of the Rectification Housing Programme hence the expenditure was reclassified under the Emergency Housing Programme.

(iv) Savings amounting to **R14.365 million** were identified in Incremental Interventions sub-programme against *Transfers and subsidies to Households* mainly due to the following:

- Accaciaville Housing Project at uThukela District was put on hold due to Bulk sewer main line being blocked, and the contract has since expired. The contract will not be renewed until the solution is sought to clear the mail sewer line which is the responsibility of uThukela District.
- Namibia Stop 8 at eThekwini Metro is delayed due existing structures on the way of services. Households in the existing structures had to be moved to temporary units to make way for the services.
- There are delays in the tender process to appoint the Contractor for Umbhayi Housing Project at eThekwini Metro. The Municipality is anticipating to complete the procurement process on the first quarter of 2024/24.
- A projection was made for Marianridge IRDP Project at eThekwini Metro; however, the project is being delayed by the recovery of hard rock. The contractor is currently doing rock excavation which requires rock blasting method.

These savings were moved as follows:

- **R1.800 million** in Financial Interventions sub-programme against *Transfers and subsidies: Provinces and Municipalities* to cater for the over expenditure incurred under operational costs for the accredited municipalities which was under budgeted.
- **R14.810 million** in Social and Rental Interventions sub-programme against *Transfers and subsidies: Households* to defray over expenditure incurred relating to programmes such as Community Residential Units, Hostel Upgrade & Maintenance and Institutional Subsidies due to acceleration of service delivery on projects i.e. N11 CRU, Sibongile Hostel, Issy Geshen Home for the Aged and Zibambele Old Age.
- **R92.226 million** in Rural Interventions sub-programme against *Transfers and subsidies: Households* to defray over expenditure incurred relating to projects due to the acceleration of service delivery in rural housing subsidy where some projects were moving faster than anticipated in order to meet an urgent need for housing. These projects include Macambini Rural, Ubuhlebomzintathi Rural, Hlambanyathi Housing Project, Umzumbe Custer A, Mhambuma Rural and Zungu Rural Housing Projects, etc.

(c) Virement of R7.727 million within Programme 4: Housing Asset Management:

<u>**Human Settlement Development Grant (HSDG) – R7.727 million**</u>

(i) Savings amounting to **R7.727 million** were identified in Housing Properties Maintenance sub-programme against *Transfers and subsidies: Departmental agencies and accounts* due to the Rectification of Pre-1994 housing stock which was delayed in Austerville Rectification Housing Projects at Ethekwini Metro due to the invasion of the temporary units as well as Colita and Forderville projects at uThukela District due to poor performance by the implementing agent and socio-political issues experienced.

These savings **R7.727 million** were moved to Sale and Transfer of Housing Properties sub-programme against *Transfers and subsidies: Departmental agencies and accounts* due to the EEDBS Programme in respect of municipal services and rates, as well as property transfers which was negatively affected by budgets cuts during the year.

Below are the tables for virements within the programmes as mentioned above:

FROM	Amount R'000	TO	Amount R'000
Equitable Share			
Programme 3: Housing Development		**Programme 3: Housing Development**	
Sub-programme: Financial Interventions		**Sub-programme: Administration**	
Goods and Services	R 1 817	Goods and Services	R 1 411
		Households	R 308
		Machinery and Equipment	R 98
	R 1 817		R 1 817
Human Settlement Development Grant			
Programme 3: Housing Development		**Programme 3: Housing Development**	
Sub-programme: Social and Rental Interventions		**Sub-programme: Financial Interventions**	
Provinces and Municipalities	R 1 800	Provinces and Municipalities	R 1 800
Sub-programme: Financial Interventions		**Sub-programme: Social and Rental Interventions**	
Households	R 92 671	Households	R 14 810
Sub-programme: Incremental Interventions		**Sub-programme: Rural Interventions**	
Households	R 14 365	Households	R 92 226
	R 108 836		R 108 836
Total	**R 110 653**	**Total**	**R 110 653**

FROM	Amount R'000	TO	Amount R'000
Equitable Share			
Programme 2: Housing Needs, Research and Planning		**Programme 2: Housing Needs, Research and Planning**	
Sub-programme: Research		**Sub-programme: Research**	
Compensation of Employees	**R 64**	Households	**R 64**
Sub-programme: Administration		**Sub-programme: Administration**	
Goods and Services	**R 13**	Machinery and Equipment	**R 18**
Sub-programme: Policy			
Goods and Services	**R 5**		
Total	**R 82**	**Total**	**R 82**

FROM	Amount R'000	TO	Amount R'000
Human Settlement Development Grant			
Programme 4: Housing Assets Management		**Programme 4: Administration**	
Sub-programme: Housing Properties Maintenance		**Sub-programme: Sale and Transfer of Housing Properties**	
Departmental agencies and accounts	**R 7,727**	Departmental agencies and accounts	**R 7,727**
Total	**R 7,727**	**Total**	**R 7,727**

Rollovers

The following roll-over request have been submitted by the Department to KZN Provincial Treasury in respect of the 2023/24 financial year:

Human Settlements Development Grant: The Department has applied to roll-over unspent funds amounting to **R263,741 million** in this grant in respect of funding to address the October 2019 to January 2022 disasters. The funding was disbursed to the Department through Human Settlement Development Grant (HSDG) for the provision of permanent structures within the 2022/23 and 2023/24 financial years. Whilst plans were in place to implement the disaster projects, the Province experienced floods during the month of April/May 2022 which then caused damage to infrastructure and services. This destruction delayed the implementation of the permanent housing projects due to the risk of rebuilding on unstable sites where some sites were washed away due to mud slides. As a result, the department lost approximately two quarters which then disrupted the commencement of the 2019 disaster projects thus affecting the approved business plan.

There were delays as follows:

- Lengthy disaster enrolment processes which differ from those of normal projects;
- Stoppages by local business fora;
- Sites which are inaccessible which then require additional resources;
- Scarcity of material in certain areas; and
- Socio-political issues.

Funds are contractually committed and Implementing Agents are currently on-site doing pre-construction activities and progress is being closely monitored.

Unauthorised; Fruitless and Wasteful; and Irregular Expenditure

- During the 2023/24 financial year, the Department incurred ***Unauthorised Expenditure*** amounting to **R22,846 million** in respect of 2 programmes as follows:

Programme 1: Administration – R21,245 million

This is mainly due to the following:

- Payments made for the unfunded 2023 wage agreement;
- Reprioritization of funding in respect of the mass job creation as per the 2023 SOPA pronouncement;
- Payments made for the roll-out of the Outreach Programme on Community Engagements; and
- Payments for various items under Goods and Services i.e. fleet management, property payments, office accommodation leases and subsistence and travel which were severely impacted by the carry-through effects of the budget cuts.

Programme 4: Housing Asset Management – R1,601 million

This is due to the payments made for the unfunded 2023 wage agreement.

- During the year under review, the Department did not incur any ***Fruitless and Wasteful expenditure***.

- During the year under review, the Department incurred ***Irregular Expenditure*** totalling **R20,622 million** is respect of deviations relating to appointment of service providers**.**

Strategic Focus

The following key strategic priorities will be undertaken during the 2024/25 financial year:

- Monitor the implementation of the Audit Improvement Plan;
- Improve the organisational functionality of the Department;
- Implement Operation Pay on Time, to continuously manage compliance of the invoices paid to creditors within 30 days of receipt;
- Integration of the CRU programme with other human settlements developments;
- Accelerate delivery of priority programmes inclusive of:
  - The upgrading of the informal settlements;
  - Upscaling for First Home Finance;
  - Increased planned delivery of title deeds;
  - Increased investment in PHDAs;
  - Upscaling of serviced sites delivery;
  - Address the MVHP backlog; and
  - Provision of housing for Farmworkers.
- Address the eradication transit residential accommodation provided for emergency situations;
- Prioritize housing for the destitute and vulnerable groups;
- Intensify job creation initiatives;
- Focus on research initiatives;
- Unblocking incomplete projects;
- Eradication of asbestos roofing through the pre-1994 Rectification Programme;
- Implementing the rural housing programme (inclusive of addressing structures that are in non-compliance with the norms and standards such as mud houses);
- Implementing economic transformational and gender mainstreaming initiatives; and
- Prioritisation of the unblocking of blocked projects.

Public-Private Partnerships

There are no public-private partnerships entered into during the financial year.

Discontinued activities / activities to be discontinued

There are no discontinued activities or activities to be discontinued.

New or proposed activities / Envisaged Policy Interventions

The Department does not have any new or proposed activities and there are no envisaged policy interventions.

Supply Chain Management

Unsolicited bids concluded during the financial year

All bids are advertised publicly to ensure that the system is fair and transparent. Bid Committees i.e. BSC and BEC are appointed on an ad hoc basis per Bid to ensure that the members perform their functions efficiently and effectively.

At the beginning of the financial year a Departmental Procurement Plan is developed indicating goods and services that will be procured in that financial year. The Procurement Plan is linked to the budget and it is approved by the Head of Department. Bids are only invited for goods and services that are in the Departmental Procurement Plan other than goods and services that fall within the urgent or emergency basis category e.g. natural disaster (flooding).

SCM processes and systems are in place to prevent irregular expenditure

- SCM processes and systems in place include financial delegations, policies, internal circulars and relevant prescripts and legislation.
- Bid committees (specification, evaluation and adjudication) are in place and members are appointed in writing per bid.
- The Supply Chain Management Policy is in place and it is reviewed annually in line with SCM prescripts.
- All acquisitions are done in line with Supply Chain Management Policy and Standard Operating Procedures.
- Bid Committee meetings – meetings for the various bid committees are scheduled weekly to ensure that bids are awarded in a timeous manner.

Challenges experienced in SCM and how they were resolved

- Delays in finalising procurement requests – the Department identified serious non-compliance with the declaration of interest by service providers, which led to most quotations being non-responsive. The standard quotation document was enhanced to assist suppliers.
- Non-compliance to local content requirements by suppliers – the Department resorted to having compulsory briefings on most procurement that has an element of local content and production; this was done to assist suppliers so that they get better clarity on how to prepare local content disclosures.
- Delays in finalising the bid process – in order to expedite the bid process, the Department has appointed multiple bid evaluation committees and has adopted the strategy of appointing bid committees on a procurement by procurement basis.
- Unaudited assets – the SCM Unit started a process of clearing assets that have not been verified over the years. This included the re-investigation of all unfound assets by internal staff, writing off assets that would have reached the end of their life-span and also issuing letters to staff advising them to report unaudited assets to Loss Control
- Unauthorized movement of assets – the unit implemented a process of spot audits in order to deal with unauthorised movements of assets.

Gifts and Donations received in kind from non-related parties

No gifts or donations were received in kind from non-related parties.

Exemptions and deviations received from the National Treasury

No exemptions or deviations were received from National Treasury for the period under review.

Events after the reporting date

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

Acknowledgement or Appreciation

This report reflects the efforts made by various branches in improving the Department's performance and ensuring that its mandate is fulfilled. The systems implemented and maintained by the Department will ensure continuous improvement in operations. Indeed, teamwork is the cornerstone of achieving desired results.

Conclusion

The long journey of service delivery is endless. The covenant entered into with the people of KwaZulu-Natal will ultimately be realised. I would like to express my sincere gratitude to the Honourable MEC, management and all staff of their invaluable contribution to the strides attained during the reporting period.

Approval and sign off

The Annual Financial Statements set out on pages 167 to 221 have been approved by the Accounting Officer.

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Mr. M.O.S. Zungu
Accounting Officer
KwaZulu-Natal Department of Human Settlements
Date: 31 August 2024

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 F) 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 2024.

Yours faithfully

Mr. M.O.S. Zungu
Accounting Officer
KwaZulu-Natal Department of Human Settlements
Date: 31 August 2024

6. STRATEGIC OVERVIEW

6.1 Vision

To restore dignity and provide access to sustainable livelihoods through collaborated, equitable, decent and integrated human settlements.

6.2 Mission

To transform human settlements into liveable neighbourhoods through integrated human settlements programmes in areas with major economic opportunities and empowerment of all designated groups.

6.3 Values

The Department subscribes to the principles of Batho Pele and embraces the following key values:

- Commitments to performance;
- Trust and honesty;
- Transparency and consultation;
- Integrity; and
- Accountability.

CORE VALUES / PRINCIPLES FOR THE DEPARTMENT OF HUMAN SETTLEMENTS	
Commitment to performance	We will continue to motivate our staff to work hard and efficiently through recognition while providing service excellence at all times.
Trust and honesty	We provide service impartially, fairly, equitably and without bias.
Transparency and consultation	We will be open about our day to day activities, how much our Department receives and how that money is spent. Annual reports, strategic plans, service commitment charters, etc. will be made available to the public.
Integrity	Integrity means doing the right thing at all times and in all circumstances, whether or not anyone is watching. It takes having the courage to do the right thing, no matter what the consequences will be. Building a reputation of integrity takes years.
Accountability	We will continue to be answerable for both our financial and non-financial performance. The publishing of the Annual Report will provide an accurate reflection of the functioning of the Department.

7. LEGISLATIVE AND OTHER MANDATES

The Department's mandate is derived from Chapter 2, the Bill of Rights, Chapters 3 and 6 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996). Section 26 in the Bill of Rights, guarantees the right to have access to adequate housing. The State is mandated to take steps to achieve the progressive realization of this right. Schedule 4A makes the housing function a concurrent national and provincial legislative competence.

The Department affirms its commitment "to the full and progressive realization of the right to adequate housing" and recognizes in this context "an obligation to enable citizens to obtain quality housing and to protect and improve dwellings and neighbourhoods.

The Department's core functions are further mandated by the following key legislation in addition to other transversal legislation:

Legislative Mandates

LEGISLATION	AMENDMENT	PROVISIONS OF THE ACT
1. **Housing Act, 1997 (Act No. 107 of 1997)**	Housing Amendment Act, (Act 8 of 1994) Housing Amendment Act,1996 (Act 6 of 1996) Housing Amendment Act,1999 (Act 28 of 1999) Housing Amendment Act,2001 (Act 4 of 2001) White Paper A New Housing Policy and Strategy for South Africa No recent amendments	The Housing Act provides for the facilitation of a sustainable housing development process; for this purpose, to lay down general principles applicable to housing development in all spheres of government, to define the functions of national, provincial and local governments in respect of housing development. In short, the Act gives effect to section 26 of the Constitution by, *inter alia*, clarifying the roles of the three spheres of government in relation to realization of the right to access to adequate housing (section 26 of the Constitution).
2. **Social Housing Act, 2008 (Act No. 16 of 2008)**	No recent amendments	To establish and promote a sustainable social housing environment; To define the functions of national, provincial and local governments in respect of social housing; To provide for the establishment of the Social Housing Regulatory Authority (SHRA) to regulate all social housing institutions obtaining or having obtained public funds; To allow for the undertaking of approved projects by other delivery agents with the benefit of public money; and to give statutory recognition to social housing Institutions.
3. **Rental Housing Act, 1999 (Act No. 50 of 1999)**	Rental Housing Amendment Act, 2007 (Act 43 of 2007) No recent amendments	Provision for rulings by Rental Housing Tribunals; to expand the provisions pertaining to Leases; and to make further provision for the filling of vacancies in Rental Housing.
4. **Housing Consumers Protection Act, 1998 (Act No. 95 of 1998)**	Housing Consumer's Protection Measures Amendment Act, 2007 No recent amendments	To make provision for late enrolment and non-declared late enrolment; to make provision for the position of owner builders; to extend the warranty scheme to include roof leaks; to make provision for the use of money or moneys in the fund; to extend the o ences created in the Act and to amend provisions pertaining to the granting of exemption by the Council and lodging of appeals with the Minister.
5. **Intergovernmental Relations Framework Act, (Act 13 of 2005)**	No recent amendments	To establish a framework for the National Government, Provincial Governments and local government to promote and facilitate intergovernmental relations, to provide for mechanisms and procedures to facilitate the settlement of intergovernmental disputes, and to provide for matters connected therewith.

LEGISLATION	AMENDMENT	PROVISIONS OF THE ACT
6. KwaZulu-Natal Housing Act, 1998	KwaZulu- Natal Housing Amendment Act, 2000 (Act 8 of 2000) No recent amendments	Chapter 4 provides that: The Department shall be responsible for the administration of the bank account of the Fund and manage and co-ordinate housing development in the Province. The Department shall, subject to national and provincial housing policy and after consultation with the Minister, on behalf of the Provincial Government: a. undertake projects; b. maintain, sell, or lease dwellings and other immovable property; c. notwithstanding anything to the contrary in any law and either with the prior consent of the owner or following the expropriation of such land, perform such work and undertake such projects on privately owned land as the Minister may, subject to such terms and conditions as he or she may determine, approve; d. determine provincial policy in respect of housing development; e. promote the adoption of provincial legislation to ensure effective housing delivery; and f. Prepare and maintain a multi-year plan in respect of the execution in the Province of every national and provincial housing programme, which is consistent with a national and provincial housing policy.
7. Sectional Titles Act, 1986 (Act No. 95 of 1986)	Sectional Titles Amendment Act,1997 (Act 44 of 1997) Sectional Titles Amendment Act, 2003 (Act 29 of 2003) Sectional Titles Amendment Act, 2010 (Act 11 of 2010) Sectional Titles Amendment Act, 2013 (Act 33 of 2013) No recent amendments	Amends the Sectional Titles Act, 1986, to further regulate notification of the intended establishment of schemes and the sale of units to lessees; to provide for the cancellation of registered sectional plans in a prescribed manner; to regulate the issuing of a certificate of registered section a little in respect of a fraction of an undivided share in a section; to provide for the deletion of an obsolete reference; to provide for the registration of a transfer of a part of the common property with the consent of the owners of the sections and the holders of registered real rights; to provide for the endorsing of title deeds to reflect amended participation quota schedules; to regulate the alienation of a portion of land over which a real right of extension or part thereof is registered; to provide for the consent of holders of registered real rights over exclusive use areas to the alienation of common property; to provide for the cession of a mortgage real right of extension and a mortgage real right of exclusive use area; to provide for the cancellation of part of a section pursuant to an expropriation; to further provide for the consent of bondholders with the registration of a sectional plan of extension; to provide for the issuing of more than one certificate of real right of extension and more than one certificate of real right of exclusive use area.

LEGISLATION	AMENDMENT	PROVISIONS OF THE ACT
8. Prevention of Illegal Eviction and Unlawful Occupation of Land Act,1998 (Act No. 19 of 1998)	No recent amendments	This Act provides for the prohibition of unlawful eviction; it further provides for procedures for the eviction of unlawful occupiers. This Act is very important for the Department as it constantly either institutes eviction proceedings against an unlawful occupier/ land invader(s) or the Department defends mass evictions of unlawful occupiers/ invaders.
9. Housing Development Agency Act, 2008 (Act No. 23 of 2008)	No recent amendments	This Act establishes the Housing Development Agency; it further provides for the Agency's functions and powers; and for matters connected therewith.
10. Communal Land Rights Act, 2004 (Act No. 11 of 2004)	No recent amendments	This Act provides for legal security of tenure by transferring communal land, including KwaZulu-Natal Ingonyama land, to communities, or by awarding comparable redress; to provide for the conduct of a land rights enquiry to determine the transition from old order rights to new order rights; to provide for the democratic administration of communal land by communities; to provide for Land Rights Boards; and to provide for the co-operative performance of municipal functions on communal land.
11. Deeds Registries, 1937 (Act 47 of 1937)	Deeds Registries Amendment Act, 2013 (Act 34 of 2013) Deeds Registries Amendment Act, 2017 (Act 8 of 2017) No recent amendments	Amends the Deeds Registries Act, 1937, so as to provide discretion in respect of the rectification of errors in the name of a person or the description of property mentioned in deeds and other documents; to provide for the issuing of certificates of registered title taking the place of deeds that have become incomplete or unserviceable; to substitute an obsolete reference; to substitute an outdated heading; to delete reference to the repealed Agricultural Credit Act, 1966; to further, regulate the updating of deeds in respect of the change of names of companies, close corporations and the surnames of women.
12. State Land Disposal, 1961 (Act No. 48 of 1961)	No recent amendments	This Act provides for the disposal of certain State land and for matters incidental thereto, and it further prohibits the acquisition of State land by prescription.
13. Government Immovable Asset Management Act 19, 2007	No recent amendments	Provides for a uniform framework for the management of an immovable asset that is held or used by a national or provincial Department; to ensure the coordination of the use of an immovable asset with the service delivery objectives of a national or provincial Department; to provide for issuing of guidelines and minimum standards in respect of immovable asset management by a national or provincial Department.
14. The Public Finance Management Act, 1999 (Act No. 1 of 1999)	As amended	The Public Finance and Management Act regulates the management of finances in national and provincial government. It sets out the procedures for efficient and effective management of all revenue, expenditure, assets and liabilities. It establishes the duties and responsibilities of government officials in charge of finances. The Act aims to secure transparency, accountability and sound financial management in government and public institutions.
15. Home Loan and Mortgage Disclosure Act, 2000 (Act No. 63 of 2000)	No recent amendments	The Act provides for the establishment of the Office of Disclosure and the monitoring of financial institutions serving the housing credit needs of communities. It requires financial institutions to disclose information and identifies discriminatory lending patterns.
16. Land Administrative Act, 1995 (Act No. 2 of 1995)	Land Administrative Amended Act, 1996 (Act 52 of 1996) Land Administrative Amended Act, 2000 (Act 59 of 1996) No recent amendments	Amends the Land Administrative Act 1995, to delete the definition of "proclaimed area" to insert a definition of "Director- General" and to insert the definition of "Minister" in the Afrikaans text; to make further provision for the section, which confers upon the President certain powers with regards to laws in the proclaimed areas.

LEGISLATION	AMENDMENT	PROVISIONS OF THE ACT
17. Expropriation Act, 1975 (Act No. 63 of 1975)	Expropriation Amendment Act,1992 (Act 45 of 1992)	Amends the Expropriation Act, 1975 to extend the power to expropriate to any minister responsible for the administration of the work and land affairs. To restrict expropriation by Transnet to expropriation under the Legal Succession to the South African Transnet Services Act, 1989. To extend payment of compensation in respect of penal provisions. To regulate offers and claims relating to compensation, payment of interest payment of legal costs and withdrawal of expropriation.
18. Disestablishment of South African Trust Limited Act, 2002 (Act No. 26 of 2002)	No recent amendments	All right and asset of the Company, including the administrative, financial and other records of the Company, vest in the National Housing Finance Corporation (as per in the Housing Act) all obligation and liabilities of the Company now vest in the Government as part of the national debt. Thus, the Government must meet these obligation and liabilities. Repeal the Africa Institute of South Africa Act, 2001.
19. National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977)	National Building Regulations and Building Standards Amendment Act, 1995 (Act No. 49 of 1995) No recent amendments	To provide for the promotion of uniformity in the law relating to the erection of buildings in the areas of jurisdiction of local authorities; for the prescribing of building standards; and for matters connected therewith.
20. Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)	Preferential Procurement Policy Framework Regulations, 2022 No recent amendments	The Preferential Procurement Policy Framework Act (PPPFA) provide for the implementation of procurement in awarding contract, and for the protection and/or advancement of person or categories of persons disadvantage by unfair discrimination. To give effect to section 217 (3) of the Constitution by providing a framework for the implementation of the procurement policy contemplated in section 217(2) of the Constitution; for matters connected therewith.
21. Disaster Management Act, 2002 (Act No. 57 of 2002)	The Disaster Management Act Regulations, 2022	The Act intends to create an integrated and coordinated disaster management policy that focuses on preventing or reducing the risk of disaster, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disaster and post-disaster recovery, the establishment of national, provincial and municipal disaster management centers, disaster management volunteers and matters pertaining thereto.
22. Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)	Amended by the Labour Relations Act 66 of 1995 and Occupational Health and Safety Act 181/1993 No recent amendments	The Act governs the health and safety for the diverse industry of South Africa. It regulates and controls health and safety measurements in all organisations, from a normal office environment to a more hazardous environment like industrial plants and construction sites. The Act needs to be complied with by all employers including the Public Service Departments.
23. The Alienation of Land Act, 1981 (Act No. 68 of 1981)	Alienation of Land Amendment Act, 1998 (Act no.103 of 1998) No recent amendments	The Act is applicable to land purchase for residential purposes, and it regulates instalment sale agreements whereby property is sold against payment by the purchaser to the seller in two or more instalments over a period exceeding one year.
24. Protection of Personal Information Act, 2013 (Act No. 4 of 2013)	Protection of Personal Information Act Regulations, 2018 / 2021 No recent amendments	To Promote the protection of personal information by public and private bodies. To introduce certain conditions to establish minimum requirements for the processing of personal information. To provide for the establishment of an Information Regulator in terms of this Act and the Promotion of Access to Information Act, 2000. To provide for the issuing of codes of conduct, to provide for the rights of persons regarding unsolicited electronic communications and automated decision making. To regulate the flow of personal information across the borders of the Republic, and to provide for matters connected therewith.
25. The Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)	The Promotion of Access to Information Act Regulations 2021 No recent amendments	The Promotion of Access to Information Act 2 of 2000 is South Africa's access to information law and it enables people to gain access to information held by both public and private bodies. The new regulations set out the new application form to be completed and applicable fees for requests made.

LEGISLATION	AMENDMENT	PROVISIONS OF THE ACT
26. Kwazulu-Natal Elimination and Prevention of Re-Emergence of Slums Act, 2007	Slums Amendment Act, 2021 (Act No. 6 of 2021)	To provide for the progressive elimination of slums in the Province of KwaZulu-Natal; to provide for measures for the prevention of the re-emergence of slums; to provide for the upgrading and control of existing slums; and to provide for matters connected therewith. While the amendment Act repealed section 16 of the Slums Act,2007.
27. The Promotion of Administrative Justice Act No. 3 of 2000	Regulations on Fair Administrative Procedures GoN R614, G. 27719 (c.i.o 27 June 2005)	To give effect to the right to administrative action that is lawful, reasonable and procedurally fair and to the right to written reasons for administrative action as contemplated in section 33 of the Constitution of the Republic of South Africa, 1996.
28. Spatial Planning and Land Use Management Act 16 of 2013	No recent amendment	To provide a framework for spatial planning and land use management in the Republic; to specify the relationship between the spatial planning and the land use management system and other kinds of planning; to provide for the inclusive, developmental, equitable and efficient spatial planning at the different spheres of government; to provide a framework for the monitoring, coordination and review of the spatial planning and land use management system; to provide a framework for policies, principles, norms and standards for spatial development planning and land use management;
29. The National Environmental Management Act 107 of 1998	National Environmental Management Laws Amendment Act, 2022	To provide for co-operative, environmental governance by establishing principles for decision-making on matters affecting the environment, institutions that will promote co-operative governance and procedures for co-ordinating environmental functions exercised by organs of state
30. Advertising on Roads and Ribbon Development Act 21 of 1940	Amended by National Roads and Ribbon Development Amendment Act 22 of 1944	To regulate the display of advertisements outside certain urban areas at places visible from public roads, and the depositing of disused machinery or refuse and the e1·ection of structures near certain public roads, and the access to certain land from such roads and to amend the National Roads Act, 1935.
31. National Youth Commission Act (Act No. 19 of 1996)	No recent amendments	Reflects the commitment by Government to ensure the promotion and the protection of the rights and needs of youth. Furthermore, the National Youth Commission Policy (2000) has been developed to assist government departments to conceptualize and implement youth development programmes.
32. Broad Based Black Economic Empowerment Act (Act 53 of 2003)	No recent amendments	The Broad Based Black Economic Empowerment Act (No: 53 of 2003) aims at promoting the achievement of the constitutional right to equality and increase the effective participation of black people in the economy. Furthermore, it promotes a higher economic growth rate, increased employment and more equitable income distribution.
33. Promotion of Equality and Prevention of Unfair Discrimination Act (4 of 2000) as amended.	Promotion of Equality and Prevention of Unfair Discrimination Amendment Bill 2022	• To prevent and prohibit unfair discrimination and harassment; • to promote equality and eliminate unfair discrimination; and • to prevent and prohibit hate speech; and to provide for matters connected therewith.

In keeping with the objectives of the Slums Amendment Act of 2021, the Department has incorporated the slums legislation in the Consumer Education workshops with municipalities to ensure compliance to the Act.

Policy Mandates

The Department's core functions are mandated by the following policies:

POLICY MANDATE	OBJECTIVE
1. New Housing Policy and Strategy for South Africa White Paper, 1994	The White Paper states that the point of departure of all housing policy in South Africa is: • Sovereignty of the Constitution; • Housing as a basic human right; • The role of the State, • People-centered development; • Freedom of choice, and • Non-discrimination. It also contains government's overall approach to ensuring housing delivery in relation to: • Stabilizing the housing environment; • Supporting the housing process; • Mobilizing housing credit and savings; • Establishing the availability of subsidies; • Institutional arrangements; • Land acquisition and redistribution; and • Co-ordinated development. The fundamental principles of this White Paper are still relevant today and guide all human settlements development policies and implementation mechanisms.
2. The Integrated Urban Development Framework, 2016	The policy sets the framework for programmes to ensure that urban development is planned and implemented in a participatory, integrated and environmentally sustainable manner to improve the general quality of life of all those living in urban areas. It gave impetus to the Urban Renewal Programme in 2001, whose broad outcomes are: • Revitalization of the inner city; • Job creation; • Integrated economic development; and • Making the inner city safe.
3. The Comprehensive Plan for Sustainable Human Settlements, 2004	The comprehensive plan for sustainable human settlements reinforces the vision of the Department of Human Settlements, to promote the achievement of a non-racial, integrated society through the development of sustainable human settlements and quality housing. Within this broader vision, the Department is committed to meeting the following specific objectives: • Accelerating the delivery of housing as a key strategy for poverty alleviation; • Utilizing provision of housing as a major job creation strategy; • Ensuring property can be accessed by all as an asset for wealth creation and empowerment;

POLICY MANDATE	OBJECTIVE
	• Leveraging growth in the economy; • Combating crime, promoting social cohesion and improving quality of life for the poor; • Supporting the functioning of the entire single residential property market to reduce duality within the sector by breaking the barriers between the first economy residential property boom and the second economy slump; and • Utilizing housing as an instrument for the development of sustainable human settlements, in support of spatial restructuring.
4. Social Housing Policy for South Africa, 2003	The goal of this policy is to improve the rental-housing sector. It expands individual housing subsidies to include subsidizing social housing projects for people that rent accommodation and are from the low and medium-income groups. The fundamental principles are that social housing must: • Restructure urban inner-city by integrating housing development in existing areas; • Respond to local housing demand through the establishment of well-managed, quality rental housing options and quality living environments; • Deliver housing for income groups ranging from the working poor to emerging middle income groups; • Support the economic development of low and medium-income communities through the creation of sustainable and workable projects; • Promote safe, harmonious, and socially responsible housing and urban environments; and • Encourage the involvement of the private sector as much as possible.
5. The National Housing Code, 2009	The National Housing Code is a comprehensive document that sets out the overall vision for housing in South Africa. The Code sets the underlying policy principles, guidelines, norms, and standards that apply to Government's various housing assistance programmes introduced since 1994 and updated. It also identifies various housing subsidy instruments available to assist low-income households to access adequate housing. It further provides for the qualification criteria per subsidy instrument and the process that needs to be followed in order to access the specific instrument. The Technical and General Guidelines of the National Housing Code has with effect of 2023 made provision for the minimum capacity and capability requirements for solar power systems to households. The aim is to promote the sustainable use of renewable energy sources and enhance energy efficiency in the housing sector.
6. National Spatial Development Perspective (NSDP), 2002	The NSDP demonstrates the high levels of deprivation that often coincide with areas of high economic growth potential. The NSDP provides a framework for the development of the national space economy.

POLICY MANDATE	OBJECTIVE
7. National Development Plan (NDP) Chapter 8	The NDP offers a long-term perspective for South Africa by defining a desired destination and identifying the role different sectors of society need to play in reaching that goal. As a long-term strategic plan, it serves four broad objectives: • Providing overarching goals for what the country wants to achieve by 2030; • Building consensus on the key obstacles to achieving these goals and what needs to be done to overcome those obstacles; • Providing a shared long-term strategic framework within which more detailed planning can take place in order to advance the long-term goals set out in the NDP; • Creating a basis for making choices about how best to use limited resources; and • The Plan aims to ensure that all South Africans attain a decent standard of living through the elimination of poverty and reduction of inequality. Chapter 8 sets out the plan for transforming human settlements, setting out five spatial principles for human settlements development: spatial justice; spatial sustainability; spatial resilience; spatial quality and spatial efficiency. The human settlements trajectory propositions that, 'by 2050 visible results from effectively coordinated spatial planning systems shall have transformed human settlements in South Africa into equitable and efficient spaces with citizens living in close proximity to work with access to social facilities and essential infrastructure'.
8. Provincial Growth and Development Strategy (PGDS), 2021	The PGDS sets the tone for all development and growth within the Province. It represents a fundamental analysis of provincial challenges in line with the National Development Plan and the formulation of a common vision, goals, and targets that all strategic partners in the development of the province commit themselves to promote and achieve. The PGDS acknowledge the fact that the provision of housing has previously dominated the approach to human settlements in the Province and in South Africa in general. Whilst the provision of a house remains, an important part of human settlements it is now common cause that livable human settlements require decent planning that involves designing a safe environment, infrastructure that allows and enables economic activity, delivery of services and social facilities as well as good maintenance capacity.
9. The Provincial Spatial Development Framework	The framework provides a departure point for aligned and co-ordinated spatial intervention for sustained human settlements which included infrastructure delivery. Densification can be defined as increased usage of space both horizontally and vertically within existing areas/properties and new developments accompanied by an increased number of units and/or population thresholds. This ensures that the number of dwellings per hectare increase in a planned and sustained manner without adversely affecting the quality of life of established communities within a defined area. The anticipated urbanization of the Province will require that the Department is able to response to all income levels with the appropriate housing typology.
	This ranges from new entrants to the housing market as well as the gap housing market beneficiaries. Thus, stakeholders involved in land allocation, establishment of social facilities, designing human settlements must begin to think about promoting polycentric planning to achieve sustainable livelihoods and sustainable human settlements.

POLICY MANDATE	OBJECTIVE
10. KwaZulu-Natal Human Settlements Master Spatial Plan (KZN HSMSP)	The Vision for the KZN HSMSP is: "By 2030 KwaZulu-Natal is recognized for its compact, connected and integrated human settlements pattern across different scales reflecting successful spatial transformation, founded on the values of sustainability, collaboration, choice, and value creation." The 7 objectives of the KZN HSMSP are as follows: 1. Spatial transformation; 2. Compact settlements and settlement patterns; 3. Connected settlements and settlement patterns; 4. Integrated settlements and settlement patterns; 5. Functional residential property market in urban and rural areas; 6. Consistent application of policies, principles, objectives and concepts across various scales (provincial, regional, local); and 7. Institutional capacity for effective planning and implementation.
11. KZN Human Settlements Environmental Policy (2022)	The policy seeks provide an overview of the legal framework that should be considered by all interested and affected parties as well as highlights the key environmental considerations that should be taken into account when planning, designing, constructing and handing over housing projects. The main purpose of the policy is to enable the Department and Municipalities to: • Measure and manage its impact on the environment in all operations and services that facilitate the delivery of public housing; • Encourage compliance with relevant environmental legislation and regulations; and • Encourage the development of environmentally sound housing to provide an improved quality of life.

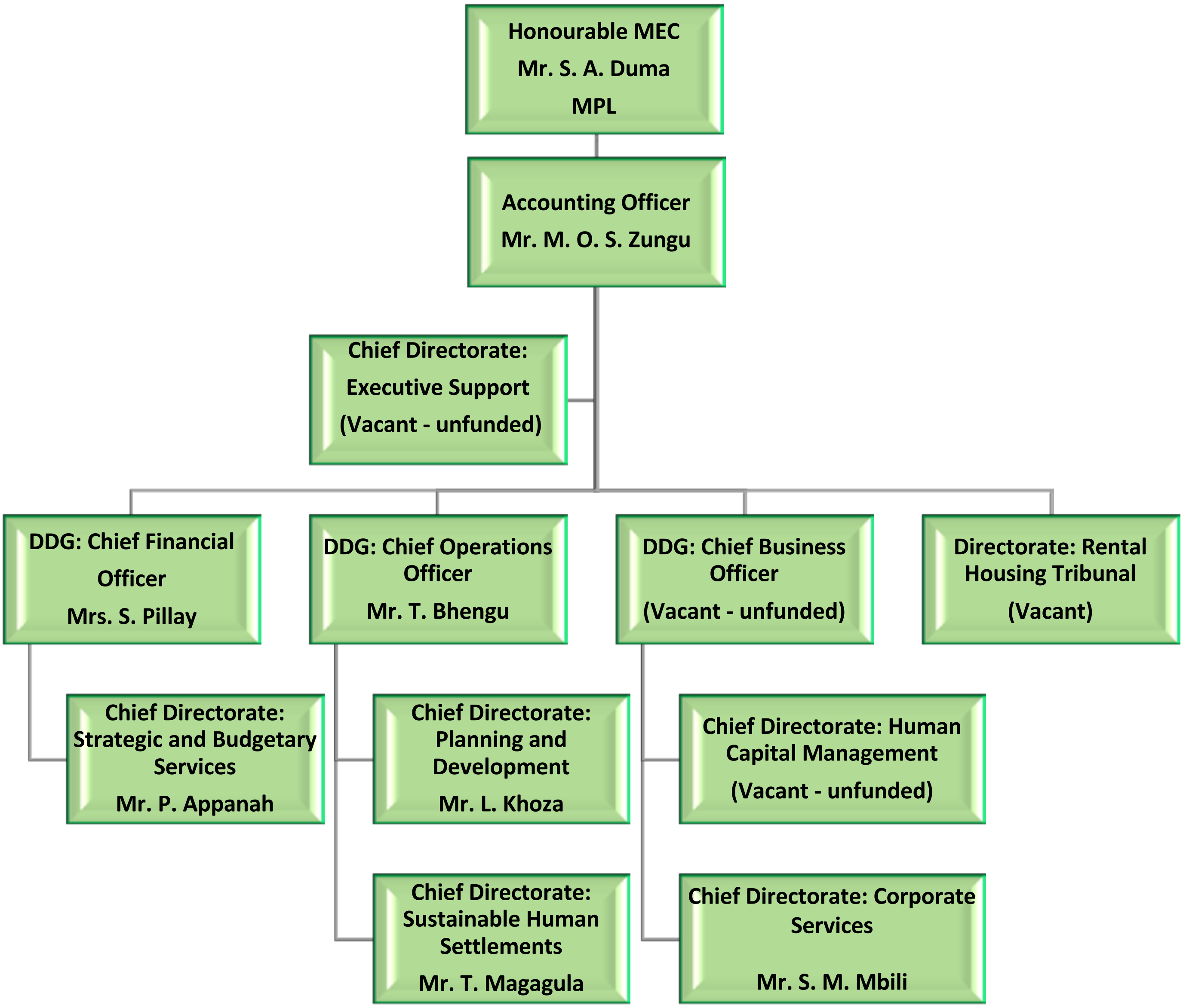
Further to the above, the Department also takes into cognizance the undermentioned transversal policy/ framework issues to support the overarching mandates of government:

POLICY MANDATE	OBJECTIVE
1. National Youth Service in Housing Programme Framework	The National Youth Service in Housing Programme was developed as a framework to reinstate the commitment of empowering and improving the participation of the youth in housing. The programme aims to provide the youth with hard skills training, professional development, entrepreneurial skills and opportunities in the housing sector.
2. National Women in Housing Programme Framework	The National Women in Housing Programme is aimed at empowering and improving the participation of women in housing delivery. The objective of the Programme includes the following: • To promote and facilitate the empowerment and participation of women in housing delivery; • To enhance entrepreneurial development and increase the number of women firms and Small and Medium-sized Enterprises providing services and products to the housing sector; and • To build partnerships with key stakeholders from non-government and private sector in implementing the women in housing programme.

POLICY MANDATE	OBJECTIVE
3. Emerging Contractor Development Framework, 2002	To support emerging contractors in the housing sector by addressing issues such as access to credit, access to markets, lack of skills and lack of supportive institutional arrangements. The Framework also aims to develop a pool of housing entrepreneurs to facilitate the delivery of housing, while operating from a solid skills base at a technical level, thus contributing to effective quality assurance and ensure the successful emergence of home builders from labour-only to fully fledged contractors. Additionally, to develop an integrated approach towards home builders development.
4. Gender Responsive Planning Budget Monitoring Evaluation and Auditing Framework	The key strategic objectives of the framework are: • To serve as a catalyst to effect a system-wide paradigm shift towards gender mainstreaming across the state machinery; • To ensure women's empowerment and gender equality are at the centre of public policy priorities, results-based planning and budgeting and accountability; • To ensure the allocation of adequate and equitable resources for women's empowerment and gender equality linked to broader public finance reforms; • To enhance the country's overall levels of inclusive growth, development and the broader political and socio-economic transformation agenda; and • To contribute to the achievement of our Constitutional vision of a non-sexist society and gender equality.
5. National Youth Policy (2009-2014)	To assist government departments in the development and implementation of specific departmental programmes to address the needs of young women and men. It also emphasizes the importance of an integrated and holistic approach towards youth development.
6. National Policy on Reasonable Accommodation and Assistive Devices for Employees with Disabilities in The Public Service	The key strategic objectives of the policy are: • To facilitate the implementation of a programme for the provision of reasonable accommodation measures which include the provision of amenities and assistive devices to employees with disabilities which will in turn enable such employees to fully participate in the activities of departments; • To guide the acquisition and disposal of assistive devices for an employee with a disability leaving the department. • To provide guidelines on the provision of transportation by departments to and from work for employees with disabilities who cannot otherwise utilize the current public transportation system in line with Part X of Public Service Co-ordinating Bargaining Council Resolution 3 of 1999; • To provide guidelines on the use of Personal Assistants and Caregivers by, and for employees with disabilities, and • To provide sign language interpretation services, where there is a need.
7. Provincial Policy Framework on the Recruitment, Employment and Retention of Persons with Disabilities (PwD)	This policy is a strategic approach for mainstreaming disability with the KZN provincial administration in terms of recruitment, employment and persons with disabilities. In addition, it provides equal opportunities for employment and development and also ensures participation and fosters leadership opportunities for PwDs.
8. Interim Policy on Designated Groups	The Departmental Interim policy for Designated groups was developed in order to facilitate economic empowerment and meaningful participation of the vulnerable groups in the human settlements value chain, through implementation of programmes that prioritizes and supports their advancement within human settlements.

POLICY MANDATE	OBJECTIVE
9. KZN Women and Youth Policy	The policy guides the Department and its stakeholders in aligning its programmes to provincial and national priorities in order to ensure that rights and privileges of women and youth are prioritized in the human settlements delivery process.
10. Aged and Disabled Policy	The policy provides a mechanism that promotes and ensures the empowerment and involvement of the aged and disabled persons in the housing process through full participation. It further promotes practical and suitable accommodation for the aged and disabled persons in terms of access to basic services and reasonable adaptations to their physical environment including special additions to their housing units which enable them to live independently.
11. KZN Provincial Human Resources Turnaround Strategy	The strategy deals with the following: • Sets the tone for the repositioning of HR as Strategic Partner to the PGDS; • Develops guidelines to strengthen leadership and offer quality HR services; • Develops guidelines to improve effectiveness and efficiencies in all HR components; • Provides a framework to unlock the potential of the Province by utilizing the available human resources in the Public Service effectively; • Ensures that all initiatives of the Province in the form of programmes, are adequately staffed with the right number of people with the relevant requisite skills, and • Ensures that the strategic objectives of HR are fully aligned with those of the Province.

8. ORGANISATIONAL STRUCTURE



9. ENTITIES REPORTING TO THE MEC

The KwaZulu-Natal Housing Fund reports to the KwaZulu-Natal Department of Human Settlements. The Department does not have any other public entities reporting to it directly, however it works closely with the public entities reporting to the National Department of Human Settlements and has a number of service level agreements to guide the services they provide to the Department. Such entities include the National Home Builders Registration Council (NHBRC), National Housing Financial Corporation (NHFC), Social Housing Regulatory Authority (SHRA), Housing Development Agency (HDA) and Rental Housing Association Fund (RHAF).

PART B: PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide limited 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 no 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 156 of the Report of the Auditor-General, published as Part F: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The Department has performed fairly well over the last financial year, the desired output in some programmes were not achieved due to the following:

- delays in the finalisation of statutory planning approvals;
- delays in completion of bulk infrastructure projects;
- delays in finalising outstanding planning milestones and ownership disputes;
- inclement weather leading to some areas being declared as disaster areas;
- delays incurred in material supply which has resulted in reduced productivity on site;
- rising development costs due to other external economic factors; and
- delays in conveyancing as the beneficiary administration was still in progress.

2.2 Service Delivery Improvement Plan

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

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Provision of low income housing	Qualifying South African Citizens who earn less than R3,500 per month	Compliance with NHRBC, SABS and norms that all houses conform to the standards	10,858	9,363

Batho Pele arrangements with beneficiaries (Consultation, access, etc.) / Service delivery information tool

Current/actual arrangements	Desired arrangements	Actual achievements
Road Shows	Radio talk show and newsletters	Increase awareness on know your services right campaign
Izimbizo, Exhibitions, Summits, Project launches and handover, Implementing Agents meetings, Municipalities Forum meetings and OSS meetings	Izimbizo, Summits, Project launches and handover, Implementing Agents meetings, Municipalities Forum meetings and Help desk	Improve determination of need and expectation of the end user of services
Consumer Management Forum	Access on TV service in Department offices, information brochures on various housing programmes and Stakeholders forum meetings	Improve service delivery and improve awareness

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Suggestion Boxes and customer satisfaction surveys	Call centre report	Improve quality responses and customer care services
Complaints Handling system and Procedures	Complaints Response Register	Improve quality time line in the handling of complaints
Utilization of toll-free number to reports fraud and corruption	Utilization of toll-free number to reports fraud and corruption	Reduce fraud and corruption practices
Training of employees in handling of complaints fast and efficiently	Computerised complaints system and complaint forms	Improve quality responses and customer care services

2.3 Organisational environment

The Department is operating in line with an approved organisational structure. However, due to fiscal constraints and cost containment measures within the Province, the Department is only allowed to fill critical service delivery posts with the approval of the Premier and the MEC for Finance. The appointment of suitably qualified employees with the relevant technical skills using Operational Capital funding has improved service delivery and also closed the gap of scarce skills as identified by the Department. The Department is in the process of finalising the review of the approved organisational structure. The proposals made are responsive to the promotion of the principles of the NDP and other priority areas inclusive of youth development.

In terms of the transformation profile of the Department as at March 2024:

- Females at Senior Management level are at 43,48%;
- Employees with disabilities are at 2,1%; and
- Black employees at Senior Management level are at 74%.

With regard to the age distribution, the Department has a fairly balanced staff complement in terms of youth, middle age and mature staff.

The Department has opportunities for knowledge retention, mentorship and succession planning to ensure institutional stability and consistency.

The Department has identified scarce skills in Geo-technology Engineering, Engineering Civil/Structural, Quantity

Surveying, and Construction Project Management. In addressing the skills disparities of the Department, the following skills development programmes are being conducted which also equip unemployed graduates with necessary skills, knowledge, values and work experiences in order to improve their chances of employment within and outside the Public Service:

- Graduate Internship Programme;
- Bursary Programme;
- National Scholarship Programme;
- Graduate Mentorship Programme;
- Training Programmes;
- Adult Education and Training Programme; and
- Work Integrated Learning Programme.

The cost containment measures effected for the recruitment processes have also impacted on the timeous provision of adequate human capital. This together with ensuring that the Department has the objective of having a skilled human resource necessitates that need for the optimal utilisation of human resources to maximise productivity and effectiveness.

Programme intervention to address skill deficiencies, the proper matching of skills and placements, the effective administration of service conditions and employee wellness programmes as well as performance incentives need to be strengthened.

The Department has a functional performance management system to improve quality of staff performance and performance based interventions as well as a functional Employee Wellness Programme to assist employees to live healthy balanced lifestyle through various initiatives viz:

- GEMS Health Screening on TB, HIV/AIDS, Optometry, Dentistry & Gynaecology services;
- Health Life Style Awareness conducted by Herbal Life, Forever Living, & Virgin Active;
- Financial Information Sessions; and
- Referrals to Professional Institutions.

During the forthcoming year, attention will be given to human resource planning to ensure effective forecasting, inventorying, and securing the Department's provision of skilled human resources, review and alignment of the organizational structure and a seamless human resource administration services that will ensure availability of the right number and maximum utilization of human resources. The optimal utilisation of human and other resources within the cost containment imperatives is also deemed to be essential in order to maximise productivity and effectiveness.

2.4 Key policy developments and legislative changes

No key policy or legislative changes.

3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The table below reflects the revised 5 year targets as per the 2019-2024 Strategic Plan.

Vision	To restore dignity and provide access to sustainable livelihoods through collaborated, equitable, decent and integrated human settlements.
Mission	To transform human settlements into liveable neighbourhoods through integrated human settlements programmes in areas with major economic opportunities and empowerment of all designated groups
Problem Statement	Inadequate inter-governmental and stakeholder collaboration has led to the delivery of human settlements in areas that are remote from economic activities and opportunities, making a marginal impact in the provision of sustainable livelihoods through human settlements.
Impact Statement	Sustainable livelihoods through transformed human settlements

Outcomes	Outcome Indicator	Revised Five Year Target
Improved good governance	A clean audit outcome	5
Spatial transformation through multi-programme integration	Number of projects catalytic projects implemented	7
	Number of projects implemented within the gazette PDAs	51
Adequate housing and improved quality living environment	Number of informal settlements upgraded	5
	No. of housing opportunities for middle-income (gap market) beneficiaries	2,730
	Number of BNG houses delivered through housing programmes of the housing code	76,396
	Number of serviced sites delivered through housing programmes of the housing code	27,017
Improved Security of Tenure	Number of title deeds registered (pre-1994 to March 2025)	139,662
Economically transformed human settlements sector	Number of economically empowered companies of designated groups	150

Detailed information on the outcomes and progress towards achievement of the 5 year targets is disclosed in section 4 Performance information by programme below. This information has been reflected for the MTEF period.

4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

4.1 Programme 1: Administration

Purpose

The purpose of the Administration Programme is to identify and eliminate bottle-necks, as well as continuously improve the flow of financial, administrative and management information.

This Programme also:

- Provides overall strategic leadership, coordination and management of strategies towards the achievement of sustainable human settlements for all people in the Province of KwaZulu-Natal;
- Administer the Department in line with good governance practice; and
- Formulate and/or review policies and strategies in line with legal prescripts and national and provincial priorities.

Sub-programmes

The sub-programme under this programme is as follows:

- ***Corporate Services*** – caters for services such as providing strategic leadership, co-ordination and management of strategies as well as the administration of the department.

Institutional Outcome

Programme 1 supports government priority 1, namely: A capable, ethical and developmental state.

Outcomes, outputs, output indicators, targets and actual achievements

Programme 1 supports government priority 1, namely: A capable, ethical and developmental state. The provision of skilled human resources is monitored through the implementation of the approved human resource plan, which comprehensively addresses the human resource requirements of the Department to meet its mandates. The implementation report therefore ensures that all human capital management strategies as contained in the Human Resource Plan are implemented as per DPSA directives. The Department is currently exceeding its transformation profile in terms of the minimum affirmative action set by National. In this regard,

- Females at Senior Management level are at 43,48%; and
- Employees with disabilities are at 2,1% which is as per the national minimum level of 2%.

The above will continued to be monitored to ensure that the minimum levels are maintained. In pursuing the goal of a modern workplace, the Department is well underway with updating IT infrastructure and end point and network devices while also focusing on digitizing its processes in a secure manner. Remote working has enabled the Department to continue to deliver services despite the challenges it faces. Focus during this financial year is to mature and expand the initial foundational solutions and entrench digital transformation values, fundamentally changing how officials work with internal and external stakeholders.

Of critical importance to the Department is the implementation of the approved audit improvement plan, which ensures that measures, processes, systems and controls by the Department are effectively managed to support the achievement of a clean audit outcome in line with the Department's five-year strategic outcome. The Department has gained significant momentum in ensuring that a clean audit is achieved by the introduction of the various faculties of improvement measures including Standard Operating Procedures (SOPs), approved policy document's, issuing of circulars and directives to ensure adherence to prescribed policies, legislation and instruction notes.

The compliance to legislation has been identified as a fundamental element in ensuring sound management of improved good governance. Strict financial control is being achieved by the introduction of improved internal controls and strictly monitored budgets to achieve efficient, effective and economical utilization of available funding.

Deliverables within this Programme are therefore intended to improve governance and efficiency of the Department to achieve the intended impact of the Department.

Programme 1: Administration (Quarter 1 – Quarter 3 Achievement against 2023/24 Original APP Target)

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024 Until date of Re-tabling	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improved Good Governance	Human Resource implemented plan report	Approved Human Resource plan implementation report submitted annually	1	1	-	-	-	Target in the re-tabled APP.	Not revised
	Information and Communication Technology (ICT) Governance Framework performance reports	Number of ICT Governance Framework performance reports submitted	4	4	3	3	-	Target has been achieved	Not revised
	Internal audit plan implemented	% Implementation of the approved internal audit plan	100%	100%	100%	100%	-	Target has been achieved	Not revised
	Invoices paid timeously	% of invoices paid within 30 days of receipt	98%	99,6%	100%	100%	-	Target has been achieved	Not revised
	Audit improvement plan implemented	Number of progress reports on the approved audit improvement plan submitted	-	-	3	3	-	Target has been achieved	Not revised
	Improved Performance Information management report	Annual Performance Information management report submitted	1	1	1	1	-	Target has been achieved	Not revised
	Procurement Plan implemented	% of the approved Procurement Plan implemented	-	100%	90%	44%	(46%)	Target was not achieved due to budget cuts and bid appeals.	Not revised
	Organizational Functionality Assessment	Organizational Functionality Assessment conducted	-	-	-	-	-	Target in the re-tabled APP.	Not revised

Programme 1: Administration (Quarter 4 Achievement against 2023/24 Re-tabled APP Target)

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Improved Good Governance	Human Resource implemented plan report	Approved Human Resource plan implementation report submitted annually	1	1	80%	88%	8%	Target has been exceeded
	Information and Communication Technology (ICT) Governance Framework performance reports	Number of ICT Governance Framework performance reports submitted	4	4	1	1	-	Target has been exceeded
	Internal audit plan implemented	% Implementation of the approved internal audit plan	100%	100%	-	-	-	Target in the original APP.
	Invoices paid timeously	% of invoices paid within 30 days of receipt	98%	99,6%	100%	100%	-	Target has been achieved
	Audit improvement plan implemented	Number of progress reports on the approved audit improvement plan submitted	-	-	1	1	-	Target has been achieved
	Improved Performance Information management report	Annual Performance Information management report submitted	1	1	-	-	-	Target in the original APP.
	Procurement Plan implemented	% of the approved Procurement Plan implemented	-	100%	10%	22%	12%	Target has been exceeded.
	Organizational Functionality Assessment	Organizational Functionality Assessment conducted	-	-	1	1	-	Target has been achieved

Strategy to overcome areas of under performance

The Department has implemented an electronic register to continuously manage compliance of the invoices paid to creditors within 30 days of receipt. Interface challenges was experienced between BAS and the Debtors' system. The Debtors' system is managed by the National Department of Human Settlements (NDHS) which is used to capture invoices relating to the Housing Fund and resolving challenges experienced with the system is not always timeous.

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

The Department does not have standardised outputs and output indicators for Programme 1.

Linking performance with budgets

Sub-programme expenditure

Sub-Programme Name	2023/2024			2022/2023		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1. Corporate Services	250,036	271,281	(21,245)	272,592	279,448	(6,856)
Total	**250,036**	**271,281**	**(21,245)**	**257,217**	**279,448**	**(6,856)**

4.2 Programme 2: Housing Needs, Research and Planning

Purpose

The purpose of this programme is to develop tools to guide the Department's investment decisions and to provide policy and support to the housing delivery process.

In addition, the programme provides for the facilitation and integration of housing sector planning, education of stakeholders in housing sector planning, alignment of the housing budget with the current and future housing needs, and the capacitation of housing stakeholders for housing delivery through mentorship and training.

Sub-programmes

Programme 2 consists of four sub-programmes, in line with the uniform budget and programme structure of the Human Settlements sector as follows:

- ***Administration*** – provides for administration of services, managing personnel, financial administration and the co-ordination and monitoring of housing needs, research and planning.
- ***Planning*** – provides for the facilitation and integration of housing sector planning.
- **Policy** – provides for creating platforms for various stakeholders for discussing, debating, drafting and informing human settlement policies, programmes, innovation and technology.
- ***Research*** – provides for the identification of any skills gaps in the major stakeholders that are an integral part of the housing delivery chain, including municipalities, traditional leaders and institutions, emerging contractors, youth and women.

Institutional Outcome

This Programme plays a fundamental role towards the achievement of National Priority 5, i.e. Spatial integration, human settlements and local government as well as with the Provincial Priority relating to human settlements and sustainable livelihood. The strategic goal of Programme 2 is to create sustainable and integrated human settlements that enables an improved quality of household life.

Outcomes, outputs, output indicators, targets and actual achievements

This programme has contributed towards achieving the goal of "promoting inter-sectorial planning and housing opportunities". This can be seen by the achievement of the strategic objective "implements projects that will ensure spatial, social and economic integration" – through the achievement of its catalytic projects.

Standardised Outputs

Programme 2: Housing Needs, Research and Planning – Standardised Outputs (Quarter 1 – Quarter 3 Achievement against 2023/24 Original APP Target)									
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024 Until date of Re-tabling	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Spatial transformation through multi-programme integration	Integrated implementation programmes for priority development areas completed	Number of integrated implementation programmes for priority development areas completed per year	9	-	-	-	-	Target in the re-tabled APP.	Not revised
	Acquired land during 2014-2019 falling within the PDA's rezoned	Percentage of acquired land during 2014-2019 within the PDA's rezoned	33%	23%	-	-	-	The Department obtained exemption to plan and report on the sector on percentage of land acquired in the 2023/24 financial year.	Not revised
	Investment of the total Human Settlements in PDAs	Percentage of investment of the total Human Settlements allocation in PDAs	New Indicator	21%	9%	7%	(2%)	Target achieved in the re-tabled APP	Not revised

Programme 2: Housing Needs, Research and Planning – Standardised Outputs (Quarter 4 Achievement against 2023/24 Re-tabled APP Target)								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Spatial transformation through multi-programme integration	Integrated implementation programmes for priority development areas completed	Number of integrated implementation programmes for priority development areas completed per year	9	-	6	1	(5)	Delays caused by appointments of service providers to undertake the implementation programmes and delays in obtaining the relevant Council Endorsements.
	Acquired land during 2014-2019 falling within the PDA's rezoned	Percentage of acquired land during 2014-2019 within the PDA's rezoned	33%	23%	-	-	-	The Department obtained exemption to plan and report on the sector on percentage of land acquired in the 2023/24 financial year.
	Investment of the total Human Settlements in PDAs	Percentage of investment of the total Human Settlements allocation in PDAs	New Indicator	21%	3%	6%	3%	Target was exceeded. Expenditure in projects within PHDA's included projects with bulks funding which was prioritised to unlock blocked projects for Human Settlement development.

Provincial Outputs

Programme 2: Housing Needs, Research and Planning – Provincial Outputs (Quarter 1 – Quarter 3 Achievement against 2023/24 Original APP Target)									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2021/2022**	**Audited Actual Performance 2022/2023**	**Planned Target 2023/2024**	**Actual Achievement 2023/2024 Until date of Re-tabling**	**Deviation from planned target to Actual Achievement 2023/2024**	**Reasons for deviations**	**Reasons for revisions to the Outputs / Output indicators / Annual Targets**
Spatial transformation through multi-programme integration	Multi-year housing development plan	Approved multi-year housing development plan reviewed annually	1	1	-	-	-	Target in the re-tabled APP.	Not revised
	Technical support to municipalities	Number of municipalities provided with technical support	50	58	30	40	10	Annual target has been achieved.	Not revised
	Human settlements development projects planned	Number of human settlements development projects planned	42	34	18	26	8	Target has been exceeded. With the review of the budget we could approve more projects within the financial year.	Not revised
	Catalytic Projects planned in terms of planning milestones	Number of Catalytic projects in planning	7	5	-	-	-	Target in the re-tabled APP.	Not revised
	Hectares of land procured/ proclaimed	Number of Hectares of land procured/ proclaimed	160	417	75	295	220	Target has been exceeded. With the review of the budget more financial resources were allocated to the target in the financial year.	Not revised
	Pre-feasibility of farm residents housing assistance projects	Number of farm residents housing projects at pre-feasibility stage	10	1	1	-	(1)	Target achieved in Quarter 4.	Not revised

Programme 2: Housing Needs, Research and Planning – Provincial Outputs (Quarter 1 – Quarter 3 Achievement against 2023/24 Original APP Target)

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024 Until date of Re-tabling	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Spatial transformation through multi-programme integration	Farm residents housing assistance projects planned	Number of farm residents housing assistance projects in planning	3	2	-	-	-	Target in the re-tabled APP.	Not revised
	Informal settlements upgrade plans	Number of informal settlements upgrade plans completed	31	1	-	-	-	Target in the re-tabled APP.	Not revised
	Informal settlements upgrading projects planned for Phase 1 of the UISP	Number of projects in Phase 1 (Pre-feasibility) of the UISP	32	69	6	14	8	Target has been exceeded due to the unanticipated applications received from municipalities.	Target was revised to align the sum of quarterly targets to the annual target.
	Informal settlements upgrading projects planned for Phase 2 of the UISP	Number of projects in Phase 2 (Planning) of the UISP	74	56	-	-	-	Target in the re-tabled APP.	Not revised
	Planning milestones achieved	Number of planned projects completed for upgrading to Phase 3 of the UISP	2	5	1	1	-	Target has been achieved	Not revised
Improved Good Governance	Research reports	Number of reports developed in terms of approved research studies	1	2	1	-	(1)	Target achieved in Quarter 4	Not revised
	Human settlements consumer education	Number of individuals provided with human settlements consumer education	11,926	13,678	7,500	9,197	1,697	Target has been exceeded because there is no certainty of the number of people that will attend consumer education.	Target was revised due to budget cuts.

Programme 2: Housing Needs, Research and Planning – Provincial Outputs (Quarter 4 Achievement against 2023/24 Re-tabled APP Target)

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Spatial transformation through multi-programme integration	Multi-year housing development plan	Approved multi-year housing development plan reviewed annually	1	1	1	1	-	Target has been achieved
	Technical support to municipalities	Number of municipalities provided with technical support	50	58	13	3	(10)	Annual target has been achieved.
	Human settlements development projects planned	Number of human settlements development projects planned	42	34	7	4	(3)	Annual target has been achieved.
	Catalytic Projects planned in terms of planning milestones	Number of Catalytic projects in planning	7	5	5	5	-	Target has been achieved
	Hectares of land procured/proclaimed	Number of Hectares of land procured/ proclaimed	160	417	75	589	514	Target has been exceeded. With the review of the budget more financial resources were allocated to the target in the financial year.
	Pre-feasibility of farm residents housing assistance projects	Number of farm residents housing projects at pre-feasibility stage	10	1	1	2	1	Annual target has been achieved.

Programme 2: Housing Needs, Research and Planning – Provincial Outputs (Quarter 4 Achievement against 2023/24 Re-tabled APP Target)								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Spatial transformation through multi-programme integration	Farm residents housing assistance projects planned	Number of farm residents housing assistance projects in planning	3	2	3	5	2	Target for the year has been exceeded. During the budget adjustment period more projects were prioritised.
	Informal settlements upgrade plans	Number of informal settlements upgrade plans completed	31	1	15	-	(15)	There has been delays by Municipalities in approving the upgrading plan.
	Informal settlements upgrading projects planned for Phase 1 of the UISP	Number of projects in Phase 1 (Pre-feasibility) of the UISP	32	69	4	3	(1)	Annual target has been exceeded due to the unanticipated applications received from municipalities.
	Informal settlements upgrading projects planned for Phase 2 of the UISP	Number of projects in Phase 2 (Planning) of the UISP	74	56	55	78	23	Target has been exceeded because new projects were prioritised during budget adjustment.
	Planning milestones achieved	Number of planned projects completed for upgrading to Phase 3 of the UISP	2	5	4	4	-	Target has been achieved
Improved Good Governance	Research reports	Number of reports developed in terms of approved research studies	1	2	1	2	1	Annual target has been achieved.
	Human settlements consumer education	Number of individuals provided with human settlements consumer education	11,926	13,678	1,000	1,012	12	Target has been exceeded because there is no certainty of the number of people that will attend consumer education.

Strategy to overcome areas of under performance

The policy and research unit has commenced the work on a number of policy guidelines. However, a number of these documents have not yet obtained the necessary approval from the MEC. This is largely due to the fact that the MEC has to carefully review, analyse and recommend amendments to these document so that they speak to the direction the department has adopted. Once the review process has been completed the documents will then be made public and all stakeholders shall have access to them accordingly.

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

Refer to table above for performance against standardised outputs and indicators.

Linking performance with budgets

Sub-programme expenditure

Sub-Programme Name	2023/2024			2022/2023		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	548	548	-	496	489	7
2. Policy	4,112	4,073	39	3,727	3,730	(3)
3. Planning	5,145	5,183	(38)	4,700	4,785	(85)
4. Research	11,204	11,205	(1)	11,195	11,114	81
Total	**21,009**	**21,009**	**-**	**20,118**	**20,118**	**-**

4.3 Programme 3: Housing Development

Purpose

This programme is responsible for the implementation and monitoring of housing delivery within all districts including the eThekwini Metropolitan municipality through various subsidy mechanisms in terms of national and provincial policies.

Programme 3 is the core function of the Department and serves to promote effective and effcient human settlements delivery through various housing subsidy instruments. Its focus is to achieve targets, which contribute to the national priorities targets, as per the MTSF. This Programme also plays a fundamental role towards the realisation of the Department's mission and vision.

The housing programmes implemented by this Programme include: FLISP, EPHP, ISUP, IRDP, Emergency Housing and OSS, as well as Social/Rental Housing, CRU's, Rectification/Rehabilitation (Post-1994), Military Veterans, Social and Economic Amenities and Rural Housing Programmes. Programme 3 carries the core functions of the Department hence it utilises the bulk of the HSDG in achieving the set targets.

It must be noted that Programme 3 consists of the Human Settlements Development Grant.

Sub-programmes

The sub-programmes under this programme are as follows:

- ***Administration*** – provides for administration of human settlement development projects, managing of personnel and financial administration.
- ***Financial Interventions*** – provides for financial support to procure services relating to housing delivery.
- ***Incremental Interventions*** – contributes towards achievement of Outcome 8 targets and ensuring sustainable human settlements.
- ***Social and Rental Interventions*** – provides for the CRU programme which aims to create a sustainable, affordable and secure rental housing option for households.
- ***Rural Interventions*** – provides for housing needs that are implemented utilising the rural housing subsidy.

Institutional Outcome

The core function of this Programme is to promote the achievement of National Priority 5, i.e. Spatial integration, human settlements and local government. It is also linked to National Priority 2 relating to economic transformation and job creation. Effective implementation of the programme directly contributes to the achievement of the department's desired impact of sustainable livelihoods through transformed human settlements.

Outcomes, outputs, output indicators, targets and actual achievements

Programme 3 focuses mainly on the goal of "Improving the quality of delivery services". It does this through the strategic objectives: "Accelerate the delivery of slums clearance and Outcome 8 projects, and Accelerate the provision of rental / affordable (FLISP) opportunities".

Standardised Outputs

Programme 3: Housing Development – Standardised Outputs (Quarter 1 – Quarter 3 Achievement against 2023/24 Original APP Target)									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2021/2022**	**Audited Actual Performance 2022/2023**	**Planned Target 2023/2024**	**Actual Achievement 2023/2024 Until date of Re-tabling**	**Deviation from planned target to Actual Achievement 2023/2024**	**Reasons for deviations**	**Reasons for revisions to the Outputs / Output indicators / Annual Targets**
Adequate housing and improved quality living environment	Breaking New Ground (BNG) houses	Number of Breaking New Ground (BNG) houses delivered	11,257	9,265	9,674	7,328	(2,346)	Target was not achieved because of the following reasons; 1) Budget cuts which resulted to the reduction of delivery especially in the last quarter of the year; 2) Stoppages by business forums; 3) Poor performance of Service Providers; 4) Areas with bad terrain thus taking longer for units to be completed.	Target revised due to budget cuts.
	Serviced Sites	Number of serviced sites delivered	5,748	-	4,305	925	(3,380)	Target was not achieved due to the following: 1) Delays emanating from the unavailability and insufficient bulk infrastructure capacity. 2) Stoppages by business forums. 3) Sites not fully services thus not being able to report for them as they were not meeting the requirements of the technical indicator.	Target revised due to budget cuts.
	Households that received subsidies through FLISP	Number of households that received subsidies through FLISP	502	487	481	257	(224)	Under-performance is attributable to: 1) Applicants not meeting the stringent qualifying criteria, namely, income threshold as capped at R22000 gross household income per month. 2) Lack of awareness of the availability of this subsidy and its process. 3) Interest rate hikes especially in 2023 and further anticipated fluctuations have affected the entry level buyers in the Affordable Market in terms of qualifying for finance.	Target revised due to budget cuts.

Programme 3: Housing Development – Standardised Outputs (Quarter 1 – Quarter 3 Achievement against 2023/24 Original APP Target)

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024 Until date of Re-tabling	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
	Community Residential Units	Number of Community Residential Units (CRU) delivered	274	438	-	-	-	Target in the re-tabled APP.	Target revised due to budget cuts.
	Informal Settlements upgraded to phase 3 of the UISP	Number of informal settlements upgraded to phase 3 of the Upgrading of Informal Settlements Programme (UISP)	2	-	-	-	-	Target in the re-tabled APP.	Not revised
Improved Security of Tenure	Title deeds registered post-1994	Number of post-1994 title deeds registered	1,187	862	1,560	357	(1,203)	Properties could not be transferred due to: 1) Missing beneficiaries that cannot be located. 2) Ownership disputes 3) Delays in the registration of deceased estates due to the missing documentation.	Target revised due to challenges affecting the issuing of title deeds.
	Title deeds registered post-2014	Number of post-2014 title deeds registered	874	359	150	-	(150)	Properties could not be transferred due to: 1) Missing beneficiaries that cannot be located. 2) Ownership disputes 3) Delays in the registration of deceased estates due to the missing documentation. 4) Delays in the opening and registration of the township register due to the expired Consent from the Department of Transport.	Target revised due to challenges affecting the issuing of title deeds.
	New title deeds registered	Number of new title deeds registered	1,303	682	938	843	(95)	Properties could not be transferred due to: 1) Missing beneficiaries that cannot be located. 2) Ownership disputes 3) Delays in the registration of deceased estates due to the missing documentation.	Target revised due to challenges affecting the issuing of title deeds.

Programme 3: Housing Development – Standardised Outputs (Quarter 4 Achievement against 2023/24 Re-tabled APP Target)

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Adequate housing and improved quality living environment	Breaking New Ground (BNG) houses	Number of Breaking New Ground (BNG) houses delivered	11,257	9,265	1,184	2,035	851	Target was exceeded to make up for the previous under-performance.
	Serviced Sites	Number of serviced sites delivered	5,748	-	866	1,938	1,072	Target was exceeded to make up for the previous under-performance.
	Households that received subsidies through FLISP	Number of households that received subsidies through FLISP	502	487	-	62	62	Target was exceeded to make up for the previous under-performance.
	Community Residential Units	Number of Community Residential Units (CRU) delivered	274	438	310	-	(310)	Target was not achieved due to the challenges encountered with the technical indicator definition.
	Informal Settlements upgraded to phase 3 of the UISP	Number of informal settlements upgraded to phase 3 of the Upgrading of Informal Settlements Programme (UISP)	2	-	2		(2)	Under-performance is attributable to: 1) Copesville Housing Project: 1.1. The opening of township register that is delayed by the transfer of land from the Department to the Msunduzi Municipality who is the Developer in the project. 1.2. SPLUMA Approval which required additional funding to widen the road passing near the project. This funding is required from Msunduzi and to date no funding has been reserved or made available for the project. 2) Ithubalethu Housing Project: 2.1. Delays in the opening and registration of the township register due to the unavailability of bulk infrastructure.

Programme 3: Housing Development – Standardised Outputs (Quarter 4 Achievement against 2023/24 Re-tabled APP Target)

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Improved Security of Tenure	Title deeds registered post-1994	Number of post-1994 title deeds registered	1,187	862	2,456	78	(2,378)	Properties could not be transferred due to: 1) Missing beneficiaries that cannot be located. 2) Ownership disputes 3) Delays in the registration of deceased estates due to the missing documentation.
	Title deeds registered post-2014	Number of post-2014 title deeds registered	874	359	3	-	(3)	Properties could not be transferred due to: 1) Missing beneficiaries that cannot be located. 2) Ownership disputes 3) Delays in the registration of deceased estates due to the missing documentation. 4) Delays in the opening and registration of the township register due to the expired Consent from the Department of Transport.
	New title deeds registered	Number of new title deeds registered	1,303	682	170	80	(90)	Properties could not be transferred due to: 1) Missing beneficiaries that cannot be located. 2) Ownership disputes 3) Delays in the registration of deceased estates due to the missing documentation.

Provincial Outputs

Programme 3: Housing Development – Provincial Outputs (Quarter 1 – Quarter 3 Achievement against 2023/24 Original APP Target)									
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024 Until date of Re-tabling	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Adequate housing and improved quality living environment	MVHP houses delivered	Number of houses (units) delivered through the IRDP	4	16	75	1	(74)	1) The rain delays disturbed the anticipated delivery on the targeted sites. 2) The connection of services to the houses had challenges of aged infrastructure requiring unblocking. 3) The contractor is under-performing due to technical and contractual aspects that resulted into delays in. the construction of units.	Target revised due to budget cuts.
	IRDP houses delivered	Number of houses (units) delivered through the IRDP	2,226	1,876	1,977	1,124	(853)	Target was not achieved because of the following reasons: 1) Budget cuts which resulted to the reduction of delivery especially in the last quarter of the year. 2) Stoppages by business forums. 3) Poor performance of Service Providers. 4) Areas with bad terrain thus taking longer for units to be completed.	Target revised due to budget cuts.
	Consolidation subsidy programme houses delivered	Number of houses (units) delivered through the consolidation subsidy programme	142	57	190	95	(95)	Annual target was not achieved because there were service providers that were terminated due to poor performance. New appointments were finalised in the third quarter however, at the time of the appointments, there were invoices that could not be processed as funding had been exhausted under Programme 3.	Target revised due to budget cuts.

Programme 3: Housing Development – Provincial Outputs (Quarter 1 – Quarter 3 Achievement against 2023/24 Original APP Target)

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024 Until date of Re-tabling	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Adequate housing and improved quality living environment	Houses delivered through the OSS Intervention for vulnerable groups[1]	Number of houses (units) delivered through the OSS Intervention for vulnerable groups	-	412	516	553	37	Target for this indicator was exceeded. This was because there are beneficiaries that had been affected by Disasters which were identified within these projects.	Target revised due to budget cuts.
	Houses delivered to households affected by the for 2019 Provincial declared disaster	Number of houses (units) delivered to households affected by the 2019 Provincial declared disaster	-	-	1,741	6	(1,735)	The delays were as a result of stoppages by business forums and delays with home enrolments. Also, appointments for service providers were finalised in December with other contracts concluded in January 2024.	Target revised due to budget cuts.
	Rural subsidy programme houses delivered	Number of houses (units) delivered through the rural subsidy programme	8,885	6,904	5,175	5,549	374	The reported over-performance is primarily attributed to the Ministerial Directive issued in December 2021 during the National Department of Human Settlements MINMEC meeting. The directive emphasized the urgency of prioritizing the eradication of mud houses. Given that approximately 95% of these mud houses are located in rural areas of KwaZulu-Natal (KZN), the department has focused its efforts on prioritising the eradication of uninhabitable mud houses, leading to the significant over-achievement of the programme's target.	Target revised due to budget cuts.

Programme 3: Housing Development – Provincial Outputs (Quarter 1 – Quarter 3 Achievement against 2023/24 Original APP Target)

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024 Until date of Re-tabling	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Adequate housing and improved quality living environment	Serviced sites through the IRDP	Number of serviced sites delivered through the IRDP	487	-	620	192	(428)	Target was not achieved because: 1) There are projects where sites could not be fully serviced as per the definition of the technical indicator for sites. 2)There were stoppages by business forums. 3) Delays emanating from the insufficient bulk infrastructure capacity.	Target revised due to budget cuts.
	Serviced sites through the UISP	Number of serviced sites delivered through the UISP	5,261	-	3,685	733	(2,952)	Target was not achieved because: 1) There are projects where sites could not be fully serviced as per the definition of the technical indicator for sites. 2)There were stoppages by business forums. 3) Delays emanating from the unavailability and insufficient bulk infrastructure capacity.	Target revised due to budget cuts.
	Consolidation subsidy programme houses delivered	Number of social housing projects approved for Consolidated Capital grant funding	-	-	-	-	-	Target in the re-tabled APP.	Not revised

Programme 3: Housing Development – Provincial Outputs (Quarter 1 – Quarter 3 Achievement against 2023/24 Original APP Target)									
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024 Until date of Re-tabling	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Economically transformed human settlements sector	Companies of designated groups trained	Number of designated group companies trained	50	120	100	77	(23)	Annual target has been exceeded because additional companies were trained in line with the pronouncement by the MEC in the policy budget speech that additional 90 women-owned businesses needed to be trained including those in TEAs.	Not revised
	Work opportunities created through related programmes	Number of work opportunities created through related programmes	5,869	5,952	5,100	6,359	1,259	Target has been exceeded because of the additional budget that was allocated from the Equitable Share.	Not revised
Economically transformed human settlements sector	Creation of Full Time Equivalents	Number of Full Time Equivalent (FTE's) created	1,778	1,540	1,408	1,519	111	Target has been exceeded because of the additional budget that was allocated from the Equitable Share.	Not revised
	Provision of targeted person days of work	Number of targeted person's days of work	408,932	354,092	323,840	349,309	25,469	Target has been exceeded because of the additional budget that was allocated from the Equitable Share.	Not revised
	Accredited training provided to EPWP beneficiaries	Number of EPWP beneficiaries provided with accredited training	250	255	190	240	50	Target has been exceeded because of the additional budget that was allocated from the Equitable Share.	Not revised

Programme 3: Housing Development – Provincial Outputs (Quarter 1 – Quarter 3 Achievement against 2023/24 Original APP Target)

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024 Until date of Re-tabling	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Economically transformed human settlements sector	Social Housing Institutions accredited	Number of Social Housing Institutions accredited	3	2	-	-	-	Target in the re-tabled APP.	Not revised
	Human Settlements Disaster Management Strategy	Human Settlements Disaster Management Strategy approved	-	-	1	1	-	Target has been achieved	Not revised

Programme 3: Housing Development – Provincial Outputs (Quarter 4 Achievement against 2023/24 Re-tabled APP Target)

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Adequate housing and improved quality living environment	MVHP houses delivered	Number of houses (units) delivered through the MVHP	4	16	20	18	(2)	1) The rain delays disturbed the anticipated delivery on the targeted sites. 2) The connection of services to the houses had challenges of aged infrastructure requiring unblocking. 3) The contractor is under-performing due to technical and contractual aspects that resulted into delays in. the construction of units.
	IRDP houses delivered	Number of houses (units) delivered through the IRDP subsidy programme	2,226	1,876	-	429	429	Target was revised in Quarter 4 due to budget cuts.

Programme 3: Housing Development – Provincial Outputs (Quarter 4 Achievement against 2023/24 Re-tabled APP Target)

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Adequate housing and improved quality living environment	Consolidation subsidy programme houses delivered	Number of houses (units) delivered through the consolidation subsidy programme	142	57	-	43	43	Target was revised in Quarter 4 due to budget cuts.
	Houses delivered through the OSS Intervention for vulnerable groups[2]	Number of houses (units) delivered through the OSS Intervention for vulnerable groups	-	412	10	101	91	Target for this indicator was exceeded. This was because there are beneficiaries that had been affected by Disasters which were identified within these projects.
	Houses delivered to households affected by the for 2019 Provincial declared disaster	Number of houses (units) delivered to households affected by the 2019 Provincial declared disaster	-	-	433	54	(379)	The delays were as a result of stoppages by business forums and delays with home enrolments. Also, appointments for service providers were finalised in December with other contracts concluded in January 2024.
Adequate housing and improved quality living environment	Rural subsidy programme houses delivered	Number of houses (units) delivered through the rural subsidy programme	8,885	6,904	721	1,390	669	The reported over-performance is primarily attributed to the Ministerial Directive issued in December 2021 during the National Department of Human Settlements MINMEC meeting. The directive emphasized the urgency of prioritizing the eradication of mud houses. Given that approximately 95% of these mud houses are located in rural areas of KwaZulu-Natal (KZN), the department has focused its efforts on prioritising the eradication of uninhabitable mud houses, leading to the significant over-achievement of the programme's target.

2 Excludes the provision of houses for vulnerable groups for human settlements development projects undertaken in terms of the normal project development cycle.

Programme 3: Housing Development – Provincial Outputs (Quarter 4 Achievement against 2023/24 Re-tabled APP Target)

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Adequate housing and improved quality living environment	Serviced sites through the IRDP	Number of serviced sites delivered through the IRDP	487	-	-	5	5	Target was revised in Quarter 4 due to budget cuts.
	Serviced sites through the UISP	Number of serviced sites delivered through the UISP	5,261	-	866	1,933	1,067	Target was exceeded to make up for the previous under-performance.
	Consolidation subsidy programme houses delivered	Number of social housing projects approved for Consolidated Capital grant funding	-	-	3	-	(3)	The Department has submitted its viable Project Pipeline to the SHRA for assessment by The Projects Assessment Committee. Projects are listed as follows: 1) Dumisane Makhaye Village (1020 Units) by Milestone SHI 2. Aquadene (1000 Units) by Dezzo SHI 3. Huntley Road (525 Units) by Yethusodwa SHI All the above projects have received PSC Endorsement from all sector stakeholders however delays have been incurred with the SHRA being unable to confirm when the technical evaluation committee will convey to upraise projects. This was further confirmed by the SHRA in the meeting 13th March 2024

Programme 3: Housing Development – Provincial Outputs (Quarter 4 Achievement against 2023/24 Re-tabled APP Target)								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2021/2022**	**Audited Actual Performance 2022/2023**	**Planned Target 2023/2024**	**Actual Achievement 2023/2024**	**Deviation from planned target to Actual Achievement 2023/2024**	**Reasons for deviations**
Economically transformed human settlements sector	Companies of designated groups trained	Number of designated group companies trained	50	120	40	67	27	Target has been exceeded because additional companies were trained in line with the pronouncement by the MEC in the policy budget speech that additional 90 women-owned businesses needed to be trained including those in TEAs.
	Work opportunities created through related programmes	Number of work opportunities created through related programmes	5,869	5,952	700	1,884	1,184	Target has been exceeded because of the additional budget that was allocated from the Equitable Share.
	Creation of Full Time Equivalents	Number of Full Time Equivalent (FTE's) created	1,778	1,540	192	733	541	Target has been exceeded because of the additional budget that was allocated from the Equitable Share.
	Provision of targeted person days of work	Number of targeted person's days of work	408,932	354,092	44,160	168,631	124,471	Target has been exceeded because of the additional budget that was allocated from the Equitable Share.
	Accredited training provided to EPWP beneficiaries	Number of EPWP beneficiaries provided with accredited training	250	255	60	48	(12)	Annual target has been achieved.
	Social Housing Institutions accredited	Number of Social Housing Institutions accredited	3	2	3	2	(1)	There are two SHI accreditation applications awaiting SHRA approval. SHRA committee has not sat to consider approval
	Human Settlements Disaster Management Strategy	Human Settlements Disaster Management Strategy approved	-	-	-	-	-	Target in the original APP.

Strategy to overcome areas of under performance

The new FLISP Policy that was implemented in June 2022 will assist with new initiatives to deliver FLISP whilst increasing awareness via our Communications Drive.

The capacity and turnaround times have since drastically improved with the material supplier having decentralized their operations closer to the affected regions. The CRU component always ensures timeous payment of due invoices to the Municipality, and ensure effective oversight and uphold compliance standards. Matter has been escalated to senior management. The DOHS has since received a formal variation order request and same has been recommended by TEC for MEC approval.

Notices of breach issued to poor performance under Zululand and new agreements under Mkhambathini concluded upon resolving all challenges.

The socio-political issues were resolved and recovery plans were submitted and works has recommenced on majority of these sites.

Relaxation of the town planning conditions to suite the current legislation has been proposed.

Dispute Resolution Committees have been established at Municipalities to resolve disputes that are delaying transfers.

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

Refer to table above for performance against standardised outputs and indicators.

Linking performance with budgets

Sub-programme expenditure

Sub-Programme Name	2023/2024			2022/2023		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	101,347	101,347	-	93,388	93,380	8
2. Financial Interventions	370,781	370,781	-	620,891	620,891	-
3. Incremental Interventions	1,929,457	1,665,716	263,741	1,817,957	1,399,663	418,294
4. Social and Rental Interventions	211,497	211,497	-	236,482	236,482	-
5. Rural Interventions	1,301,380	1,301,380	-	1,229,948	1,229,948	-
Total	**3,914,462**	**3,650,721**	**263,741**	**3,998,666**	**3,580,364**	**418,302**

4.4 Programme 4: Housing Asset Management

Purpose

This Programme co-ordinates the maintenance of the Departmental rental housing stock, the rectification of units built prior to 1994 and the transfer of rental housing stock to qualifying beneficiaries in terms of the Enhanced Extended Discount Benefit Scheme (EEDBS).

The maintenance of the rental housing stock and the vacant land of the department is one of the key focus areas of Property Management. Whilst the rental stock is being suitably maintained, it is the intention to deplete the rental stock by implementing the rectification programme and intensifying the transfers of properties to qualifying beneficiaries in terms of the EEDBS.

Sub-programmes

The sub-programmes under this programme are as follows:

- ***Administration*** – provide for the management of Ex-Natal Provincial Administration and Own Affairs stock.
- ***Sale and transfer of housing properties*** – provides for the transfer of rental housing stock to qualifying beneficiaries in terms of the EEDBS.
- ***Housing properties maintenance*** – provides for the co-ordination of the maintenance of departmental rental housing stock and rectification of units built prior to 1994.

Institutional Outcome

In line with National Priority 5, this Programme intervention seeks to promote the security of tenure through the transfer of pre-1994 properties to beneficiaries for both pre-1994 municipal and departmental stock.

Outcomes, outputs, output indicators, targets and actual achievements

Programme 4 strives to achieve the strategic objective "To fast track the transfer of title deeds to promote home ownership", which is also a primary indicator in the PGDP. Although the process of rectification has gone well and the houses themselves are ready for transfer the following challenges exist:

- R293 Townships are affected by unresolved land legal and beneficiary related issues preventing movement of transfers. This is a lengthy process which has contributed to the delays in the transferring of units.
- Some of the post 94 housing projects are affected by outstanding township establishment processes. This includes provision of bulk services.
- Attorneys have complained about the low tariffs and are seeking that it be reviewed.
- Some Municipalities have delayed issuing of clearance certificates as a result of unpaid/ outstanding Municipal debts.

Standardised Outputs

Programme 4: Housing Asset Management – Standardised Outputs (Quarter 1 – Quarter 3 Achievement against 2023/24 Original APP Target)

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024 Until date of Re-tabling	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improved Security of Tenure	Title deeds registered pre-1994	Number of pre-1994 title deeds registered	653	499	1,255	331	(924)	Properties could not be transferred due to: 1) Missing beneficiaries that cannot be located. 2) Ownership disputes 3) Delays in the registration of deceased estates due to the missing documentation. 4) 85 matters cannot be lodged at the Deeds Office due to challenge of eThekwini Municipality withholding Rates Exemption letters.	Target revised due to challenges affecting the issuing of title deeds.

Programme 4: Housing Asset Management – Standardised Outputs (Quarter 4 Achievement against 2023/24 Re-tabled APP Target)

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Improved Security of Tenure	Title deeds registered pre-1994	Number of pre-1994 title deeds registered	653	499	1,053	35	(1,018)	Properties could not be transferred due to: 1) Missing beneficiaries that cannot be located. 2) Ownership disputes 3) Delays in the registration of deceased estates due to the missing documentation. 4) 85 matters cannot be lodged at the Deeds Office due to challenge of eThekwini Municipality withholding Rates Exemption letters.

Provincial Outputs

Programme 4: Housing Asset Management – Provincial Outputs (Quarter 1 – Quarter 3 Achievement against 2023/24 Original APP Target)									
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024 Until date of Re-tabling	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improved Security of Tenure	Rental units sold	Number of rental units sold to beneficiaries	166	172	85	54	(31)	There are 160 units in Austerville that could not be converted to sale in their current state and have been earmarked for demolition and rebuild.	Not revised
Improved Good Governance	Debtors reduced on the Debtors system	Number of debtors reduced	427	224	175	53	(122)	Annual target was achieved in Quarter 4.	Not revised
Adequate housing and improved quality living environment	Rental units in habitable state	Number of rental units maintained	685	732	250	224	(26)	Annual target was achieved in Quarter 4.	Not revised
	Pre-1994 units rectified	Number of units rectified for pre -1994 stock	318	330	250	199	(51)	Annual target was achieved in Quarter 4.	Target was revised due to challenges affecting the rectification of units.
	Land parcels devolved to municipalities for human settlements development	Number of Land Parcels devolved to Municipalities for human settlements development in terms of Section 15 of the Housing Act, 1997	12	40	-	-	-	Target in the re-tabled APP.	Not revised

Programme 4: Housing Asset Management – Provincial Outputs (Quarter 4 Achievement against 2023/24 Re-tabled APP Target)								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Improved Security of Tenure	Rental units sold	Number of rental units sold to beneficiaries	166	172	15	16	1	There are 160 units in Austerville that could not be converted to sale in their current state and have been earmarked for demolition and rebuild.
Improved Good Governance	Debtors reduced on the Debtors system	Number of debtors reduced	427	224	25	147	122	Annual target has been achieved
Adequate housing and improved quality living environment	Rental units in habitable state	Number of rental units maintained	685	732	50	136	86	Target has been exceeded since there was a higher number of reported emergency maintenance matters than anticipated in Quarter 4 that required attention.
	Pre-1994 units rectified	Number of units rectified for pre -1994 stock	318	330	25	106	81	Target has been exceeded because the contractors appointed at the municipality were able to complete additional units under the program with the aim to reduce the backlog of rectified of units with Asbestos roofs.
	Land parcels devolved to municipalities for human settlements development	Number of Land Parcels devolved to Municipalities for human settlements development in terms of Section 15 of the Housing Act, 1997	12	40	100	43	(57)	1) Deeds Office rejections. 2) Death of the Conveyancer (Maseko Mbatha) blocked instructions.

Strategy to overcome areas of under performance

Target for Land Parcels Devolved could not be achieved due to challenges experienced with the issue of vesting in terms of the Housing Act, which has resulted in significant delays of transfers at the Deeds Office. These have been resolved and the output will be achieved going forward.

Performance in relation to Standardised Outputs and Output Indicators for Sectors with Concurrent Functions
Refer to table above for performance against standardised outputs and indicators.

Linking performance with budgets

Sub-programme expenditure

Sub-Programme Name	2023/2024			2022/2023		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	41,989	43,590	(1,601)	45,592	38,736	6,856
2. Sale and Transfer of Housing Properties	65,848	65,848	-	67,149	67,149	-
3. Housing Properties Maintenance	50,773	50,773	-	76,813	76,813	-
Total	**158,610**	**160,211**	**(1,601)**	**189,554**	**182,698**	**6,856**

5. TRANSFER PAYMENTS

5.1. Transfer payments to public entities

Name of Public Entity	Key Outputs of the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
-	-	-	-	-

5.2. Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2023 to 31 March 2024:

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 (R'000)	Reasons for the funds unspent by the entity
Department of Transport	Department of Transport	Vehicle Licences	Yes	114	114	-
eThekwini	Municipality	Operational Cost for Accredited Municipality	Yes	16,973	16,973	-
Ray Nkonyeni	Municipality	Operational Cost for Accredited Municipality	Yes	3,015	3,015	-
Msunduzi	Municipality	Operational Cost for Accredited Municipality	Yes	4,413	4,413	-
Alfred Duma	Municipality	Operational Cost for Accredited Municipality	Yes	2,638	2,638	-
Newcastle	Municipality	Operational Cost for Accredited Municipality	Yes	8,631	8,631	-
Umhlathuze	Municipality	Operational Cost for Accredited Municipality	Yes	4,788	4,788	-
KwaDukuza	Municipality	Operational Cost for Accredited Municipality	Yes	8,720	8,720	-
Affordable State Rent	Various	HSDG	Yes	85,700	85,700	-
TOTAL				**134,992**	**134,992**	-

The table below reflects the transfer payments which were budgeted for during the period 1 April 2023 to 31 March 2024, but no transfer payments were made:

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
-	-	-	-	-	-

5.3 Transfer payments to Households

The table below reflects the transfer payments made for the period 1 April 2023 to 31 March 2024:

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 (R'000)	Reasons for the funds unspent by the entity
Social benefits	Various	Social benefits	N/A	4,719	4,719	-
Administration EPWP	Various	HSDG	N/A	3,307	3,307	-
Land parcels	Various	HSDG	N/A	23,650	23,650	-
FLISP	Various	HSDG	N/A	22,643	22,643	-
NHBRC	Various	HSDG	N/A	73,609	73,609	-
Consolidation subsidies	Various	HSDG	N/A	21,145	21,145	-
Informal settlement upgrade	PS	ISU	N/A	675,647	675,647	-
Emergency housing assistance	Various	HSDG	N/A	620,440	620,440	-
Integrated Residential Development	Various	HSDG	N/A	346,590	346,590	-
Institutional subsidies	Various	HSDG	N/A	6,276	6,276	-
Community Residential Units	Various	HSDG	N/A	106,947	106,947	-
Rural subsidy	Various	HSDG	N/A	1,301,380	1,301,381	-
TOTAL				**3,206,353**	**3,206,353**	-

6. CONDITIONAL GRANTS

6.1. Conditional grants and earmarked funds received

The tables below detail the conditional grants and ear marked funds received during for the period 1 April 2023 to 31 March 2024:

Conditional Grant 1: Informal Settlement Upgrade Partnership Grant

Department who transferred the grant	National Department of Human Settlements
Purpose of the grant	To provide funding to facilitate a programmatic and inclusive approach to upgrading informal settlements
Expected outputs of the grant	See performance report
Actual outputs achieved	See performance report
Amount per amended DORA (R'000)	R733,189
Amount received (R'000)	R733,189
Reasons if amount as per DORA was not received	R733,189
Amount spent by the Department (R'000)	N/A
Reasons for the funds unspent by the entity	R733,188
Reasons for deviations on performance	Under expenditure of R1 thousand is relating to the rounding off of amount spend.
Measures taken to improve performance	N/A
Monitoring mechanism by the receiving Department	Department: Monthly performance / expenditure review meetings and daily spending patterns monitored National: Quarterly performance review meetings Portfolio Committees: Quarterly performance review meetings Monitoring and Evaluation (M&E) assessments and verifications performed on a monthly basis

Conditional Grant 2: Human Settlement Development Grant

Department who transferred the grant	National Department of Human Settlements
Purpose of the grant	To provide for the creation of sustainable human settlements
Expected outputs of the grant	Sustainable Human Settlements
Actual outputs achieved	See performance report
Amount per amended DORA (R'000)	R3,157,908
Amount received (R'000)	R3,157,908
Reasons if amount as per DORA was not received	N/A
Amount spent by the Department (R'000)	R2,894,167
Reasons for the funds unspent by the entity	The under expenditure in this grant is mainly from the ring-fenced allocation for storm disaster. These funds relate to disasters that occurred during 2019 and 2020 which resulted in damage to houses. The prolonged process that have to be adhered to during preconstruction stage to avoid disaster from occurring in the future, challenges encountered among others included distance between the affected homestead, stoppages by local business forums, sites which are inaccessible, shortage of material supply and socio-political issues delaying production.
Reasons for deviations on performance	N/A
Measures taken to improve performance	N/A
Monitoring mechanism by the receiving Department	Department: Monthly performance / expenditure review meetings and daily spending patterns monitored National: Quarterly performance review meetings Portfolio Committees: Quarterly performance review meetings Monitoring and Evaluation (M&E) assessments and verifications performed on a monthly basis

Conditional Grant 3: Provincial Emergency Housing Grant

Department who transferred the grant	National Department of Human Settlements
Purpose of the grant	To provide funding for the provision of temporary shelter assistance to households affected by disasters
Expected outputs of the grant	See performance report
Actual outputs achieved	See performance report
Amount per amended DORA (R'000)	R23,849
Amount received (R'000)	R23,849
Reasons if amount as per DORA was not received	N/A
Amount spent by the Department (R'000)	R23,849
Reasons for the funds unspent by the entity	N/A
Reasons for deviations on performance	N/A
Measures taken to improve performance	N/A
Monitoring mechanism by the receiving department	Department: Monthly performance / expenditure review meetings and daily spending patterns monitored National: Quarterly performance review meetings Portfolio Committees: Quarterly performance review meetings Monitoring and Evaluation (M&E) assessments and verifications performed on a monthly basis

Conditional Grant 4: Expanded Public Works Programme Grant

Department who transferred the grant	Provincial Treasury
Purpose of the grant	To incentivize provincial departments to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance EPWP guidelines.
Expected outputs of the grant	Number of people employed and receiving income through the EPWP.
Actual outputs achieved	See performance report
Amount per amended DORA (R'000)	R6,921
Amount received (R'000)	R6,921
Reasons if amount as per DORA was not received	N/A
Amount spent by the Department (R'000)	R6,921
Reasons for the funds unspent by the entity	N/A
Reasons for deviations on performance	N/A
Measures taken to improve performance	N/A
Monitoring mechanism by the receiving department	Department: Monthly performance / expenditure review meetings and daily spending patterns monitored National: Quarterly performance review meetings Portfolio Committees: Quarterly performance review meetings Monitoring and Evaluation (M&E) assessments and verifications performed on a monthly basis

7. DONOR FUNDS

7.1. Donor Funds Received

No donor funds were received during the year under review.

8. CAPITAL INVESTMENT

8.1. Capital investment, maintenance and asset management plan

Infrastructure projects	2023/2024			2022/2023		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
New and replacement assets	**4,000**	**1,587**	**2.413**	**-**	**1,298**	**(1,298)**
Existing infrastructure assets	-	-	-	-	-	-
Upgrades and additions	-	-	-	-	-	-
Rehabilitation, renovations and refurbishments	-	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-	-
Infrastructure transfer	**3,617,200**	**3,346,105**	**276,179**	**3,561,387**	**3,118,240**	**443,147**
Current	39,395	49,178	(9,783)	44,289	51,847	(7,558)
Capital	3,577,855	3,296,927	280,928	3,517,098	3,066,393	450,705
Infrastructure: Leases	**33,923**	**25,372**	**8,551**	**24,957**	**27,014**	**(2,057)**
Non Infrastructure	**174,924**	**186,893**	**(11,969)**	**126,875**	**150,422**	**(23,547)**
Total	**3,830,007**	**3,559,957**	**270,140**	**3,713,219**	**3,296,974**	**416,245**

PART C:
GOVERNANCE

1. INTRODUCTION

The Department in maintaining alignment with the National Priority 1, of "(A capable, ethical, and developmental state)" and the provincial priority relating to the building of a caring and incorruptible government, the Department will continue to place emphasis on the promotion of good governance, accountability and best practices within its environment.

In order to achieve this the Department has an outcome of Improved Good Governance which places emphasis on the promotion of good governance, accountability and best practices within the service delivery environment. As identified of critical importance to this are risk management functions which are inclusively enshrined towards ensuring Good Governance in all facets within the service delivery model.

In attaining these areas of good governance, a greater demand placed with the development of a fair and transparent process of managing inherent impediments of achieving success in this changing environment.

The development of a risk model to meet these demands are illustrated in the Department's Risk Management Framework, as aligned with the Provincial Risk Management Framework that is supported by the following regularity prescripts, namely: - a Risk Management Strategy, Risk Management Policy and a Risk Appetite Statement with set tolerance levels for different categories of risks ranging from zero tolerance to low tolerance thresholds

The Department places equal importance on the monitoring of the implementation of the internal audit plan to address the adequacy and effectiveness of the departmental controls, risk management and governance process.

In order to promote good governance and accountability, the Department continues to address issues relating to fraud prevention and risk management, stringent financial control measures, and consequence management.

Emphasis on managing risk related to ethics, inclusive of fraud risks has become a fundamental driver of service delivery to attain and promote professional ethos, inclusive of strengthening capacity to meet to obligations of the district development model.

The Department has an approved Fraud Prevention Plan, including various appendices, (v.i.z), which includes a fraud policy and response plan, conflict of interest policy, code of conduct, Whistle Blower Policy etc. An Ethic Management Strategy is approved which regulates Integrity Management in the Department. These approved documents are published on the Departmental Website and is further emphasised via structured workshops to all officials. Emphasis is placed on issues of responsibility, accountability, and integrity.

The Department has also given attention to not only comply with Chapter Two (2) of the Public Service Amendment Regulations, 2023, but has conducted investigations of alleged or suspected non-compliance with regulations relating to requirements to conduct Remunerative Work Outside the Public Service, business entities owned/directed by officials doing business with the state and the integrity of annually submitted financial disclosures by officials.

The initiatives related to other remunerative work, including recording of gifts are being phased into an electronic platform via the Department of Public Service and Administration. Policy shifts are being amended to the prescripts governing good governance in the Public Service.

The Departmental risk registers remains a living document and is monitored daily on changed circumstances and reporting is done on a monthly basis to the relevant bodies.

The embodiment of the comprehensive risk register places critical follow through on life and limb, through the Occupational Health and Safety Act and Business Continuity Strategy, which is managed by the Departmental Crisis Committee.

The Departmental policy on Conflict of Interest has regulated all aspects of conflict of interests within the workplace. A review of the said policy in line with the Public Service Amendment Regulations, 2023 has been completed and the department continues to ensure its enforcement. The Department further strives towards 100% compliance on E-disclosure for all designated employees on the e-disclosure system and manual forms for all other staff in the Department. The Recruitment Policy is also having the conflict-of-interest provisions, whereby the selection panels and the prospective employees are required to disclose conflict of interests.

The Department continues to manage Good Governance via approved structures:

- An Executive Committee (EXCO) as Executive Structure which determines the strategic and leadership goals of the Department;
- A Service Delivery Committee (MANCO) which supports the core service delivery of the Department;
- A Departmental Ethics Committee (DEMC), which manages, monitors and regulates corporate governance in the Department;
- A Departmental Risk Management Committee (DRMC); which supports the Head of Department meet the requirements of the PFMA;
- A Shared Cluster Audit and Risk Committee (CARC) providing independent oversight over governance, risk management and control processes of the Department;
- A shared Internal Audit function providing independent assurance that controls are in place to manage and mitigate risks, and that they are adequate and functioning effectively; and
- A number of committees that assist the Accounting Officer and Top Management Team in governing the business of the Department in a fair, responsible and transparent manner.

2. RISK MANAGEMENT

Risk Management Policy

The purpose of the Departmental Risk Management Policy is to provide guidance regarding the management of risks to support the achievements of corporate objectives, to protect staff and business assets and to ensure financial sustainability within the Department of Human Settlements.

The Departmental Risk Management Policy applies to all business units within the Department of Human Settlements KZN. The Risk Management Policy forms part of the Department's Governance Framework and it applies to all employees and key stakeholders.

The Departmental Risk Management Policy was reviewed in consultation with key stakeholders, inclusive with reference with the Departmental Risk Management Framework as aligned to the Provincial Risk Management Framework.

In keeping with the revised Risk Management Policy, the Department has a fully functional Departmental Risk Management Committee (DRMC) which is chaired by the Head of Department. Members of this Departmental Risk Management Committee signs declaration in respect of conflict of interest form in each meeting. The Departmental Chief Risk Officer (Director: Risk Management & Advisory Services) continues to report directly to the Head of Department.

The Risk Management Committee has evolved due to changes of personnel within the Department and has introduced new membership onto the Committee. Although the committee has successfully completed 100% Online Risk Management E-Learning in the previous financial year, newly appointed officials are completing the online course at a steady pace due to technical challenges of access to the system. The Departmental Risk Register is continuously reviewed, monitored and reported on a quarterly basis to the Cluster Audit and Risk Committee (CARC).

Provincial Treasury under their Shared Services of Internal Audit and Risk Management has continued to reported positively on the Risk Maturity of the Department.

The Department is working in partnership with Provincial Internal Audit Services (PIAS) and has conducted Specialised Risk Assessments during the Financial Year. The results of these risk assessments have been included in the Risk Profile of the Department. The Departmental Risk Management Committee evaluates the effectiveness of internal control systems and processes to ensure that the identified risks are reduced to minimal and/or are eradicated; and all action plans completed has been moved into current controls.

The Departmental Risk Management Committee, has taken major decisions related to the control environment in managing and monitoring the Departments performance which has improved the existing controls and the effectiveness of the Organizations efficiency related to all operational programmes.

The Departmental Risk Management Committee has approved an Enterprise Risk Management Implementation Plan which manages all activities on Risk Management. In joint partnership with Provincial Internal Audit Services (PIAS), the Departmental Risk Management Committee has approved an Annual Operational Audit and Risk Management Support Plan, which has ensured programme internal audits are conducted to detect inefficiencies in the systems and internal controls and to complement risks assessments within the Department.

The results of the audit activities are managed and monitored by the Departmental Risk Management Committee via an Audit Log which is reported to Cluster Audit and Risk Committee on a quarterly basis, which records indicate that the Department has finalised all risks that were Critical in the Risk Register.

3. FRAUD AND CORRUPTION

Fraud Policies & Prevention and Detection Plans

The Department remains steadfast in managing the recent directive by DPSA, that has commissioned that all Departments commence with Lifestyle Audits on a risk-based approach on all SMS, and other designated officials for completion and reporting by the Accounting Officer, which entails the following arising from this Directive:

> ***"Fraud and corruption in the Public Service will always be problematic, counter-productive, and devastating, especially in young democracies and developing countries. Although government introduced and continues to add various forms of controls, the persistence of criminals continuously challenges these controls for self-enrichment."***

The burden of responsibilities has grown exponentially for the Department in meeting the requirements of the lifestyle reviews, lifestyle investigations and lifestyle audits.

To prevent and detect fraud and corruption in the Public Service, lifestyle reviews, lifestyle investigations and lifestyle audits are a critical and legitimate management tool and forms part of a department's system of risk management.

The Department remains committed to the key priority area relating to building a capable, ethical and developmental state. In order to achieve this the Department has an outcome of Improved Good Governance which places emphasis on the promotion of good governance, accountability and best practices within the service delivery environment.

A Fraud Prevention Plan, including a sound and working Whistle Blowing Policy, drives the promotion of good governance, in support of the code of conduct. The management and monitoring of financial disclosures, including gifts, donations and approved Remunerative Work Policy crucial in achieving sound governance practices.
The Department has Fraud Prevention and Ethics Management Strategies that are workshopped to all officials within it, throughout the financial year. In the workshops issues of responsibility, accountability and integrity are emphasized and encouraged to officials of all levels, as is contained in the strategies and supporting policies such as the fraud policy and response plan, conflict of interest policy, code of conduct, whistleblower policy etc.

The gifts policy and its stance on the acceptance of gifts and its links to fraud, corruption and organizational damage is especially emphasized This has raised the level of awareness and alertness among staff and provided a platform to report any suspected wrongdoing within protection of their identities. Investigations relating to observations by officials from SCM division noticing a presence of an internal official document in bid documents submitted by an aspiring service provider, thus the suspicion of corruption and insider trading.

All reports received have been anonymous and either via the established fraud hotline or just "mailed" to the Director: Risk Management's office.

The Department has conducted and concluded on twelve (12) investigations related to fraud, corruption and service delivery. Arising from the 12 above mentioned investigations, 2 cases were registered with the South African Police Services for further investigation as they reflected contravention to number of legislations and acts. There are Ten (10) cases that are currently with the South African Police Services under investigation. These cases range from allegations of fraud and corruption, inclusive of a case on Cyber-Fraud.

The Department has also given attention to not only compliance with Chapter Two (2) of the Public Service Amendment Regulations, 2023 but has conducted investigations of alleged or suspected non-compliance with regulations relating to requirements in order to conduct Remunerative Work Outside the Public Service (RWOPS), business entities owned/directed by officials doing business with the state and the integrity of Annually submitted Financial Disclosures by officials.

In the year 2023/2024, there were nine (9) integrity investigations relating to individuals being identified as red flag that have been commissioned for a lifestyle investigation, which are Public Service Regulation related.

4. MINIMISING CONFLICT OF INTEREST

The Department has entrenched the imperative of Good Governance as outlined in the prescripts. An Ethics Management Committee continues to manage activities of Conflict of Interest. The Departmental Policy on Conflict of Interest has regulated all aspects of conflict of interests in the workplace. Procurement Committee membership has been re-visited, which includes Bid Adjudication, Bid Evaluation, Bid Specification and Disposal Committees. Prior to the commencement of each meeting members of these committees continues to sign the Declaration of Interests Form which is binding to their representation and functionality of these committees. Bid Committee members continue to recuse themselves from the Bid meetings in case there is potential conflict of interest and to protect the integrity of the Department against bid appeal processes.

The Recruitment Policy is also having the conflict of interest provisions, whereby the Selection Panels and the prospective employees are required to disclose conflict of interests. The policy allows the panel member to recuse himself/herself anytime during the selection process if he/she feels that there is potential conflict of interest.

The Department maintains the Conflict of Interest Policy in line with Public Service Amendment Regulations, 2023, which continues to be enforced. The Department received 100% compliance on E-disclosure for SMS during the reporting year. The prescripts related to E-disclosure related to other category of personnel as prescribed by the regulation continues to be enforced.

Applications for the receipt of Gifts and Donations are subject to stringent measures of approval and these approval forms part of Financial Disclosures during the reporting period.

Interview are held with all applicants for Other Remunerative Work, prior to approval in line with the relevant prescripts, thus reinforcing any potential conflict of interest.

Strict administrative processes have been introduced to monitor approvals of Other Remunerative Work.

5. CODE OF CONDUCT

The Code of Conduct and Business Ethics for the Public Service outlines the behaviour patterns and norms and standards expected from a government employee and it is the requirement of each Department to ensure that its employees are issued and educated on the content of the Code of Conduct.

The Department continues with workshops relating to Fraud Awareness training to its employees in 2023/2024 and the Code of Conduct is enforced via training related to Ethics awareness session, jointly with fraud prevention training.

An online Ethics survey was conducted during the 2023/2024 financial year. This Ethics Survey has informed the Department of gaps related to Ethics, Fraud and Code of Conduct. The Department has met the requirements of ensuring that each new employee acknowledges receipt the Code of Conduct on his/her first day of assumption of duty.

The Departmental Labour Relations Unit within Human Resources Management manages training as well as monitors and manages all cases of non-compliance to the Code of Conduct and reports to Department of Public Service progressively.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

As prescribed in the Occupational Health and Safety Act 85 of 1993 and the Departmental Occupational Health and Safety Policy dated 26 February 2015 and reviewed 23 June 2022, the Department during the period under review achieved the following:

- Occupational Health and Safety (OHS) Committee met regularly to address OHS matters, during the period under review two (2) OHS Committee meetings were held.
- OHS Representatives met on a quarterly basis to discuss OHS matters, two (2) meetings were held during the period under review.

- The Department has procured Protective Clothing and distributed to all OHS Representatives and committee members to be equipped for emergencies and evacuation drills. Replenishment First Aid Kits have been procured and distributed to first aiders.
- During the period of review, Hazard Identification and Risk Assessments (HIRA) and Procedure Manual for First Aid Programme were reviewed in compliance with Occupational Health and Safety Act.
- OHS Site assessments were conducted throughout the Department at Head Office, Regional Offices and the District Offices, in total thirteen (13) OHS Site assessments were conducted. The site assessments focused on ensuring emergency preparedness e.g. Evacuation Drifts, risk identification inspection and auditing of first aid boxes.
- Two (2) incidents were reported, investigated, and recorded during the reporting period.
- The Department has ensured that facilities and amenities in the workplace conform to OHS legislation and regulations by ensuring the installation of safety signage and equipment. Further, as part of the functionality criteria to be part of the standard bid document for the procurement of the Department's new offices, all OHS requirements have been included and Public Works advised accordingly.
- In order to increase emergency preparedness for Departmental staff and visitors the emergency contact numbers have been pasted throughout the Department, which provides the persons to contact for assistance during an emergency.
- During the reporting period, the Department's OHS team conducted OHS Risk Assessments of all offices and all risks identified were communicated with the landlords and Public Works for actioning.
- The post for an OHS qualified personnel (OHS Specialist) to perform the function of OHS within the Department has been filled by a qualified Safety Officer, who assumed duties on 01 October 2023. The various OHS related roles and responsibilities has been assigned to this Practitioner.

7. PORTFOLIO COMMITTEES

7.1 Human Settlements Portfolio Committee

- Various meetings were held during the 2023/24 financial year to discuss various financial and non-financial information and performance.
- There were no resolutions tabled during the 2023/24 financial year.

7.2 **Finance Portfolio Committee**

There were no resolutions tabled during the 2023/24 financial year.

8. SCOPA RESOLUTIONS

Resolution No.	Subject / Details	Response by the Department
Resolution 28/2023	Filling of Critical Posts That the Accounting Officers and Accounting Authorities of the relevant Departments and Public Entities report to the Committee by the 30th of June 2023 on: [1] Progress made in the filling of critical management posts and the time frames for filling of those posts. [2] Where no progress has been made, reasons must be provided as well as steps taken to expedite implementation.	The Department has 6 SMS posts in the 2022/23 financial year as follows: 1. Chief Director: Budgetary Services – Official currently on contract, recruitment process followed and awaiting confirmation of assumption of duties by recommended candidate. 2. Director: Monitoring and Evaluation – Official currently on contract, recruitment process followed and awaiting confirmation of assumption of duties by recommended candidate. 3. Director: Project Management: Post filled, candidate assumed duty on 1 June 2023. 4. Chief Director: Corporate Services – Official currently on contract, post approved by Premier and will be advertised by 24 June 2023. 5. Director: Social Housing – Director: Property Management is currently performing the duties of Director: Social Housing. This post has been withdrawn after advertising due to reprioritization of funds. 6. Director: Budgets and Planning – Deputy Director: Budgets and Planning is currently acting in this post. Due to review of the organizational structure, this post will not be filled as it will be incorporated under the Financial Management directorate as a sub-directorate.
Resolution 126/2023	Material underspending of government grants That the accounting officer report to the committee by 31 January 2024 on the rate of spending of the grant funding in 2023/24 and whether the grants are anticipated to be fully spent in 2023/24.	The Department is anticipating to fully spend the Human Settlements Development Grant (HSDG), the Informal Settlements Upgrading Partnership Grant (ISUPG) and the Provincial Emergency Housing Grant (PEHG) as at 31 March 2024. This commitment is informed by the following: • All Service providers that were appointed for the implementation of the programme are on site and undertaking construction • Projects have been enrolled with NHBRC and the home enrolment process is on-going and given priority. • The subsidy was realigned to the current subsidy quantum and addendums have been concluded thereof.
Resolution 127/2023	Irregular expenditure: Cumulative balance incurred in prior financial years not yet condoned: R422.015 million That the accounting officer report to the committee by 31 January 2024 on addressing the matters raised by Provincial Treasury, the findings and recommendations of the forensic investigation, steps taken to implement the recommendations, progress made in finalising the condonation requests, as well as timelines for concluding the matters.	The Department has made progress in performing determination tests (investigations by the Risk Management unit) in some of the Irregular Expenditure cases and forwarded these to Provincial Treasury for condonation. These investigations did not result in any official being held accountable and as such, there was no consequence management instituted. There are some investigations in progress which will result in further condonation submissions to be forwarded to Provincial Treasury by 31 March 2024. Further to the condonation submission to Treasury, information was requested and has been submitted. This information relates to cases since the 2009/2010 financial year.

Resolution No.	Subject / Details	Response by the Department
Resolution 128/2023	Fruitless and wasteful expenditure incurred prior to 2022/23 not yet recovered or written off R1.440 million That the accounting officer report to the committee by 31 January 2024 on: [1] Progress made in the investigations and resolution of the expenditure and the time frames for the conclusion of investigations. [2] The findings and recommendations of investigations and steps taken to implement the recommendations, including disciplinary steps taken against those officials responsible for the expenditure, the sanctions imposed, steps taken to recover any losses, measures implemented to avoid a recurrence, opening of criminal cases where criminal conduct was found, the amounts written off and the time frames for concluding the implementation of all recommendations.	The Department has finalized all investigations in respect of Fruitless and Wasteful Expenditure. In respect of the 2012/13 financial year an ex-employee was held accountable incurring interest on late payments for municipal rates and services. This amounted to R52,119.89, the recovery process has been initiated. The balance on Fruitless and Wasteful Expenditure as at 31 March 2024 will be R52,119.89 as all other amounts has been resolved and removed.
Resolution 129/2023	Unauthorized expenditure incurred in 2022/23: R6.586 million That the accounting officer report to the committee by 31 January 2024 on: [1] A breakdown of the unauthorised expenditure per programme and whether the expenditure exceeded the vote of the department. [2] Progress made in the determination testing of the unauthorised expenditure, as required in terms of the PFMA Compliance and Reporting Framework issued under National Treasury Instruction Note 4 of 2022/23 and time frames for concluding the determination testing. [3] If the determination testing has been concluded, the outcomes thereof, including: • the root causes of the expenditure; • measures implemented to address any deficiencies in internal control to avoid a recurrence and to ensure expenditure remains within the allocated budget; • disciplinary action taken against the officials responsible for the unauthorised expenditure and the sanctions imposed;	During the 2022/23 financial year, the Department incurred ***Unauthorised Expenditure*** amounting to **R6,856 million** under Programme 1: Administration. The unauthorized expenditure of R6,856 million is off-set against under-spending of R6,856 million under Programme 4: Housing Asset Management therefore the total budget was spent at year end. The determination test revealed the root causes of the unathorised expenditure as follows: • Payment made for the annual licence renewal for Sophos IDS and IPS, the renewal of the Cyber Security Awareness licence and for the procurement of the Leave System (e-leave system) and PERSAL Interface support and maintenance for a year; • Payment was made for the Orgplus Software Licence used by Human Resource Development for the review, updating and testing of the Department's Business Continuity plans; • Payment made for the renewal of Microsoft Office licences for the current financial year exceeding the budgeted amount due to exchange rate fluctuations; and • Travel and Subsistence allocation was negatively impacted by budget cuts implemented in the previous financial year. There was no financial loss to the Department and no official was negligent therefore no disciplinary action was necessary. The expenditure incurred was justified in respect of the operations of the Department and management has introduced measures to ensure that over-expenditure is detected timeously and the necessary adjustments undertaken to avoid this.

Resolution No.	Subject / Details	Response by the Department
Resolution 129/2023	• steps taken to recover any losses; • the outcome of any criminal investigation and steps taken pursuant thereto; and • the time frames for concluding the above processes.	
Resolution 130/2023	<u>Compliance with legislation: Procurement and contract management</u> That the accounting officer report to the committee by <u>31 January 2024</u> on: - [1] Progress made in resolving the dispute and the re-allocation and performance of the work. [2] Measures implemented to improve on internal control and records management relating to the administration of panels to support and confirm compliance with relevant legislation.	1. On the 14 November 2023 Provincial Treasury issued an e-mail stating that National Treasury was still looking at the disputed matter, but looking at the time frames that is taking Treasury to conclude the matter. The Department in December 2023 decided to err on the side of caution and negotiated and agreed amicably with appointed service providers to cancel these appointments and contracts that resulted thereafter. 2. The panel rules were reviewed to address concerns raised by Auditor-General and were approved by the Accounting Officer on the 11 September 2023.
Resolution 131/2023	<u>Performance information: Key performance targets not achieved</u> That the accounting officer report to the committee by <u>31 January 2024</u> on resolving the challenges in achieving key targets, setting of realistic targets and alignment of targets with the budget in 2023/24.	The Department has revised the 2023/24 Annual Performance Plan Targets and the revised Annual Performance Plan was submitted to the Provincial Legislature in December 2023 for re-tabling at the next Portfolio Committee Meeting.
Resolution 132/2023	<u>Completeness of indicators: Key performance indicators not included: Programme 2</u> That the accounting officer report to the committee by <u>31 January 2024</u> on corrective measures taken to address this finding.	The APP was reviewed against the RMTSF to ensure that all relevant indicators were included in the APP. However, during the national sector standardisation process, the sector noted that the National department gazetted the number of PDA's invested in on the 15th of May 2020. (i.e., 136). Considering that the PDA's were already declared, the sector therefore refined and enhanced the above indicator to measure "Percentage of investment of the total Human Settlements allocation in PDAs". This was to ensure meaningful and relevant measurement for the progressive achievement of spatial transformation through multi-programme integration in priority development areas. This is a Sector finding and was therefore referred to NDoHS.
Resolution 133/2023	<u>Forensic Investigations</u> That the accounting officer report to the Committee by <u>31 January 2024</u>	Refer to Table A
Resolution 134/2023	<u>Findings on flood relief: TRU's (follow-up audit)</u> That the accounting officer report to the committee by <u>31 January 2024</u> on: - [1] Progress made in the validation of the list of beneficiaries.	1. The Department has GPS and verified TRU's that that were constructed for the April 2022 Floods. 2. Weekly progress meetings were being held during the implementation of the TRU's and 1766 TRU's were built and project closed. Contractors were issued instruction letters to remedy the non-compliances. All audit findings were addressed and reports to the same submitted.

Resolution No.	Subject / Details	Response by the Department
Resolution 134/2023	[2] The finalisation of a time bound action plan for the construction of TEA's, measures implemented to monitor progress, to report thereon, to take corrective action until all matters are finalized and the implementation of consequence management against officials who failed to ensure that all audit findings were addressed.	
Resolution 135/2023	Findings on flood relief: Supply of Building Materials That the accounting officer report to the committee by 31 January 2024 on: - [1] Investigating the non-compliance with the Housing Code and implementing consequence management against officials responsible.	1. *Investigating the non-compliance with the Housing Code and implementing consequence management against officials responsible.* • The Head of Department, Mr Zungu have issued a verbal warning to the relevant officials and requested that in future, upfront approval must follow the Housing Code. • The upfront payment of R34.09 million was paid back to the Departmental account from the municipality. 2. *Measures implemented to address slow progress in the supply of building materials.* • Project Steering Committee and KZN Joint Operations Meeting (JOC) was establish to monitor and fast-track the delivery of material to affected and all 576 households that deserving were assessed by the Metro's Disaster Management and verified, were provided with building materials. The Department only made payment for the verified beneficiaries in the amount of R 6 520 907.52.
Resolution 135/2023	[2] Measures implemented to address slow progress in the supply of building materials. [3] The establishment of criteria to validate beneficiaries.	2. *The establishment of criteria to validate beneficiaries.* • In terms of the National Disaster Management Act , 2002 (Act No. 57 of 2002), the COGTA Provincial Disaster Management Centres (PDMC), consolidates the lists of affected families as submitted the Municipality's Disaster Management Components. • The list as consolidated by PDMC is submitted to the Department. • The Department will undertake the necessary assessments and validates all cases prior to submission for approval of funding of interventions by the MEC
Resolution 136/2023	Key infrastructure projects funded by the Human Settlements Development Grant: Umbulwane Area H and Kanku Road Housing Projects That the accounting officer report to the committee by 31 January 2024 on: - [1] Measures implemented to substantially improve on the effectiveness of the project management on these housing projects to ensure quality work and timely delivery by factoring in critical milestones, deliverables, timelines and reporting. [2] Steps taken to clearly identify the roles and responsibilities of the department and the municipality respectively, with milestones and timelines and penalty clauses included for late delivery.	**UMBULWANE H** [1] Measures implemented to substantially improve on the effectiveness of the project management on these housing projects to ensure quality work and timely delivery by factoring in critical milestones, deliverables, timelines and reporting. ***Departmental Response*** The Department has completed the Construction of the Sewer Pump Station, However the Alfred Duma Municipality has undertaken to install the Transformer in February 2024. This will then allow the uThukela District to commission the Sewer Pump Station thus allowing the houses to be occupied. The Contractor is ready to start with completion of houses, this is pending the commissioning of the above Sewer Pump Station by uThukela District. [2] Steps taken to clearly identify the roles and responsibilities of the department and the municipality respectively, with milestones and timelines and penalty clauses included for late delivery.

<table>
<tr><th>Resolution No.</th><th>Subject / Details</th><th>Response by the Department</th></tr>
<tr><td>Resolution 136/2023</td><td>[3] Quantification of the cost escalation in the Umbulwane Area H Project and assessment for possible fruitless and wasteful expenditure.

[4] Assessment of the cost escalation of R4 million in the Kanku Road Housing Project for possible fruitless and wasteful expenditure.</td><td><u>Departmental Response</u>
• The uThukela District Municipality is responsible for the Bulk Sewer Infrastructure including a sewer pump station.
• Alfred Duma is Electricity Authority responsible for the provision of the Transformer.

The transformer will be installed in February 2024. Consideration of SLA will be made for the future project to include penalty clauses. The Department has also undertaken not to approve projects where Bulk Infrastructure is not available.

[3] Quantification of the cost escalation in the Umbulwane Area H Project and assessment for possible fruitless and wasteful expenditure.

<u>Departmental Response</u>
The work on the ground relating to the completed Foundations, Wall Plates and Roofs is still structurally sound. The Department has approved the realignments of funds totalling R16 340 407.40. It be noted that all projects suffer delays in respect July 2022 Unrest, Disasters etc.

<u>KANKU</u>

[1] Measures implemented to substantially improve on the effectiveness of the project management on these housing projects to ensure quality work and timely delivery by factoring in critical milestones, deliverables, timelines and reporting.

<u>Departmental Response</u>
The Department is now ensuring that for Urban projects all Bulks services must be procured and completed by the Ethekwini Metro prior to approval of funding for internal services and top structures. Bulks and Internal water and Sanitation is done by other Metro service Departments. The Department has therefore advised the Metro to improve co-ordination and communication between their internal service Departments and to ensure budgeting is well planned and co -ordinated.

[2] Steps taken to clearly identify the roles and responsibilities of the department and the municipality respectively, with milestones and timelines and penalty clauses included for late delivery.

<u>Departmental Response</u>
The Department has engaged the Municipality and informed them that project funding will not be approved unless all bulks are in place and unless all service Providers and Contractors are appointed. The Project Contracts do spell out roles and responsibilities. A Development programme with clear milestones and timelines is attached to each Contract. Projects are monitored very closely to mitigate against any delays. Penalty clauses are contained in Agreements. The Department to consider imposing the penalty clause should delays be caused by the Developer and such delays are not unforeseen such as Business forums or floods. However, in the spirt of co-operative governance it is challenging to impose penalties to the Metro.

[3] Assessment of the cost escalation of R4 million in the Kanku Road Housing Project for possible fruitless and wasteful expenditure.

<u>Departmental Response</u>
The Department has therefore determined that there was no expenditure that could be considered fruitless or wasteful due to the following:</td></tr>
</table>

Resolution No.	Subject / Details	Response by the Department
Resolution 136/2023		Due to the inhumane living conditions of people in Isipingo Camp, the project was designed to have a multi-pronged approach and be expedited. Construction activities were scheduled to commence simultaneously. Traditionally, in a project life-cycle, the funding and completion of Bulk Water, Sanitation, and Electricity would come first, followed by Internal Services, and only then the construction of houses. The construction and installation of the Sewer Pump-Station, a Detention Tank for Sewer, and the Bulk Water Meter for the Project tie-in posed a significant challenge. The Municipality had to source funds and follow SCM processes to appoint relevant Service Providers for the required Bulk services work, which took longer than expected by their Water and Sanitation Departments and which was beyond the control of the Department. There were also numerous other delays such as covid, Floods. Looting which were beyond the Control of all. The Subsidy Quantum Increase that was allocated to the Project was only after the National Department's General Increase. This increase was given to most projects due to various factors like Covid-19, looting, price escalations, and floods. The Department conducted a thorough evaluation and determined that the Project deserved the increase based on its merits, particularly because the Contractor had no control over the delays caused by the aforementioned reasons. The Department did not escalate the entire scope, only the remaining work at the time of alignment. The alignment was done correctly according to Department processes and approvals. In addition, the project was closely and carefully monitored to ensure that no unwelcome invasions or vandalism occurred or additional costs for the Department. There was also no additional expenses or variation orders for extra work. If houses were left without service connections at the near-completion stage, they would be vulnerable to invasion and vandalism. This would result in unnecessary costs for the Department, as we would need to deploy security personnel to protect and prevent such incidents. Additionally, there would be repair costs incurred due to vandalism, leading to fruitless and wasteful expenditures.
Resolution 137/2023	Infrastructure projects: Rocky Park and Jika Joe Housing Projects That the accounting officer report to the committee by 31 January 2024 on: - [1] Measures implemented to substantially improve the effectiveness of the project management on these projects to ensure timely delivery by factoring in critical milestones, deliverables, timelines and reporting. [2] Measures implemented to expedite procurement processes and progress made in, and timelines for, the appointment of a new contactors to complete the two projects. [3] Quantification of the cost escalation in the two projects and assessment for possible fruitless and wasteful expenditure. [4] Investigation and disclosure of the overpayment of R55 million in the Rocky Park Housing Project as irregular expenditure and implementation of remedial action and consequence management.	[1] With regards to Rocky Park, the municipality has been engaged to evict the illegal invaders as part of their mandate as the land owners of the project and they are currently engaging with their legal consultants to facilitate that process. The department has undertaken to take over the development of the remainder of the project from the municipality and will be manage the new development once a new scope of work has been defined At Jika Joe, all 404 completed units have been tenanted since December 2023 and that now allows the department to close out the current phase of the project. The remainder of the development will be phased out in line with the development of other projects identified to accommodate the residents of the Jika Joe Settlement. [2] The department has appointed an engineer to do an assessment on the existing Rocky Park project to provide a status report. Once concluded, it will provide a proposed way forward for the development of the remainder of the project which will then allow the department to undertake the next phase of the project. The current phase of Jika Joe has been tenanted and completed. Further phases of the development are affected by the currently occupied dense informal settlements at Jika Joe which are located on the land parcels required for development. Once other identified projects are developed and occupants of the settlements are relocated, then only will the next phases of the development be implemented. [3] No additional cost escalations will be incurred on the current phases of the projects as the projects will be implemented in phases as and when development is ready for construction. [4] The Office of the Premier has been engaged to assist to investigate on the possible overpayment of R55 million and if there was irregular expenditure on the project. Once concluded the report will provide recommendations on the way forward.

TABLE A

FR NUMBER	DEPARTMENT TO REPORT ON	PROGRESS TO DATE
FR 42/2010	Steps taken to recover any losses Progress in criminal case Whether the officials are employed by the State and if so, which department.	**Steps taken to recover any losses** There were no losses to be recovered arising from this investigation **Progress in criminal case** This matter is still under investigation by the South Africa Police Services **Whether the officials are employed by the State and if so, which department** The whereabouts of these officials are unknown
FR 24/2019	Nature of allegations and amount involved Findings and recommendations of investigation Steps taken to implement recommendations Time frames for implementation of recommendations.	**Nature of allegation** Allegations of fraud and corruption in the Siyahla-la Housing Project at the Amajuba District in the Newcastle Municipality. **Steps taken to implement recommendations** The report was tabled before a Council meeting at Amajuba District **Time frames for implementation of recommendations** The Amajuba District Council took resolution on 6 December 2023 and to adopt the forensic report and to implement recommendations in the forensic report. The key recommendation was to apply to the Department for approval for the establishment of Phase 2 of the Boschoek Township Project to accommodate the affected residents in the project.
FR 31/2019	Nature of allegations and amount involved; Outcome of disciplinary matter; Findings and recommendations of investigation; Steps taken to implement recommendations; Time frames for implementation of recommendations	**Nature of allegation and amount** Investigation into the drafting of a fraudulent letter by an official in order to receive a counteroffer from the department. The financial amount was R177 421.00 **Recommendations** 1. Disciplinary action against 2 departmental officials 2. Criminal action against 1 official 3. Civil Recovery of R177 421.00 from the official **Status on implementation of Recommendations** 1. Misconduct were preferred against the official appointment as Investigating Officer. 2. No charges were preferred against the second official. 3. A Criminal Docket was registered with the South African Police Services **Steps taken to implement recommendations** 1. Disciplinary case finalised. 2. Criminal Docket registered with SAPS 3. Civil Recovery has been referred to Legal Services for an assessment of recovery. **Time frames for implementation of recommendations** The timeframe for pursuing recovery is targeted for commencement from date from receipt of formal opinion from Legal Services.

FR NUMBER	DEPARTMENT TO REPORT ON	PROGRESS TO DATE
FR 15/2020	Nature of allegations and amount involved Findings and recommendations of investigation	**Nature of allegations** The allegations were regarding: 1. Falsification of offer of employment letters and payment of counteroffers, and 2. Allegation against a Senior Official for conducting business with the state. **Findings and recommendations** 1. A) Presentation of fraudulent offer of employment letter; B) Civil Recovery of R417 656.22, plus interest; and C) Registration of a criminal case with South African Police Services 1. No findings against the Senior Official were found. **Progress to date on finding 1** The former employee had moved to Department of Health. Furthermore, no case to pursue on the disciplinary and criminal matter as the official is now deceased. The Department has referred the Civil Recovery to Department of Health to pursue recovery from the official's pension.
FR 09/2022	Status of investigation and estimated time frames for completion	**Status update** Office of the Premier has advised that the matter is at the investigation phase. The requested documents have been received and the team has commenced with documents analysis. The investigation will be finalised on 30 April 2024
FR 30/2019	Status of investigation and estimated time frames for completion Reasons for delay in commencement/ completion of investigation	**Status update** Office of the Premier has advised that the matter is currently under investigation and the investigation will be finalised on 28 February 2024. **Reasons for delay** The Office of the Premier has advised that their Unit was anticipating to outsource this matter however, this process could not materialise due to lack of funding from the following parties, namely; OTP, DHS and Kwa-dukuza Municipality. Then the matter was re-assigned to the internal team in November 2023.
FR 16/2020	Nature of allegations and amount involved Findings and recommendations of investigation Steps taken to implement recommendations Time frames for implementation of recommendations	**Nature of allegation and amount** The allegations relate to alleged irregularities in the Woodlands Low-Cost Housing Project. The allegations were referred for investigation by the Department to Office of the Premier during November 2020 and the amount involved has not yet been quantified. **Status update** Office of the Premier has advised that this matter is at the reporting phase. The forensic report has been submitted to their Chief Director for review, as part of their protocol.

9. PRIOR MODIFICATIONS TO AUDIT REPORT

No modifications to audit report was undertaken. Areas covered under the Scopa Resolutions where further measures were implemented to strengthen the internal controls, procedures and systems to mitigate the risks identified during the external audit process.

10. INTERNAL CONTROL UNIT

In accordance with the Internal Audit Operational Plan, the Department collaborated with the KZN Provincial Internal Audit Services Unit (PIAS) to conduct internal audits focused on high-risk areas identified by the Department. During the 2023/2024 financial year, PIAS carried out several internal audits as outlined in the approved operational plan, which was endorsed by the Cluster Audit and Risk Committee and authorized by the Head of Department:

No.	Service Description	Period	Status
1	Performance Information	3rd Quarter	Finalised
2	Q1 Follow Up on Resolved Findings	1st Quarter	Finalised
3	Q2 Follow Up on Resolved Findings	2nd Quarter	Finalised
4	Q3 Follow Up on Resolved Findings	4th Quarter	Finalised
5	Integrated Residential Development	2nd Quarter	Finalised
6	Supply Chain Management	4th Quarter	Finalised
7	Implementation of Consequence Management	2nd Quarter	Finalised
8	Follow-up on Previously Reported IT Findings	1st Quarter	Finalised
9	Network Penetration Testing Assessment	2nd Quarter	Finalised
10	IT Risk Management	3rd Quarter	Finalised
11	Review of the AFS before submission to AG	1st Quarter	Finalised
12	Review of the Audit Improvement Strategy	3rd Quarter	Finalised
13	Unspent capital balances: municipalities and institutions	4th Quarter	Finalised

In the 2023/2024 financial year, the Internal Control Sub-Directorate within Risk Management Unit completed various audits and follow-up assessments, which included:

No.	Audit Project Name	Status
1	Irregular Expenditure Investigation: Financial Year 2011/2012 – 2015/2016	Finalised
2	Irregular Expenditure Investigation: Financial Year 2015/2016	Finalised
3	Fruitless & Wasteful Expenditure Investigation: Financial Year 2012/2013	Finalised
4	Fruitless & Wasteful Expenditure Investigation: Financial Year 2013/2014	Finalised
5	Central Supplier Database Interviews	Finalised
6	Audit on Utilisation of Official Parking	In-Progress (Draft-Report)
7	Bursary Audit – Internal: Financial Year 2023/2024	Finalised
8	Bursary Audit – External: Financial Year 2023/2024	Finalised
9	Headcount Audit: Financial Year 2023/2024	Finalised
10	Follow up on Internal Audit Log Q1	Finalised
11	Follow up on Internal Audit Log Q2	Finalised
12	Follow up on Internal Audit Log Q3	Finalised
13	Follow up on Internal Audit Log Q4	Finalised

The Department has taken steps to address the findings outlined in the finalized reports and has implemented additional recommendations to strengthen management controls and systems. The Internal Audit Log is used to track findings and monitor progress on agreed-upon action plans, with regular quarterly updates provided to the Cluster Audit and Risk Committee.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

The Department engages the shared services of Provincial Treasury's "Provincial Internal Audit Service" (PIAS), to support and undertake the Internal Audit Function, which is regulated sections 38 (1)(a)(i) and 76 (4)(e) of the PFMA, and mandated in terms of paragraph 3.2.3 of the Treasury Regulations.

The strategic objective of Provincial Treasury is to provide an independent and objective assurance and consulting service designed to add value and improve the KwaZulu-Natal Provincial Administration operations through evaluations of the systems of internal control, risk management and corporate governance processes.

The PIAS consists of two sub-programmes, namely Assurance Services that is responsible for conducting internal audit assignments in terms of the identified risk areas as per the attached plan; and the Risk & Advisory Services that provides risk management support.

Although investigating fraud and other irregularities are not the primary focus of internal audit's approach, a close liaison with management of Human Settlements is maintained should such issues be identified. These cases are then referred accordingly for forensic auditing to the Office of the Premier.

The PFMA requires provincial government departments and public entities to establish a system of risk management and internal control and to ensure that risk assessments are conducted regularly to identify emerging risks within the departments therefore Provincial Treasury provides support in managing this process.

Based on the annual internal audit plan for the financial year as approved by the Cluster Risk and Audit Committee, all assignments were completed. All findings emanating from these reports were translated into an audit log to follow-up on agreed action plans related to these findings. Quarterly reporting on the audit log was tabled at the Cluster Risk and Audit Committee for all 4 quarterly meetings held in the reporting period.

The table below discloses relevant information on the audit committee members:

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date Resigned	No. of Meetings attended
Mr Sibusiso Mthethwa	B Compt [Hon]	External	Not Applicable	May 2022	Not Applicable	4 of 4
Mr Zwile Zulu	MBA	External	Not Applicable	May 2022	Not Applicable	4 of 4
Ms Runganagee Ramphal	CA [SA]	External	Not Applicable	May 2022	Not Applicable	4 of 4
Mr Suren Maharaj	CA [SA]	External	Not Applicable	May 2022	Not Applicable	4 of 4
Mr S Magagula	Masters in Geography and Urban Planning	External	Not Applicable	04 September 2023	Not Applicable	4 of 4

12. AUDIT COMMITTEE REPORT

REPORT OF THE AUDIT & RISK COMMITTEE ON

VOTE 8 – DEPARTMENT OF HUMAN SETTLEMENTS

The Audit Committee herewith presents its report for the financial year ended 31 March 2024, as required by Treasury Regulation 3.1.13 read with section 77 of the Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended by Act No. 29 of 1999).

The Provincial Audit and Risk Committee (PARC) is the shared audit and risk committee for the provincial departments, and is further sub-divided into three Cluster Audit & Risk Committees (CARC's) that provide oversight of key functions to the KZN Provincial Government Departments. The Department of Human Settlements is served by the Social Protection, Community and Human Development (SPCHD) Cluster Audit & Risk Committee.

The Audit Committee reports that it has adopted formal terms of reference contained in its Audit and Risk Committee Charter. The Committee complied with its responsibilities arising from the Public Finance Management Act and Treasury Regulations. The Committee was fully constituted for the full financial year.

1. Audit Committee Members and Attendance

The SPCHD CARC consisted of the members listed hereunder who have met as reflected below.

#	Name of Member	CARC Meetings Attended
1.	Mr S Mthethwa – CARC Chairperson	*4 of 4*
2.	Ms R Ramphal	*4 of 4*
3.	Mr S Magagula	*3 of 4*

The PARC consisted of the members listed hereunder who have met as reflected below.

#	Name of Member	Ordinary Meetings Attended	Special Meetings Attended
1.	Mr Z Zulu – PARC Chairperson	*4 of 4*	*1 of 1*
2.	Ms S Makhathini	*4 of 4*	*1 of 1*
3.	Dr M Zakwe	*3 of 4*	*1 of 1*
4.	Mr S Maharaj	*4 of 4*	*1 of 1*
5.	Mr M Tarr	*4 of 4*	*1 of 1*
6.	Ms B Jojo	*3 of 4*	*1 of 1*
7.	Mr S Mthethwa	*4 of 4*	*1 of 1*
8.	Ms R Ramphal	*4 of 4*	*1 of 1*
9.	Mr S Magagula	*3 of 4*	*1 of 1*

On 4th September 2023, three new Provincial Audit and Risk Committee members, namely, Dr M Zakwe; Ms B Jojo and Mr S Magagula were appointed by the MEC for Finance for a period of 3 years.

2. Effectiveness of Internal Control

The Committee has reviewed the reports of the Provincial Internal Audit Service (PIAS), the Audit Report on the Annual Financial Statements and the Management Report of the Auditor-General of South Africa (AGSA) and has noted with concern the weaknesses in controls around the following areas:

- Integrated Residential Development Programme
- Network Penetration Testing Assessment
- Expenditure Management
- Annual Financial Statement
- Compilation of the Annual Budget and the Adjustment Budget
- Utilisation of Conditional Grants

The Committee considered the appropriateness of management's planned interventions to improve the overall control environment and advised management to implement these measures urgently, in order to avoid the recurrence of audit findings.

3. Effectiveness of Internal Audit

PIAS activities were reviewed by the Committee during the special PARC and CARC monitoring processes. The Committee evaluated PIAS' reports detailing the assessment of the adequacy and effectiveness of controls designed to mitigate the risks associated with the operational and strategic activities of the department.

The PIAS planned to perform 13 audit assignments for the period under review, all 13 audit assignments were finalised by year end.

The Committee is satisfied that PIAS performed effectively during the period under review and commended PIAS for finalising all planned audit assignments. During the 2024/25 financial year, the Committee will continue to monitor the progress made by the PIAS against its operational plans in order to ensure that it continues to fulfil its mandate and add value to the Department.

4. Risk Management

The responsibilities of the Committee with respect to risk management are formally defined in its Charter. For the period under review, the Committee's responsibilities have been focused, amongst other things, on the quarterly review of the Department's risk register and monitoring progress made by the Department on various risk management initiatives.

With regard to the Department's risk register as at 31 March 2024, as summarised in the table below, the Committee noted the progress made by the Department on implementing 81% of its risk mitigation plans. The Department was urged to address the remaining risk mitigation plans and to re-rate risks whose risk mitigation plans have been completed and validated.

Focus Area	Critical	Major	Moderate	Minor	Insignificant	Total
Number of risks identified	1	18	32	17	0	68
Number of agreed risk mitigation plans.	2	33	41	10	0	86
Number of completed risk mitigation plans.	1	21	38	10	N/A	70
% of completed risk mitigation plans.	**50%**	**64%**	**93%**	**100%**	**N/A**	**81%**

The Committee noted progress made by the Department on implementing minimum risk management standards as prescribed by the 2021 Provincial Risk Management Framework. From the assessment performed by PIAS (Risk and Advisory Services) during the period under review, the Department fully complied with 12 of the 15 standards and partly complied with three. The Department was encouraged to increase its efforts to fully comply with all standards, including the development of an assessment tool to review the effectiveness of its risk management committee and fill the vacant position within its risk management function.

The Committee encouraged the Department to enhance its business continuity management (BCM) practices through customisation and adoption of various BCM templates and guidelines as provided by the PIAS (Risk and Advisory Services). The Department was also advised to link its BCM practices with disaster management plans (as required by the Disaster Management Act) to ensure seamless resumption of business operations and critical services in the event of emergencies.

5. Quality of in year management and monthly/quarterly reports

The Committee was satisfied with the content and quality of quarterly reports in respect of in year management and quarterly performance, prepared and issued by the Accounting Officer of the Department during the year under review, in terms of the PFMA and the Division of Revenue Act. However, the Committee did raise concerns over the unauthorised expenditure incurred in the year, specifically in relation to the Housing Fund transactions and classification thereof.

The Committee monitored the implementation of corrective actions in respect of the detailed findings emanating from the previous regulatory audit as well as PIAS audits on a quarterly basis through the CARC processes.

6. Evaluation of Financial Statements

The Committee has:

- Reviewed and discussed the Annual Financial Statements, including the audit report, with the Accounting Officer, Auditor-General and PIAS;
- Reviewed the Auditor-General's Management Report;
- Reviewed the Department's processes for compliance with legal and regulatory provisions noting the material findings of non-compliance of ineffective expenditure management resulting in unauthorized expenditure and conditional grants not spent in accordance with the applicable framework; and
- Reviewed the conclusion on the usefulness and reliability of performance information resulting from the external audit of the Department.

The Committee noted that the department materially underspent the Human Settlements Development Grant (HSDG) by R263,74 million on programme 3 – Housing Development. The underspending was mainly due to the ring-fenced HSDG. Challenges encountered among others included the distance between the affected homesteads, stoppages and political issues delaying production.

Furthermore, the Committee noted that the corresponding figures for 31 March 2023 were restated as a result of an error in the financial statements of the department at, and for the year ended 31 March 2024.

In terms of compliance with legislation, the Committee noted that financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, effective and appropriate steps were not taken to prevent unauthorised expenditure and that the HSDG was not spent in accordance with the applicable framework.

7. Forensic Investigations

The Committee noted seven investigations relating to procurement irregularities, fraud and corruption covering period 2011 to 2024 had been conducted. Three of these had been completed and four were still in progress at year-end. The Committee will follow-up on the process of these matter throughout the next financial year as part of conducting its oversight responsibilities..

8. Auditor-General's Report

The Committee has met with the Auditor-General of South Africa to discuss and evaluate the issues that emanated from the current regulatory audit. The Committee will ensure that corrective actions in respect of the detailed findings emanating from the current regulatory audit continue to be monitored on a quarterly basis through the CARC processes.

The Committee concurs with and accepts the conclusion of the Auditor-General's opinion on the Annual Financial Statements of an unqualified audit opinion with material findings, and is of the opinion that the Audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

9. Appreciation

The Committee wishes to express its appreciation to the Management of the Department, the Auditor-General of South Africa, and the Provincial Internal Audit Services for the co-operation and support they have provided to enable us to compile this report.

Mr Z Zulu
Chairperson: Provincial Audit and Risk Committee
08 August 2024

13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the B-BBEE 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 licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	Not applicable to Human Settlements.
Developing and implementing a preferential procurement policy?	Yes	The Preference Procurement Policy in place and is being implemented by the Supply Chain Management Business Unit.
Determining qualification criteria for the sale of state-owned enterprises?	No	Not applicable.
Developing criteria for entering into partnerships with the private sector?	No	Process is being facilitated by IGR of the Department.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	Not applicable.

Mr. M.O.S. Zungu
Accounting Officer
KwaZulu-Natal Department of Human Settlements
Date: 31 August 2024

PART D:
HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

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

2. OVERVIEW OF HUMAN RESOURCES

The implementation of a Human Resource Management Plan and the Service Delivery Improvement Plan will support the core functions of the Department in the achievement of the Department's mandate.

In addition, the Department is currently implementing the KZN Provincial Human Resource Turnaround Strategy and Implementation Plan which is intended to unlock the human capital of the province. The Strategy seeks to address the inadequacies in the human resource environment that are vital to ensure that the services rendered to the citizens of this province are provided in an efficient, effective and responsive manner. It further aims to ensure that the province capitalises in the best possible way the use of its resources to attain Provincial strategic goals and objectives as set out in the PGDS.

The provincial cost containment measures for the recruitment processes have however impacted negatively on the timeous provision of adequate human resources. Whilst the Department has undertaken an exercise to reprioritize the filing of vacant critical posts, the fiscal constraints have further had a negative impact on the funding of the priority posts as well as skills development within the Department. The filling of critical posts is being prioritized by the Department.

The Department will continue to promote an organisational culture that is gender sensitive and responsive through capacitating staff on gender mainstreaming. Focused attention will also be placed on the importance of incorporating the gender perspective in all planning, implementation, monitoring and evaluation processes of the department. The Department will be conducting a gender audit and analysis to ascertain the status quo. The findings of the gender analysis will be reflected and translated to programmes/projects that are inclusive gender perspective (e.g. how have the inequalities been addressed/reduced/ eliminated). In addition, all departmental programmes will develop mechanisms that will ensure that the gender disaggregated data is collated in all key operations of the Department. In addition, to promote gender sensitivity, the Department will include in its Workplace Skills Plan gender sensitivity training.

The Department has achieved 43% women in management which is 7% below the set target of 50%. As far as the employment of people with disabilities is concerned, the Department currently employs 2,12% exceeding the national target of 2%. Using the results of the Organisational Readiness Assessment which seeks to gauge the impact of HR unit in the Department's achievement of strategic objectives, the HR plan is being reviewed in order to ensure the HR functions are up to date and properly aligned.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1. Personnel related expenditure

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

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

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2023 and 31 March 2024

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)
1. Administration	271 281	148 755	-	-	54,80	496
2. Housing Needs, Research & Planning	21 009	18 216	-	-	86,70	729
3. Housing Development	3 650 721	193 032	-	-	5,30	549
4. Housing Asset Management	160 211	35 321	-	-	22,00	471
Total	**4 103 222**	**395 324**	**-**	**-**	**9,60**	**526**

Table 3.1.2 Personnel costs by salary band for the period 1 April 2023 and 31 March 2024

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)	881	0,20	3	294
Skilled (Levels 3-5)	27 920	6,80	84	332
Highly skilled production (Levels 6-8)	105 493	25,60	196	538
Highly skilled supervision (Levels 9-12)	114 009	27,70	137	832
Senior management (Levels >= 13)	25 076	6,10	18	1 393
Contract (Levels 3-5)	6 135	1,50	26	236
Contract (Levels 6-8)	34 141	8,30	76	449
Contract (Levels 9-12)	64 731	15,70	82	789
Contract (Levels >= 13)	10 217	2,50	5	2 043
Contract Other	2 699	0,70	35	77
Periodical Remuneration	8 426	2,00	90	94
Total	**399 729**	**97,00**	**752**	**532**

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2023 and 31 March 2024

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
1. Administration	123 620	80,40	552	0,40	4 170	2,70	7 780	5,10
2. Housing Needs, Research & Planning	14 909	80,30	-	-	394	2,10	684	3,70
3. Housing Development	175 497	86,50	70	-	2 733	1,30	5 189	2,60
4. Housing Asset Management	28 389	77,70	-	-	1 240	3,40	1 962	5,40
Total	**342 416**	**83,10**	**623**	**0,20**	**8 537**	**2,10**	**15 615**	**3,80**

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2023 and 31 March 2024

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)	500	56,80	-	-	71	8,10	163	18,50
Skilled (Levels 3-5)	20 060	71,60	120	0,40	1 702	6,10	2 722	9,70
Highly skilled production (Levels 6-8)	81 197	76,70	265	0,30	3 846	3,60	7 455	7,00
Highly skilled supervision (Levels 9-12)	94 72	79,60	143	0,10	2 077	1,70	4 877	4,10
Senior management (Levels >= 13)	21 935	81,80	-	-	517	1,90	265	1,00
Contract (Levels 3-5)	6 103	99,20	30	0,50	-	-	-	-
Contract (Levels 6-8)	34 019	98,90	54	0,20	-	-	-	-
Contract (Levels 9-12)	64 009	93,20	1	-	189	0,30	39	0,10
Contract (Levels >= 13)	8 758	80,40	-	-	135	1,20	94	0,90
Contract Other	2 698	99,40	9	0,30	-	-	-	-
Periodical Remuneration	8 426	99,80	-	-	-	-	-	-
Total	**342 416**	**83,10**	**623**	**0,20**	**8 537**	**2,10**	**15 615**	**3,80**

3.2. Employment and Vacancies

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

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are 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 posts that are not filled.

Table 3.2.1 Employment and vacancies by programme as at 31 March 2024

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
1. Administration	298	282	5.40	50
2. Housing Needs, Research and Planning	26	25	3.80	5
3. Housing Development	300	289	3.70	101
4. Housing Asset Management	70	66	5.70	4
Total	**694**	**662**	**4.60**	**160**

Table 3.2.2 Employment and vacancies by salary band as at 31 March 2024

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)	4	3	25.00	-
Skilled (Levels 3-5)	89	84	5.60	-
Highly Skilled Production (Levels 6-8)	204	196	3.90	-
Highly Skilled Supervision (Levels 9-12)	151	137	9.30	-
Senior Management (Levels >= 13)	22	18	18.20	-
Other	35	35	-	35
Contract (Levels 3-5)	26	26	-	19
Contract (Levels 6-8)	76	76	-	42
Contract (Levels 9-12)	82	82	-	61
Contract (Levels >= 13)	5	5	-	3
Total	**694**	**662**	**4.60**	**160**

Table 3.2.3 Employment and vacancies by critical occupations as at 31 March 2024

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Administration Clerks, Permanent	45	45	-	20
Administration Officer, Permanent	126	126	-	7
Administrative and Governance Policy Manager, Permanent	2	2	-	-
Architect, Permanent	1	1	-	1
Builder, Permanent	10	10	-	-
Caretaker/ Cleaner, Permanent	17	17	-	-
Cartographer, Permanent	3	3	-	2
Case Management Officer, Permanent	2	2	-	-
Chief Financial Officer, Permanent	1	1	-	-
Civil Engineer, Permanent	9	9	-	9
Clerical Supplementary Workers, Permanent	38	38	-	38
Communication Coordinator, Permanent	6	6	-	-
Community Development Practitioner, Permanent	4	4	-	4
Computer Network Technician, Permanent	2	2	-	-
Construction Project Manager, Permanent	24	24	-	17
Disaster Management Manager, Permanent	1	1	-	1
Employee Wellness Practitioner, Permanent	2	2	-	-
Facilities Manager, Permanent	1	1	-	-
Finance Clerk, Permanent	12	12	-	-
Finance Manager, Permanent	2	2	-	1
Financial Accountant, Permanent	32	32	-	-
Head of Provincial Department, Permanent	1	1	-	-
Head of Provincial Government Component, Permanent	3	3	-	1
Human Resource Clerk, Permanent	16	16	-	1
Human Resource Manager, Permanent	1	1	-	-
Human Resource Practitioner, Permanent	9	9	-	-
Industrial/ Labour Relations Officer, Permanent	3	3	-	-
Legal Administration Officer, Permanent	2	2	-	-
Legal Related Manager, Permanent	1	1	-	-
Light Vehicle Driver, Permanent	9	9	-	1
Managers Not Elsewhere Classified, Permanent	2	2	-	-
Middle Manager: Human Resource & Organisational Development Related, Permanent	5	5	-	-
Middle Manager: Administrative Related, Permanent	41	41	-	10
Middle Manager: Engineering Sciences Related, Permanent	1	1	-	1

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Middle Manager: Finance and Economics Related, Permanent	4	4	-	-
Middle Manager: Information Technology Related, Permanent	2	2	-	-
Middle Manager: Internal Audit Related, Permanent	1	1	-	-
Middle Manager: Legal Related, Permanent	5	5	-	1
Middle Manager: Communication & Information Related, Permanent	2	2	-	1
Not Available, Permanent	32	-	100	-
Office Cleaner, Permanent	3	3	-	-
Other Middle Manager, Permanent	18	18	-	5
Personal Assistant, Permanent	28	28	-	2
Policy and Planning Managers, Permanent	1	1	-	-
Professionals Not Elsewhere Classified, Permanent	59	59	-	2
Programme Or Project Manager, Permanent	3	3	-	-
Public/Media Relations Manager, Permanent	1	1	-	-
Quantity Surveyor, Permanent	5	5	-	4
Registry and Mailing Clerk, Permanent	15	15	-	-
Regulatory Inspector, Permanent	38	38	-	13
Risk and Integrity Manager, Permanent	1	1	-	-
Strategy/Monitoring &Evaluation Manager, Permanent	1	1	-	-
Supply Chain Manager, Permanent	1	1	-	-
Switchboard Operator, Permanent	6	6	-	-
Systems Administrator, Permanent	3	3	-	-
Systems Developer, Permanent	1	1	-	-
Technical & Associate Technical Occupations, Permanent	20	20	-	9
Town Planning Technician, Permanent	9	9	-	9
Web Administrator, Permanent	1	1	-	-
Total	**694**	**662**	**4.60**	**160**

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 at 31 March 2024

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	-	-
Salary Level 16	-	-	-	-	-
Salary Level 15	2	2	100	-	-
Salary Level 14	5	3	60	2	40
Salary Level 13	20	17	85	3	15
Total	**28**	**23**	**92**	**5**	**8**

Table 3.3.2 SMS post information as at 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
Director-General / Head of Department	1	1	100	-	-
Salary Level 16	-	-	-	-	-
Salary Level 15	2	2	100	-	-
Salary Level 14	4	4	100	-	-
Salary Level 13	26	21	80.76	5	19.2
Total	**33**	**28**	**84.84**	**5**	**15.16**

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2023 and 31 March 2024

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	-	-	-
Salary Level 16	-	-	-
Salary Level 15	-	-	-
Salary Level 14	1	-	1
Salary Level 13	-	-	-
Total	**1**	**-**	**1**

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 2023 and 31 March 2024

Reasons for vacancies not advertised within six months
Budgetary constraints.
Reasons for vacancies not filled within twelve months
Awaiting finalization of a new structure.

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 2023 and 31 March 2024

Reasons for vacancies not advertised within six months
None. Due to budgetary constraints, vacancies were not advertised.
Reasons for vacancies not filled within six months
None. Due to budgetary constraints, vacancies were not advertised.

3.4. Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2023 and 31 March 2024

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)	4	-	-	-	-	-	-
Skilled (Levels 3-5)	89	-	-	-	-	-	-
Highly Skilled Production (Levels 6-8)	204	-	-	-	-	-	-
Highly Skilled Supervision (Levels 9-12)	151	-	-	-	-	-	-
Senior Management Service Band A	19	-	-	-	-	-	-
Senior Management Service Band B	1	-	-	-	-	-	-
Senior Management Service Band C	2	-	-	-	-	-	-
Other	35	-	-	-	-	-	-
Contract (Levels 3-5)	26	-	-	-	-	-	-
Contract (Levels 6-8)	76	-	-	-	-	-	-
Contract (Levels 9-12)	82	-	-	-	-	-	-
Contract Band A	1	-	-	-	-	-	-

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
Contract Band B	3	-	-	-	-	-	-
Contract Band D	1	-	-	-	-	-	-
Total	**694**	**-**	**-**	**-**	**-**	**-**	**-**

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

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2023 and 31 March 2024

Gender	African	Asian	Coloured	White	Total
Female	-	-	-	-	-
Male	-	-	-	-	-
Total					**-**
Employees with a disability					**-**

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

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2023 and 31 March 2024

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
-	-	-	-	-
Total number of employees whose salaries exceeded the level determined by job evaluation				**-**
Percentage of total employed				**-**

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

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2023 and 31 March 2024

Gender	African	Asian	Coloured	White	Total
Female	-	-	-	-	-
Male	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Employees with a disability	**-**	**-**	**-**	**-**	**-**

Total number of employees whose salaries exceeded the grades determined by job evaluation	**-**

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.

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2023 and 31 March 2024

Salary band	Number of employees at beginning of period 1 April 2023	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower Skilled (Levels 1-2)	4	-	-	-
Skilled (Levels 3-5)	97	3	14	14.40
Highly Skilled Production (Levels 6-8)	209	6	18	8.60
Highly Skilled Supervision (Levels 9-12)	139	8	9	6.50
Senior Management Service Band A	15	1	1	6.70
Senior Management Service Band B	1	-	-	-
Senior Management Service Band C	2	-	-	-
Other	3	-	4	133.30
Contract (Levels 3-5)	24	16	9	37.50
Contract (Levels 6-8)	115	77	22	19.10
Contract (Levels 9-12)	79	15	12	15.20
Contract Band A	5	-	4	80.00
Contract Band B	2	1	-	-
Contract Band C	-	-	-	-
Contract Band D	1	-	-	-
Total	**696**	**127**	**93**	**13.40**

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2023 and 31 March 2024

Critical occupation	Number of employees at beginning of Period - 1 April 2023	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative related	216	72	31	14.40
Agriculture related	1	-	1	100.00
All artisans in the building metal machinery etc.	17	-	7	41.20
Architects town and traffic planners	14	4	4	28.60
Auxiliary and related workers	1	-	1	100.00
Bus and heavy vehicle drivers	1	-	-	-
Cartographic surveying and related technicians	3	1	1	33.30
Civil engineering technicians	6	3	-	-
Cleaners in offices workshops hospitals etc.	16	-	3	18.80
Client inform clerks (switchboard reception information clerks)	2	2	-	-

Critical occupation	Number of employees at beginning of Period - 1 April 2023	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Communication and information related	6	-	-	-
Community development workers	4	-	2	50.00
Computer system designers and analysts	1	-	-	-
Engineering sciences related	3	-	-	-
Engineers and related professionals	23	1	2	8.70
Finance and economics related	6	-	-	-
Financial and related professionals	2	-	-	-
Financial clerks and credit controller	46	1	5	10.90
General legal administration & related professionals	1	-	-	-
Head of department/chief executive officer	1	-	-	-
Human resources & organisational development & related professionals	12	-	-	-
Human resources clerks	16	-	-	-
Human resources related	17	-	1	5.90
Information technology related	2	1	-	-
Inspectors of apprentices works and vehicles	57	24	8	14.00
Legal related	6	2	1	16.70
Library mail and related clerks	14	-	-	-
Light vehicle drivers	7	1	1	14.30
Logistical support personnel	1	-	-	-
Material-recording and transport clerks	5	-	-	-
Messengers porters and deliverers	3	-	1	33.30
Middle Managers: Administrative related	-	1	-	-
Motor vehicle drivers	1	-	1	100.00
Other administration & related clerks and organisers	46	5	5	10.90
Other administrative policy and related officers	67	8	6	9.00
Other information technology personnel	2	-	-	-
Quantity surveyors & related professionals not classified elsewhere	4	-	-	-
Risk management and security services	3	-	-	-
Saps	3	-	1	33.30
Secretaries & other keyboard operating clerks	28	-	1	3.60
Senior managers	19	1	4	21.10
Trade labourers	13	-	6.	46.20
Total	**696**	**127**	**93**	**13.40**

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 2023 and 31 March 2024

Termination Type	Number	% of Total Resignations
Death	5	5.40
Resignation	20	21.50
Expiry of contract	37	39.80
Dismissal – misconduct	2	2.20
Dismissal – operational changes	14	15.10
Dismissal – inefficiency	-	-
Discharged due to ill-health	1	1.10
Retirement	14	15.10
Transfer to other Public Service Departments	-	-
Other	-	-
Total	**93**	**100.00**
Total number of employees who left as a % of total employment		**14**

Table 3.5.4 Promotions by critical occupation for the period 1 April 2023 and 31 March 2024

Occupation	Employees 1 April 2023	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
Administration Officer	-	-	-	1	-
Administrative Related	216	6	2.80	90	41.70
Agriculture Related	1	-	-	-	-
All Artisans In The Building Metal Machinery Etc.	17	-	-	13	76.50
Architects Town And Traffic Planners	14	1	7.10	6	42.90
Auxiliary And Related Workers	1	-	-	-	-
Bus And Heavy Vehicle Drivers	1	-	-	1	100.00
Cartographic Surveying And Related Technicians	3	-	-	2	66.70
Civil Engineering Technicians	6	-	-	-	-
Cleaners In Offices Workshops Hospitals Etc.	16	-	-	3	18.80
Client Inform Clerks(Switchboard Reception Information Clerks)	2	1	50.00	2	100.00
Communication and Information Related	6	-	-	3	50.00
Community Development Workers	4	-	-	-	
Computer System Designers and Analysts.	1	-	-	1	100.00
Engineering Sciences Related	3	-	-	3	100.00
Engineers and Related Professionals	23	-	-	15	65.20
Finance and Economics Related	6	-	-	4	66.70

Occupation	Employees 1 April 2023	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
Financial and Related Professionals	2	-	-	1	50.00
Financial Clerks And Credit Controllers	46	2	4.30	33	71.70
General Legal Administration & Rel. Professionals	1	-	-	-	-
Head of Department/Chief Executive Officer	1	-	-	-	-
Human Resources & Organisational Development & Relate Prof	12	-	-	5	41.70
Human Resources Clerks	16	-	-	15	93.80
Human Resources Related	17	2	11.80	15	88.20
Information Technology Related	2	-	-	2	100.00
Inspectors of Apprentices Works and Vehicles	57	-	-	20	35.10
Legal Related	6	-	-	5	83.30
Library Mail and Related Clerks	14	-	-	14	100.00
Light Vehicle Drivers	7	-	-	7	100.00
Logistical Support Personnel	1	-	-	1	100.00
Material-Recording and Transport Clerks	5	-	-	5	100.00
Messengers Porters and Deliverers	3	-	-	2	66.70
Motor Vehicle Drivers	1	-	-	-	-
Other Administration & Related Clerks and Organisers	46	-	-	35	76.10
Other Administrative Policy and Related Officers	67	1	1.50	32	47.80
Other Information Technology Personnel.	2	-	-	1	50.00
Quantity Surveyors & Related Prof Not Class Elsewhere	4	-	-	2	50.00
Regulatory Inspector	-	-	-	1	
Risk Management and Security Services	3	-	-	1	33.30
Saps	3	-	-	3	100.00
Secretaries & Other Keyboard Operating Clerks	28	-	-	18	64.30
Senior Managers	19	-	-	2	10.50
Trade Labourers	13	-	-	1	7.70
Total	**696**	**13**	**1.90**	**365**	**52.40**

Table 3.5.5 Promotions by salary band for the period 1 April 2023 and 31 March 2024

Salary Band	Employees 1 April 2023	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower Skilled (Levels 1-2)	4	-	-	4	100.00
Skilled (Levels 3-5)	97	1	1.00	64	66.00
Highly Skilled Production (Levels 6-8)	209	3	1.40	145	69.40
Highly Skilled Supervision (Levels 9-12)	139	3	2.20	79	56.80
Senior Management (Levels >= 13)	18	1	5.60	1	5.60
Other	3	-	-	-	-
Contract (Levels 3-5)	24	-	-	5	20.80
Contract (Levels 6-8)	115	1	0.90	18	15.70
Contract (Levels 9-12)	79	4	5.10	48	60.80
Contract (Levels >= 13)	8	-	-	1	12.50
Total	**696**	**13**	**1.90**	**365**	**52.40**

3.6. Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2024

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	9	-	1	-	5	1	1	-	17
Professionals	44	2	5	-	42	1	8	-	102
Technicians and associate professionals	103	1	17	4	144	7	11	3	290
Clerks	40	2	10	1	85	-	9	5	152
Service and sales workers	3	-	1	-	-	-	-	-	4
Craft and related trades workers	47	2	1	-	17	-	-	-	67
Plant and machine operators and assemblers	7	-	-	-	1	-	-	-	8
Elementary occupations	18	1	-	-	2	-	-	-	21
Managers	-	-	1	-	-	-	-	-	1
Total	**271**	**8**	**36**	**5.00**	**296**	**9**	**29**	**8**	**662**
Employees with disabilities	**9**	**1**	**1**	**-**	**2**	**-**	**-**	**1**	**14**

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2024

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	-	-	-	-	-	1	-	2
Senior Management	7	-	1	-	5	1	2	-	16
Professionally qualified and experienced specialists and mid-management	52	1	15	3	54	1	11	-	137
Skilled technical and academically qualified workers, junior management, supervisors, foremen	68	3	14	2	88	4	9	8	196
Semi-skilled and discretionary decision making	35	4	-	-	44	-	1	-	84
Unskilled and defined decision making	3	-	-	-	-	-	-	-	3
Not Available	12	-	-	-	23	-	-	-	35
Contract (Top Management)	1	-	-	-	-	-	-	-	1
Contract (Senior Management)	2	-	1	-	1	-	-	-	4
Contract (Professionally Qualified)	43	-	4	-	30	1	4	-	82
Contract (Skilled Technical)	39	-	1	-	33	2	1	-	76
Contract (Semi-Skilled)	8	-	-	-	18	-	-	-	26
Total	**271**	**8**	**36**	**5**	**296**	**9**	**29**	**8**	**662**

Table 3.6.3 Recruitment for the period 1 April 2023 to 31 March 2024

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management, Permanent	-	-	-	-	1	-	-	-	1
Professionally qualified and experienced specialists and mid-management, Permanent	2	-	1	-	5	-	-	-	8
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	3	-	-	-	3	-	-	-	6
Semi-skilled and discretionary decision making, Permanent	-	-	-	-	3	-	-	-	3
Contract (Senior Management), Permanent	1	-	-	-	-	-	-	-	1
Contract (Professionally qualified), Permanent	7	-	-	-	7	-	1	-	15
Contract (Skilled technical), Permanent	36	-	1	-	40	-	-	-	77
Contract (Semi-skilled), Permanent	3	-	1	-	12	-	-	-	16
Total	**52**	**-**	**3**	**-**	**71**	**-**	**1**	**-**	**127**
Employees with disabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Table 3.6.4 Promotions for the period 1 April 2023 to 31 March 2024

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	1	-	-	-	1	-	-	-	2
Professionally qualified and experienced specialists and mid-management	32	-	7	-	35	1	7		82
Skilled technical and academically qualified workers, junior management, supervisors, foremen	54	2	5	-	74	2	7	4	148
Semi-skilled and discretionary decision making	22	3	-	-	39	-	1	-	65
Unskilled and defined decision making	3	-	-	-	1	-	-	-	4
Contract (Professionally qualified)	-	-	-	-	-	1	-	-	1
Contract (Skilled technical)	25	-	2	-	21	1	3	-	52
Contract (Semi-skilled)	6	-	-	-	11	1	1	-	19
Total	**3**	**-**	**-**	**-**	**2**	**-**	**-**	**-**	**5**
Employees with disabilities	**5**	**1**	**1**	**-**	**1**	**-**	**-**	**1**	**9**

Table 3.6.5 Terminations for the period 1 April 2023 to 31 March 2024

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	-	-	-	-	1	-	-	-	1
Professionally qualified and experienced specialists and mid-management	4	-	1	1	2	-	-	1	9
Skilled technical and academically qualified workers, junior management, supervisors, foremen	7	-	1	-	9	-	1	-	18
Semi-skilled and discretionary decision making	8	1	-	-	5	-	-	-	14
Not Available	1	-	-	-	3	-	-	-	4
Contract (Top Management)	-	-	-	-	-	-	-	-	-
Contract (Senior Management)	1	-	1	-	1	1	-	-	4
Contract (Professionally qualified)	8	-	-	-	3	-	1	-	12
Contract (Skilled technical)	8	-	-	-	14	-	-	-	22
Contract (Semi-skilled)	3	-	1	-	5	-	-	-	9
Total	**40**	**1**	**4**	**1**	**43**	**1**	**2**	**1**	**93**
Employees with Disabilities	**-**	**1**	**-**	**-**	**1**	**-**	**-**	**-**	**2**

Table 3.6.6 Disciplinary action for the period 1 April 2023 to 31 March 2024

Disciplinary action	Male				Female				Total
	African	Cloured	Indian	White	African	Cloured	Indian	White	
Corrective Counselling	-	-	-	-	-	-	-	-	-
Final Written Warning	2	-	-	-	-	-	-	-	2
No Outcome	7	-	-	-	-	-	-	-	7
Suspended Without Payment	4	-	-	-	2	-	-	-	6
Verbal Warning	6	-	-	-	2	-	-	-	8
Written Warning	13	-	2	-	14	-	1	-	30
Total	**32**	**-**	**2**	**-**	**18**	**-**	**1**	**-**	**53**

Table 3.6.7 Skills development for the period 1 April 2023 to 31 March 2024

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	23	1	5	-	32	3	7	-	**71**
Professionals	6	-	1	-	3	-	-	-	**10**
Technicians and associate professionals	71	-	4	-	31	-	1	1	**108**
Clerks	45	3	4	-	67	-	3	2	**124**
Service and sales workers	-	-	-	-	-	-	-	-	**-**
Skilled agriculture and fishery workers	-	1	-	-	-	-	-	-	**1**
Craft and related trades workers	-	-	-	-	-	-	-	-	**-**
Plant and machine operators and assemblers	1	-	-	-	2	-	-	-	**3**
Elementary occupations	6	1	1	-	-	2	-	-	**10**
Total	**152**	**6**	**15**	**-**	**135**	**5**	**11**	**3**	**327**
Employees with disabilities	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**

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 at 31 May 2024

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	1	100
Salary Level 16	-	-	-	-
Salary Level 15	2	2	2	100
Salary Level 14	5	3	3	100
Salary Level 13	20	17	17	100
Total	**28**	**23**	**23**	**100**

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as at 31 March 2024

Reasons
Nil

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as at 31 March 2024

Reasons
Nil

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.

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					
Male	-	262	-	-	-
Female	-	294	-	-	-
Indian					
Male	-	35	-	-	-
Female	-	29	-	-	-
Coloured					
Male	-	7	-	-	-
Female	-	9	-	-	-
White					
Male	-	5	-	-	-

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
Female	-	7	-	-	-
People with disabilities	-	14	-	-	-
Total	**-**	**662**	**-**	**-**	**-**

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		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee (R'000)	
Lower Skilled (Levels 1-2)	-	3	-	-	-	-
Skilled (Levels 3-5)	-	84	-	-	-	-
Highly Skilled Production (Levels 6-8)	-	196	-	-	-	-
Highly Skilled Supervision (Levels 9-12)	-	135	-	-	-	-
Other	-	35	-	-	-	-
Contract (Levels 3-5)	-	26	-	-	-	-
Contract (Levels 6-8)	-	76	-	-	-	-
Contract (Levels 9-12)	-	82	-	-	-	-
Total	**-**	**637**	**-**	**-**	**-**	**-**

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
Industrial/labour relations officer	-	3	-	-	-
Case management officer	-	2	-	-	-
Systems developer	-	1	-	-	-
Registry and mailing clerk	-	15	-	-	-
Managers not elsewhere classified	-	2	-	-	-
Legal administration officer	-	2	-	-	-
Legal related manager	-	1	-	-	-
Middle manager: communication & information related	-	2	-	-	-
Personal assistant	-	28	-	-	-
Middle manager: engineering sciences related	-	1	-	-	-
Middle manager: legal related	-	5	-	-	-
Light vehicle driver	-	9	-	-	-

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Construction project manager	-	24	-	-	-
Public/media relations manager	-	1	-	-	-
Other middle manager	-	18	-	-	-
Regulatory inspector	-	38	-	-	-
Finance manager	-	2	-	-	-
Strategy/monitoring & evaluation manager	-	1	-	-	-
Administration clerks	-	45	-	-	-
Quantity surveyor	-	5	-	-	-
Middle manager: information technology related	-	2	-	-	-
Employee wellness practitioner	-	2	-	-	-
Switchboard operator	-	6	-	-	-
Finance clerk	-	12	-	-	-
Midd.manager: human resource & organisational development related	-	5	-	-	-
Town planning technician	-	9	-	-	-
Cartographer	-	3	-	-	-
Technical & associated technical occupations not classified	-	20	-	-	-
Middle manager: finance and economics related	-	4	-	-	-
Human resource manager	-	1	-	-	-
Caretaker/cleaner	-	17	-	-	-
Financial accountant	-	32	-	-	-
Chief financial officer	-	1	-	-	-
Human resource practitioner	-	9	-	-	-
Administrative and governance policy manager	-	2	-	-	-
Supply chain manager	-	1	-	-	-
Middle manager: administrative related	-	39	-	-	-
Web administrator	-	1	-	-	-
Professionals not elsewhere classified	-	95	-	-	-
Architect	-	1	-	-	-
Human resource clerk	-	16	-	-	-
Systems administrator	-	3	-	-	-
Head of provincial government component	-	3	-	-	-
Communication coordinator	-	6	-	-	-
Builder	-	10	-	-	-

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Head of provincial department	-	1	-	-	-
Office cleaner	-	3	-	-	-
Disaster management manager	-	1	-	-	-
Community development practitioner	-	4	-	-	-
Programme or project manager	-	3	-	-	-
Administration officer	-	126	-	-	-
Policy and planning managers	-	1	-	-	-
Facilities manager	-	1	-	-	-
Clerical suppleme.workers not elsewhere classified	-	38	-	-	-
Civil engineer	-	9	-	-	-
Computer network technician	-	2	-	-	-
Middle manager: internal audit related	-	1	-	-	-
Risk and integrity manager	-	1	-	-	-
Total	**-**	**660**	**-**	**-**	**-**

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	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	-	17	-	-	-	-
Band B	-	3	-	-	-	-
Band C	-	2	-	-	-	-
Band D	-	1	-	-	-	-
Total	**-**	**23**	**-**	**-**	**-**	**-**

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 2023 and 31 March 2024

Salary band	1 April 2023		31 March 2024		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	-	-	-	-	-	-
Highly skilled production (level 6-8)	-	-	-	-	-	-
Highly skilled supervision (level 9-12)	-	-	-	-	-	-
Contract (level 9-12)	-	-	-	-	-	-
Contract (level 13-16)	-	-	-	-	-	-
Total	-	-	-	-	-	-

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2023 and 31 March 2024

Major occupation	1 April 2023		31 March 2024		Change	
	Number	% of total	Number	% of total	Number	% Change
-	-	-	-	-	-	-
Total	-	-	-	-	-	-

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 2023 to 31 December 2023

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Contract (Levels 13-16)	4	75,00	2	0,40	2	17
Contract (Levels 3-5)	51	51,00	16	3,40	3	49
Contract (Levels 6-8)	171	53,20	39	8,20	4	243
Contract (Levels 9-12)	125	56,00	31	6,50	4	374
Contract Other	55	49,10	18	3,80	3	18
Highly skilled production (Levels 6-8)	1 644	65,70	181	37,90	9	3 047
Highly skilled supervision (Levels 9-12)	822	69,70	100	21,00	8	2 456
Lower skilled (Levels 1-2)	33	72,70	4	0,80	8	21
Senior management (Levels 13-16)	47	55,30	10	2,10	5	242
Skilled (Levels 3-5)	621	67,10	76	15,90	8	621
Total	**3 573**	**65,40**	**477**	**100,00**	**7**	**7 089**

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2023 to 31 December 2023

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)	-	-	-	-	-	-
Contract (Levels 9-12)	-	-	-	-	-	-
Highly skilled production (Levels 6-8)	85	100	6	40	14	159
Highly skilled supervision (Levels 9-12)	156	100	6	40	26	469
Senior management (Levels 13-16)	-	-	-	-	-	-
Skilled (Levels 3-5)	17	100	3	20	6	18
Total	**258**	**100**	**15**	**100**	**17**	**646**

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 2023 to 31 December 2023

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract (Levels 13-16)	88	11	8
Contract (Levels 3-5)	320	11	30
Contract (Levels 6-8)	1 225	12	100
Contract (Levels 9-12)	1 422	14	101
Contract Other	292	7	39
Highly skilled production (Levels 6-8)	5 221	24	215
Highly skilled supervision (Levels 9-12)	3 264	22	147
Lower skilled (Levels 1-2)	92	23	4
Senior management (Levels 13-16)	441	23	19
Skilled (Levels 3-5)	2 257	23	100
Total	**14 622**	**19**	**763**

Table 3.10.4 Capped leave for the period 1 January 2023 to 31 December 2023

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 2024
Contract (Levels 13-16)	-	-	-	-
Contract (Levels 3-5)	-	-	-	-
Contract (Levels 6-8)	-	-	-	-
Contract (Levels 9-12)	-	-	-	-
Contract Other	-	-	-	-
Highly skilled production (Levels 6-8)	6	2	3	3 533
Highly skilled supervision (Levels 9-12)	-	-	-	2 231
Lower skilled (Levels 1-2)	-	-	-	-
Senior management (Levels 13-16)	4	1	4	139
Skilled (Levels 3-5)	4	2	2	1 268
TOTAL	**14**	**5**	**3**	**7 173**

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

Table 3.10.5 Leave payouts for the period 1 April 2023 and 31 March 2024

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Annual - discounting with resignation (work days)	780	21	37
Annual - discounting: contract expiry (work days)	-	-	-
Annual - gratuity: death/retirement/medical retirement(work)	1 605	33	49
Capped - gratuity: death/retirement/medical retirement(work)	3 450	27	128
Total	**5 835**	**54**	**108**

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
Information not available.	

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes

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.	Yes		Ms. N. Mungwe, Director: HRM
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.	Yes		Only two officials appointed as registered social workers. Still required is a professional nurse and sports co-ordinator. No specific budget allocated for EHW Programmes.
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.	Yes		Plan, implement and conduct various prevention and wellness programmes as well as conduct presentations on various topics as per identified needs. Maintain marketing strategies to introduce services to new employees and motivate existing employees to use programmes available with the Department. Research new methods in terms of treatment, care and support and needs assessment. Provide counselling, referrals, treatment and aftercare through management of case work consultation with employees, supervisors, engage with service providers. Management of HIV/ AIDS infected employees and co-ordinate the Wellness clinics within the Department.
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.	Yes		Mrs. Mungwe – Director HRM Mr. S. Mthembu – GIS Ms. N. Dlamini – HRM Mr. B. Nojiyeza – HRM Mr. T. Masangwana Special Projects Ms. S. Ngcobo – Municipal Support Mr. Z. Mathunjwa – Project Management Ms. N. Dlamini – GAAS

Question	Yes	No	Details, if yes
	Yes		Mr. M. Ngcamu – GAASMs. A. Dlamini – Office of the HOD Mr. S. Basi – GAAS Ms. T. Mdunge – Office of the HOD Mr. T. Mthalane – Project Management Mr. M. Mathabela – Project Management Mr. X. Phohlo – Project Management Ms. N. Ngcobo – EHWP
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.	Yes		HIV/AIDS, STI and TB Management Policy.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		- (VCT) Voluntary testing and counselling done half yearly. - Distribution and availability in bathrooms of both male and female condoms, lubricants and PREP and TB education information broachers. - Education and Awareness on HIV/AIDS, STI and TB conducted via articles and online presentations.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Yes		- Employees being aware of their HIV status. - Opportunity to start ARV Treatment. - Living a positive and healthy lifestyle.
8. Has the department developed measures/ indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes		- GEMS Report derived from the health screenings conducted. - Monitoring Tool for HIV/AIDS, STI and TB.

3.12. Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2023 and 31 March 2024

Total number of Collective agreements	Nil

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

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2023 and 31 March 2024

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	-	-
Verbal warning	8	16
Written warning	25	50
Final written warning	2	4
Suspended without pay	6	12
Demotion	-	-
Not guilty	-	-
Fine	-	-
Dismissal	2	4
Case withdrawn	7	14
Total	**50**	**100**

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2023 and 31 March 2024

Type of misconduct	Number	% of total
Absent from work without reason or permission	1	1.6
Assault/attempts or threatens to assault a person	-	-
Damages and/or causes loss of state property	16	26.2
Disrespect/abusive or insolent behaviour	1	1.6
Fails to carry out order or instruction	5	8.2
Fails to comply with or contravenes an act	36	59
False statement/evidence in execution of duty	-	-
Steals bribes or commits fraud	2	3.4
Wilfully or negligently mismanages finances	-	-
Total	**61**	**100**

Table 3.12.4 Grievances logged for the period 1 April 2023 and 31 March 2024

Grievances	Number	% of Total
Number of grievances resolved	6	86
Number of grievances not resolved	1	14
Total number of grievances lodged	**7**	**100**

Table 3.12.5 Disputes logged with Councils for the period 1 April 2023 and 31 March 2024

Disputes	Number	% of Total
Number of disputes upheld	3	75
Number of disputes dismissed	1	25
Total number of disputes lodged	**4**	**100**

Table 3.12.6 Strike actions for the period 1 April 2023 and 31 March 2024

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2023 and 31 March 2024

Number of people suspended	Nil
Number of people whose suspension exceeded 30 days	Nil
Average number of days suspended	Nil
Cost of suspension (R)	Nil

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 2023 and 31 March 2024

Occupational category	Gender	Number of employees as at 1 April 2023	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	31		• Financial Management • MS Excel 2016. • MS PowerPoint 2016 • Project Management • Contract Management (PFMA) • Management Development Programme & Leadership • Policy Development & Research • Government Sector HRD and Training • Strategy Development • MTM2 • Advanced Project Management for Public Service • Report Writing • Leadership for Middle Managers • Conflict Management • Presentation • MS Word 2016 • Effective Project Administration • Gender Mainstreaming in the Public Service • Facilitation and Presentation • Facilitation Skills • Dispute Resolution • Housing Subsidy System • Monitoring and Evaluation		31
	Male	25				25
Professional	Female	23		• Graphics and motion Graphics Designs • Digital Design • Photography • Videography Skills • Public Speaking • Org Plus • MS Project • MS Excel • Conflict Management • Contract Management • Risk Management • Financial Management • Facilitation Skills • Construction Management • Chairing Meetings Effectively • Minutes Taking • Para-Legal • Conflict Management • Policy Development • JBCC Claims • Technical Report Writing Skills		23
	Male	24				24
Technicians and associate professionals	Female	214		• MS Excel 2016 • MS Project 2016 • Effective Project Administration • Construction Site Management • Project Management • Risk Management • JBCC Suite of Contracts • Financial Management • Contract Management • Occupational Health and Safety • MS PowerPoint 2016		214
	Male	195				195

Occupational category	Gender	Number of employees as at 1 April 2023	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
				• Basic Accounting System • Conflicts Management • AutoCAD 3D • Housing Subsidy System • MS Word 2016 • Change Management • Minutes Taking • Report Writing • Debtor System • ArcGIS • Problem Solving & Decision Making • Absenteeism & Incapacity Management • Para-Legal • Programme and Project Management • Financial Management • Construction Management • Supervisory Skills • Records Management • Presentation Skills • Customer Care • Leadership for Middle Managers • Management Course • Policy Development and Analysis • Legislative Drafting • Mentoring for Growth • Embracing Diversity • Facilitation and Presentation • Management Development Programme & Leadership • JBCC Claims • Technical Report writing • Policy Development & Research • Administrative Skills • Technical Skills Development on electrical • Training on Stakeholder Management • Quality Control in Construction • SANS 10400 • Roof Inspecting • Concrete Technology • NHBRC • Monitoring and Evaluation • Property Management • Policy Development		
Clerks	Female	146		• Risk Management • Problem Solving and Decision Making • Basic Accounting System • Housing Subsidy System • Project Management • Supervisory Skills • MS Excel 2016 • Photography • Desktop Publishing • Core and Job Description • PERSAL • Minutes Taking • Human Resource Develop Implementation Plan • Problem Solving and Decision Making • Design and Development learning Programme • Government Sector HRD and Training • Policy Development and Research • Effective Presentation Skills • Records Management • Report Writing		146
	Male	75				75

Occupational category	Gender	Number of employees as at 1 April 2023	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
				• Occupational Health and Safety • Registry Management • Financial Management • Contract Management • Effective Management Principles for Junior Management • Government Sector HRD and Training • Project Khaedu • PERSAL: Abnormal Appointment • Embracing Diversity • Leadership for Middle Managers • Chairing Meetings Effectively • Presentation • Facilitation and Presentation • MS PowerPoint 2016 • HIV and AIDS Management • Construction Management • AutoCAD 3D • Change Management • MS Project • Quality Control in Construction • Management Course • Monitoring and Evaluation • Debtor System • GRAP Standards		
Service and sales workers	Female	-				-
	Male	-				-
Skilled agriculture and fishery workers	Female	4		• Project Management • MS Excel 2016 • Report Writing • Occupational Health and Safety • Inspector Training		4
	Male	7				7
Craft and related trades workers	Female	-				-
	Male	-				-
Plant and machine operators and assemblers	Female	-		Records Management		
	Male	1				1
Elementary occupations	Female	-				-
	Male	-				-
Sub-total	**Female**	**418**				**418**
	Male	**327**				**327**
Total		**745**				**745**

Table 3.13.2 Training provided for the period 1 April 2023 and 31 March 2024

Occupational category	Gender	Number of employees as at 1 April 2023	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	31		• Engineering and Construction Contract – The Joint Building Contracts Committee (JBCC) • Paralegal Practices • Organisational Functionality Assessment • Protection of Personal Information Act workshop • Ethics in the Public Service • Security Culture and You, Pretexting, Phishing, Classic Danger Zone • Introduction in Knowledge Management • CPD Management – Direct Route to Achieving PR • The In-Depth Hands on-Approach to Construction Risk & Project Management • Mentoring for SMS in the Public Service • Mainstreaming Gender in the Public Service • Paralegal Assessment • Report writing • IIA SA KwaZulu Natal Regional Conference leading with purpose inspiring excellence • NHBRC Inspection training • Juta's Annual Labour Law Update 2023 • Affordable Housing Africa • Classic Danger Zone, Links and Attachments • COBIT Foundation and Examination • Introduction to SAMTRAC (Safety Management Training Course)	16	42
	Male	25			8	29
Professionals	Female	23		• Paralegal Assessment • Organisational Functionality Assessment • Protection of Personal Information Act Workshop • Paralegal practices • Embracing Diversity • Engineering and Construction Contract – The Joint Building Contracts Committee (JBCC) • Mentoring for Growth • NHBRC Inspection training	-	3
	Male	24			2	7
Technicians and associate professionals	Female	214		• NHBRC Inspection training • Paralegal practices • Paralegal Assessment • Protection of Personal Information act Workshop • Report Writing • Embracing Diversity • Ethics in the Public Service • Customer care • Engineering and Construction Contract – The Joint Building Contracts Committee (JBCC)	3	33
	Male	195			-	75
Clerks	Female	146		• Mimecast • Compulsory Induction Programme (CIP) – Train the Trainer • GCC 2018, JBCC, NEC 4 & FIDIC Engineering Contracts • Paralegal Practices • Paralegal Assessment • Records Management • Registry Management • Organisational Functionality Assessment • Know and live our Constitution • Protection of Personal information Act Workshop • Security Culture and You, Pretexting, Phishing, Classic Danger Zone • Introduction in Knowledge Management • 13th Annual Public Sector Property & Assets Management Conference	9	72
	Male	75			8	52

Occupational category	Gender	Number of employees as at 1 April 2023	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
				• Mainstreaming Gender in the Public Service • Report Writing • Embracing Diversity • IIA SA KwaZulu Natal Regional Conference leading with purpose inspiring excellence • Ethics in the Public Services • NHBRC Inspection training • Championing Anti-Discrimination in the Public Services • Ethics in the Public Services • GRAP 5 – Borrowing cost • Introduction to Strategic Planning and Management • GRAP 2 – Cash flow statement • Ethics for Internal Auditors • Writing for government – Advanced writing skills • Customer Care • Affordable Housing Africa • Cybersecurity, Business emails and QR codes • Mentoring for Growth • GRAP 16 – Investments Property & GRAP 13 Leases • Financial Literacy • COBIT Foundation and Examination • Introduction to Project Management • GRAP 19 – Provisions, Contingent, Liabilities and Contingent • Introduction to SAMTRAC (Safety Management Training Course) • RPL – National Certificate in Public Management		
Service and sales workers	Female	-				-
	Male	-				-
Skilled agriculture and fishery workers	Female	4		• Mentoring for Growth		-
	Male	7				1
Craft and related trades workers	Female	-				-
	Male	-				-
Plant and machine operators and assemblers	Female	-		• Financial Literacy		2
	Male	1				1
Elementary occupations	Female	-		• Financial Literacy • Mentoring for Growth		2
	Male	-				8
Sub-total	**Female**	**418**			**28**	**154**
	Male	**327**			**18**	**173**
Total		**745**			**46**	**327**

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 2023 and 31 March 2024

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

3.15. Utilisation of Consultants

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

(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 2023 and 31 March 2024

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
-	-	-	-

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2023 and 31 March 2024

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

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2023 and 31 March 2024

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

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
-	-	-	-

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2023 and 31 March 2024

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

3.16. Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2023 and 31 March 2024

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)	-	-	-	-
Skilled Levels 3-5)	-	-	-	-
Highly skilled production (Levels 6-8)	-	-	-	-
Highly skilled supervision (Levels 9-12)	-	-	-	-
Senior management (Levels 13-16)	-	-	-	-
Total	-	-	-	-

Notes

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	2023/24	2022/23
	R'000	R'000
Opening balance	422,015	423,834
Adjustment to opening balance	-	-
Opening balance as restated	422,015	423,834
Add: Irregular expenditure confirmed	20,622	-
Less: Irregular expenditure condoned	-	(1,810)
Less: Irregular expenditure not condoned and removed	(394,939)	(9)
Less: Irregular expenditure recoverable	-	-
Closing balance	**30,011**	**422,015**

Reconciling notes

Description	2023/24	2022/23
	R'000	R'000
Irregular expenditure that was under assessment	-	-
Irregular expenditure that relates to the prior year and identified in the current year	-	-
Irregular expenditure for the current year	20,622	-
Total	**20,622**	**-**

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

Description[3]	2023/24	2022/23
	R'000	R'000
Irregular expenditure under assessment	30,011	399,828
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	22,187
Total	**30,011**	**422,015**

c) Details of irregular expenditure condoned

Description	2023/24	2022/23
	R'000	R'000
Irregular expenditure condoned	-	1,810
Total	**-**	**1,810**

3

d) Details of irregular expenditure removed - (not condoned)

Description	2023/24	2022/23
	R'000	R'000
Irregular expenditure NOT condoned and removed	394,939	9
Total	**394,939**	**9**

2023/2024

During the 2010/11 financial year, the Department utilized a Delegation 5.1 which make provision for goods and services to be procured on an emergency or urgent basis to award 7 projects to service providers. The AG declared that the service providers were awarded projects in contravention of KwaZulu-Natal Provincial Treasury practice note no: SCM 02 of 2008, delegation no. 4 by not requesting competitive bids for these projects thereby disclosing Irregular Expenditure.

The Department has committed to removing this Irregular Expenditure in terms of paragraph 5.7 and 5.8 of the Compliance and Reporting Framework on the basis that there was no financial loss to the state and value for money was achieved as as the housing projects yielded the desired output in respect of the construction / rehabilitation of housing units.

2022/2023

Expenditure totalling R9,000 was erroneously classified as Irregular expenditure which was detected during submission to Provincial Treasury for condonation.

e) Details of irregular expenditure recoverable

Description	2023/24	2022/23
	R'000	R'000
Irregular expenditure recoverable	-	-
Total	**-**	**-**

f) Details of irregular expenditure written off (irrecoverable)

Description	2023/24	2022/23
	R'000	R'000
Irregular expenditure written off	-	-
Total	**-**	**-**

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
Not applicable.

h) Details of irregular expenditure cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)[4]

Description	2023/2024[5]	2022/2023
	R'000	R'000
Deviation from competitive bidding process	17,687	-
Total	**17,687**	

4 Refer to paragraphs 3.12, 3.13 and 3.14 of Annexure A (PFMA Compliance and Reporting Framework) to National Treasury Instruction No. 4 of 2022/2023

5 Amounts of irregular expenditure related to the current year must be disclosed in the annual financial statements.

During the 2011/12 financial year, KwaZulu-Natal Provincial Treasury appointed a service provider from their database for the data clean-up of the KZN Housing Fund. This was declared as Irregular due to the process followed in respect of the appointment, "deviation from competitive bidding process" as per the Auditor-General's opinion.
The Department has investigated this matter and concluded that Provincial Treasury was responsible for the appointment and as such, the Department is not responsible for any transgressions.

i) Details of disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
Not applicable.

j) Details of possible irregular expenditure under assessment (not included as irregular expenditure in note a above)

Under assessment
The Department is still in the process of verifying and quantifying possible irregular expenditure relating to funding received for the 2019 Disaster. The reason for performing this assessment is due to the fact that the Department did not comply with all the requirements of the DoRA Act pertaining to Emergency Grant funding. It is impractical to quantify the full amount of the possible irregular expenditure as it was impossible to collect the data that was not collected at the time of the non-compliance considering that omissions or misstatements could influence decisions of the users.

1.2 Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2023/24	2022/23
	R'000	R'000
Opening balance	1,440	2,012
Adjustment to opening balance	-	-
Opening balance as restated	1,440	2,012
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	(52)	-
Less: Fruitless and wasteful expenditure written off	(1,388)	(558)
Less: Fruitless and wasteful expenditure recoverable	-	(15)
Closing balance	**-**	**1,440**

Reconciling notes

Description	2023/24	2022/23
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	-	-
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	-	-
Fruitless and wasteful expenditure for the current year	-	-
Total	**-**	**-**

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

Description[6]	2023/24	2022/23
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	1,440
Total[7]	**-**	**1,440**

c) Details of fruitless and wasteful expenditure recoverable

Description	2023/24	2022/23
	R'000	R'000
Fruitless and wasteful expenditure recoverable	-	15
Total		**15**

During a disciplinary hearing, officials were found guilty for interest incurred (R31,000) on outstanding levies. The outcome of the hearing resulted in the 2 officials paying 50% of the interest incurred amounting to R15,000.

d) Details of fruitless and wasteful expenditure not recoverable and written off

Description	2023/24	2022/23
	R'000	R'000
Fruitless and wasteful expenditure written off	52	-
Total	**52**	**-**

A former employee was held responsible for the interest incurred on outstanding municipal accounts during the 2012/13 and 2013/14 financial years. Due to the protracted delay in resolving these cases, the recoverable amount prescribed and was not feasible to recover.

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

Disciplinary steps taken
None. No disciplinary action was necessary.

6 Group similar items
7 Total unconfirmed fruitless and wasteful expenditure (assessment), losses (determination), and criminal conduct (investigation)

f) Details of possible fruitless and wasteful expenditure under assessment (not included in note a above)

Under assessment
The Department is still in the process of verifying and quantifying possible fruitless and wasteful expenditure relating to Vat applicable on Rectification. The reason for performing this assessment is due to the fact that the Department did not comply with all the requirements of the VAT Act. The Department was paying VAT on payments to the Implementing Agents at the standard rate whereas the VAT Act stipulates VAT to be levied at the zero rate. It is impractical to quantify the full amount of the possible fruitless and wasteful expenditure due to the volume of the transactions that spans over numerous financial years considering that omissions or misstatements could influence decisions of the users.

1.3. Unauthorised expenditure

a) Reconciliation of unauthorised expenditure

Description	2023/24	2022/23
	R'000	R'000
Opening balance	12,693	7,746
Add: unauthorised expenditure confirmed	22,846	6,856
Less: unauthorised expenditure approved with funding	-	(1,909)
Less: unauthorised expenditure approved without funding	-	-
Less: unauthorised expenditure recoverable	-	-
Less: unauthorised not recoverable and written off[8]	-	-
Closing balance	**35,539**	**12,693**

Reconciling notes

Description	2023/24	2022/23
	R'000	R'000
Unauthorised expenditure that was under assessment	-	-
Unauthorised expenditure that relates to the prior year and identified in the current year	-	-
Unauthorised expenditure for the current year	22,846	6,856
Total	**22,846**	**6,856**

During the ***2023/24 financial year***, the Department incurred ***Unauthorised Expenditure*** amounting to **R22,846 million** in respect of 2 programmes as follows:

Programme 1: Administration – R21,245 million
This is mainly due to the following:

- Payments made for the unfunded 2023 wage agreement;
- Reprioritization of funding in respect of the mass job creation as per the 2023 SOPA pronouncement;
- Payments made for the roll-out of the Outreach Programme on Community Engagements; and
- Payments for various items under Goods and Services i.e. fleet management, property payments, office accommodation leases and subsistence and travel which were severely impacted by the carry-through effects of the budget cuts.

Programme 4: Housing Asset Management – R1,601 million
This is due to the payments made for the unfunded 2023 wage agreement.

During the ***2022/23 financial year***, the Department incurred ***Unauthorised Expenditure*** amounting to **R6,856 million** under Programme 1: Administration.
This is mainly due to the payments made for Community Outreach Programmes such as events to hand over the title deeds to beneficiaries in various housing projects, payment made to independent newspapers and Igunundu Agency to publish advertorials in the newspapers highlighting the department's programmes and achievements on a quarterly basis as well as payment made for the annual licence renewal for Sophos IDS and IPS, the renewal of the Cyber Security Awareness licence and for the procurement of the Leave System (e-leave system) and PERSAL Interface support and maintenance for a year.

8 This amount may only be written off against available savings

No criminal or disciplinary steps were taken against any official as the unauthorised expenditure arose as a result of budget cuts, wherein the Department had to fund the wage agreements from internal resources, for which no provision was made for.

b) Details of unauthorised expenditure (under assessment, determination, and investigation)

Description[9]	2023/24	2022/23
	R'000	R'000
Unauthorised expenditure under assessment	-	-
Unauthorised expenditure under determination	-	-
Unauthorised expenditure under investigation	22,846	6,856
Total[10]	**22,846**	**6,856**

2019/20 and 2021/22 financial years

Subsequent to year end, SCOPA has approved unauthorised expenditure with funding as follows:

1. 2019/20 financial year: R3,431 million incurred in Programme 3: Housing Development as a result of acceleration in service delivery to housing development projects.
2. 2021/22 financial year: R2,406 million incurred in Programme 1: Administration as a result of increased costs for Microsoft licences.

These amounts will be reflected in the appropriate annual financial statements once funding has been appropriated to the Department.

2022/23 financial year

SCOPA resolution 129/2023 requested information on the unauthorised expenditure of R6,856 million to determine accountability, if any losses were suffered, consequence management instituted and measures implemented to address internal control deficiencies.

The unauthorised expenditure incurred was justified in respect of the operations of the Department and management has introduced measures to ensure that over-expenditure is detected timeously and the necessary adjustments undertaken to avoid this. There was no financial loss to the Department and no official was negligent therefore no disciplinary action was necessary.

The Department is awaiting feedback from Provincial Legislature in respect of approval of the said unauthorised expenditure.

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

a) Details of material losses through criminal conduct

Material losses through criminal conduct	2023/24	2022/23
	R'000	R'000
Theft	-	-
Other material losses	-	-
Less: Recoverable	-	-
Less: Not recoverable and written off	-	-
Total	**-**	**-**

b) Details of other material losses

Nature of other material losses	2023/24	2022/23
	R'000	R'000
-	-	-
Total	**-**	**-**

9 Group similar items
10 Total unconfirmed unauthorised expenditure (assessment), losses (determination), and criminal conduct (investigation)

c) Other material losses recoverable

Nature of losses	2023/24	2022/23
	R'000	R'000
-	-	-
Total	**-**	**-**

d) Other material losses not recoverable and written off

Nature of losses	2023/24	2022/23
	R'000	R'000
-	-	-
Total	**-**	**-**

2. LATE AND / OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	7,200	3,623,314
Invoices paid within 30 days or agreed period	7,135	3,575,575
Invoices paid after 30 days or agreed period	26	14,044
Invoices older than 30 days or agreed period (*unpaid and without dispute*)	39	33,695
Invoices older than 30 days or agreed period (*unpaid and in dispute*)	-	-

The following are reasons why invoices were paid after 30 days:

- Interface challenges experienced between BAS and the Debtors' system. The Debtors' system is managed by the National Department of Human Settlements (NDHS) which is used to capture invoices relating to the Housing Fund and resolving challenges experienced with the system is not always timeous.
- Invoices could not be processed as funding allocated had been exhausted. Projects need to be monitored stringently to ensure that spending in in line with the approved business plan.

The following are the reasons why invoices were unpaid after 30 days with no disputes:

- During the 3rd quarter of the financial year (October 2023), the Department received correspondence from the National Department of Human Settlements reducing the 2023/24 conditional grant budget allocation by R424 million. This meant that the Implementing Agents IAs (service providers) had to revise their development plan to be in line with the reduced budget; some IA's were able to do this and some were not as they had already planned for their targets for the year in advance. As a result of these budget cuts, the department was not able to process all invoices submitted during the month of March as processing these would have resulted in unauthorised expenditure as project funding had been exhausted. The IA's were made aware of this delay in processing their claims.

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
Live Interviews	One KZNTV Media House	Limited Bidding - Multiple source to reach target audience	E0203437	R300 000,00
Live Interviews	Radio Igagasi PP (Pty) Ltd	Limited Bidding - Multiple source to reach target audience	E0203438	R158 303,25
Live Interviews	Vuma 103 FM (Pty) Ltd	Limited Bidding - Multiple source to reach target audience	E0203439	R120 750,00
Electricity Token	Alfred Duma Municipality	Sole Supplier - Municipality	E0203406	R8 500,00
Advert Live Promo	Vuma 103 FM (Pty) Ltd	Limited Bidding - Multiple source to reach target audience	E0203367	R316 250,00
Advert Live Promo	One KZNTV Media House	Limited Bidding - Multiple source to reach target audience	E0203366	R250 000,00
Advert Live Promo	Gagasi 99.5	Limited Bidding - Multiple source to reach target audience	E0203370	R186 201,28
Advert Live Promo	Radio Igagasi PP (Pty) Ltd	Limited Bidding - Multiple source to reach target audience	E0203375	R94 070,00
Advert Live Promo	Nqubeko Community Radio NPC	Limited Bidding - Multiple source to reach target audience	E0203376	R42 300,00
Advert Live Promo	Radio Ikwezi	Limited Bidding - Multiple source to reach target audience	E0203372	R35 000,00
Advert Live Promo	Zululand FM	Limited Bidding - Multiple source to reach target audience	E0203373	R25 000,00
Advert Talkshow	One KZNTV Media House	Limited Bidding - Multiple source to reach target audience	E0203343	R350 000,00
Live Interviews	SABC	Limited Bidding - Multiple source to reach target audience	E0203404	R345 000,00
Live Interviews	Radio Igagasi PP (Pty) Ltd	Limited Bidding - Multiple source to reach target audience	E0203344	R154 659,75
Vacancy Notice 4 Of 2023	Arena Holdings	Limited Bidding - Multiple source to reach target audience	E0203424	R35 552,25
Vacancy Notice 4 Of 2023	Ilanga Media	Limited Bidding - Multiple source to reach target audience	E0203426	R9 862,86
Vacancy Notice 4 Of 2023	The Witness	Limited Bidding - Multiple source to reach target audience	E0203425	R3 698,40
Live Interviews	Radio Igagasi PP (Pty) Ltd	Limited Bidding - Multiple source to reach target audience	E0203379	R132 052,20
Vacancy Notice 6 Of 2023	Mandla-Matla Publishing	Limited Bidding - Multiple source to reach target audience	E0203380	R11 177,91
Vacancy Notice 6 Of 2023	The Witness	Limited Bidding - Multiple source to reach target audience	E0203381	R4 314,80
Procure Special Edition Manuals NHBRC	NHBRC	Sole Supplier	E0203486	R190 083,00
Advert Live Promo	Sabc - Ukhozi FM	Limited Bidding - Multiple source to reach target audience	E0200328	R1 969 950,00
Advert Live Promo	Sabc - Ukhozi FM	Limited Bidding - Multiple source to reach target audience	E0201081	R345 000,00
Advert Live Promo	Radio Igagasi	Limited Bidding - Multiple source to reach target audience	E0201080	R109 348,90

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R
Advert Live Promo	Vuma 103 FM (Pty) Ltd	Limited Bidding - Multiple source to reach target audience	E0201082	R100 050,00
Advert Live Promo	Zululand FM	Limited Bidding - Multiple source to reach target audience	E0201074	R65 000,00
Advert Live Promo	Mapulaland Comm Radio	Limited Bidding - Multiple source to reach target audience	E0203387	R64 055,00
Advert Live Promo	Zululand FM	Limited Bidding - Multiple source to reach target audience	E0203388	R58 000,00
Advert Live Promo	Zululand FM	Limited Bidding - Multiple source to reach target audience	E0203389	R58 000,00
Advert Live Promo	Zululand FM	Limited Bidding - Multiple source to reach target audience	E0201062	R55 000,00
Advert Live Promo	Mapulaland Comm Radio	Limited Bidding - Multiple source to reach target audience	E0203390	R52 981,08
Advert Live Promo	Nongoma FM	Limited Bidding - Multiple source to reach target audience	E0201063	R50 000,00
Advert Live Promo	Zululand FM	Limited Bidding - Multiple source to reach target audience	E0201061	R48 000,00
Advert - Epwp Graduation	Radio Khwezi	Limited Bidding - Multiple source to reach target audience	E0201054	R40 250,00
Labour Law Seminar	Juta and Company	Limited Bidding - Multiple source to reach target audience	E0201078	R4 991,00
Advert Live Promo	One KZNTV Media House	Limited Bidding - Multiple source to reach target audience	E0200334	R130 000,00
Advert Live Promo	Zululand Radio	Limited Bidding - Multiple source to reach target audience	E0200335	R60 000,00
Training Workshop -	The Institute of Internal Auditors	Sole Supplier	E0200331	R24 012,00
Advert Live Promo	One KZNTV Media House	Limited Bidding - Multiple source to reach target audience	E0200563	R250 000,00
Advert Live Promo	Radio Igagasi PP (Pty) Ltd	Limited Bidding - Multiple source to reach target audience	E0200582	R150 610,18
Advert Live Promo	One KZNTV Media House	Limited Bidding - Multiple source to reach target audience	E0200566	R130 000,00
Advert Live Promo	Zululand Fm	Limited Bidding - Multiple source to reach target audience	E0200581	R60 000,00
Advert Live Promo	Radio Khwezi	Limited Bidding - Multiple source to reach target audience	E0200564	R40 250,00
Advert Live Promo	Inkanyezi Yokusa T/A Radio Khwezi	Limited Bidding - Multiple source to reach target audience	E0200583	R40 250,00
Advert Live Promo	Ulundi Christian Community	Limited Bidding - Multiple source to reach target audience	E0200587	R35 000,00
Advert Live Promo	Zululand FM	Limited Bidding - Multiple source to reach target audience	E0200567	R30 000,00
Advert Live Promo	Mandla-Matla	Limited Bidding - Multiple source to reach target audience	E0203498	R1 643,81
Advert Live Promo	The Witness	Limited Bidding - Multiple source to reach target audience	E0203496	R862,81
Advert Vacancy Notice 6	Arena Holdings	Limited Bidding - Multiple source to reach target audience	E0203493	R56 787,00

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R
Repairs to 6 Laptops	HP South Africa	Sole Supplier	E0203490	R34 373,15
Training - Construction Management Profession	CPD Management Consulting	Sole Supplier	E0203495	R15 997,00
Advert - RHT Nominations	Brand Edge Media	Limited Bidding - Multiple source to reach target audience	E0200600	R53 462,99
Advert Live Promo	Radio Igagasi 99.5	Limited Bidding - Multiple source to reach target audience	E0200528	R150 610,18
Advert Live Promo	Inkanyezi Yokusa Radio T/A Radio Khwezi	Limited Bidding - Multiple source to reach target audience	E0200583	R40 250,00
IMST Annual Renewal of Maintenance	Digitial Voice Recording Pty Ltd	Sole Supplier	E0200565	R11 258,94
Training - Construction	CPD Management and Consulting Services	Sole Supplier	E0203499	R10 348,85
Supply and delivery File Labels for DF Scanners	Metrofiles	Sole Supplier	E0201096	R7 725,24
Advertorial Quarterly Publish	Brand Logic Media	Limited Bidding	E0201090	R576 025,80
Training - Property and Assets Conference	Milla Trading	Sole Supplier	E0201093	R48 288,50
Advertising of Live Promo	Zululand Radio	Limited Bidding - for specific audience	E0200335	R60 000,00
Advertising of Live Promo	One KZNTV Media House	Limited Bidding - for specific audience	E0200334	R130 000,00
IIA Training Workshop	The Institute of Internal Auditors S.A.	Sole Supplier	E0200331	R24 012,00
Advertising of Live Promo	Sabc Ukhozi FM	Limited Bidding - for specific audience	E0200328	R1 969 950,00
Live Promo for Empumelelweni Title Deeds Handover Aa Nquthu Local Municipality	Zululand FM	Limited Bidding - for specific audience	E0200349	R60 000,00
Live Promo	One KZNTV Media House	Limited Bidding - for specific audience	E0201168	R130 000,00
Live Promo	Zululand FM	Limited Bidding - for specific audience	E0201169	R60 000,00
Repairs of 2 HP Laptops	HP South Africa	Sole Supplier - due to repairs to specific brand	E0201156	R18 832,40
Live Promo	Umgungundlovu Community Radio	Limited Bidding - for specific audience	E0201163	R68 500,00
Renewal of Pastel Accounting Software	Sage South Africa	Only directly with OEM which is Sage Pastel	E0201167	R14 241,00
Advertise Bursary	The Natal Witness	Limited Bidding - for specific audience	E0201176	R7 728,00
Advertise Bursary	Mandla Matia Production	Limited Bidding - for specific audience	E0201177	R124 173,97

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R
Advertise Bursary	Zululand Observer	Limited Bidding - for specific audience	E0201175	R11 500,00
Advertise Bursary	Brand Edge	Limited Bidding - for specific audience	E0201174	R55 583,81
Live Promo - Title Deed Handover	NN Community Radio	Limited Bidding - for specific audience	E0201178	R68 000,00
20 Parking Access Disks	8 Mile Investment 204	Sole Supplier - Landlord	E0201183	R4 100,00
Samtrac Training	Nosa	Sole Supplier	E0201185	R65 849,00
Advert Live Promo	Vuma FM	Limited Bidding - for specific audience	E0201199	R109 250,00
Advert Live Promo	Intokozo	Limited Bidding - for specific audience	E0201195	R55 000,00
Advert Live Promo	Nqubeko Media	Limited Bidding - for specific audience	E0201179	R47 050,00
IMST Ad Manager Plus	ITR Tech (Pty) Ltd	Sole Supplier	E0200603	R458 200,25
Advert Live Promo	Zululand Radio	Limited Bidding - for specific audience	E0200604	R60 000,00
Advert Live Promo	Zululand Radio	Limited Bidding - for specific audience	E0200611	R60 000,00
Advert Live Promo	Umgungundlovu Radio Station	Limited Bidding - for specific audience	E0200619	R68 500,00
Advert Live Promo	Zululand Radio	Limited Bidding - for specific audience	E0200626	R60 000,00
Advert Live Promo	One KZNTV Media	Limited Bidding - for specific audience	E0200625	R130 000,00
Advert Live Promo	Radio Igagasi	Limited Bidding - for specific audience	E0200639	R60 375,00
Advert Live Promo	Intokozo Fm Radio	Limited Bidding - for specific audience	E0200633	R55 000,00
Advert Live Promo	Radio Igagasi	Limited Bidding - for specific audience	E0200634	R83 493,43
Advert Live Promo	One KZNTV Media	Limited Bidding - for specific audience	E0200643	R130 000,00
Advert Live Promo	Inkanyezi Yokusa T/A Radio Khwezi	Limited Bidding - for specific audience	E0200644	R55 000,00
Advert Live Promo	Gagasi FM	Limited Bidding - for specific audience	E0200645	R158 111,09
Advert Live Promo	Zululand Radio	Limited Bidding - for specific audience	E0201253	R60 000,00
Advert Live Promo	Radio Igagasi	Limited Bidding - for specific audience	E0201254	R139 523,18
Fuel for generator owned by landlord in Ugu District Office	Stephen Sticks	Sole Supplier - Landlord owns the generator	E0201255	R9 625,00
Advert - Dept. Bursary Opportunities	Zululand Observer	Limited Bidding - for specific audience	E0201256	R11 500,00
Advert Live Promo	Maputuland Community Radio	Limited Bidding - for specific audience	E0201279	R40 250,00
Advert Live Promo	Nongoma FM	Limited Bidding - for specific audience	E0201280	R55 000,00
Advert Live Promo	Maputuland Community Radio	Limited Bidding - for specific audience	E0201276	R40 250,00
Advert Live Promo	One KZNTV Media House Pty Ltd	Limited Bidding - for specific audience	E0201277	R130 000,00
Advert Live Promo	Radio Igagasi	Limited Bidding - for specific audience	E0201259	R139 780,55
Advert Live Promo	Umgungundlovu Community Radio	Limited Bidding - for specific audience	E0201260	R68 500,00

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R
Advert Live Promo	Zululand Radio	Limited Bidding - for specific audience	E0201261	R60 000,00
Advert Live Promo	Ulundi Christian Community	Limited Bidding - for specific audience	E0201263	R50 000,00
Advert Live Promo	Nongoma FM 88.3	Limited Bidding - for specific audience	E0201264	R55 000,00
Advert Live Promo	Zululand Radio	Limited Bidding - for specific audience	E0201265	R60 000,00
Advert Live Promo	One KZNTV Media House Pty Ltd	Limited Bidding - for specific audience	E0201288	R130 000,00
Advert Live Promo	Ugu Youth Radio	Limited Bidding - for specific audience	E0201289	R69 985,00
Advert Live Promo	Radio Igagasi 99.5	Limited Bidding - for specific audience	E0201290	R89 630,54
Spare keys for Eagle building office	8 Mile Investments 204	Sole Supplier - Landlord	E0201269	R30 281,80
Annual Licence Renewal	Microsoft Ireland Operations	Sole Supplier for Microsoft Licences	E0201270	R8 594 408,64
Advert Live Promo	Radio Igagasi	Limited Bidding - for specific audience	E0201272	R129 366,65
Advert Live Promo	Ugu Youth Radio	Limited Bidding - for specific audience	E0201273	R69 985,00
Maintenance Renewal	Digital Voice Processing Pty Ltd	Sole Supplier	E0201274	R5 384,30
Advert Live Promo	Zululand Radio	Limited Bidding - for specific audience	E0201275	R65 000,00
Advert Live Promo	Maputuland Community Radio	Limited Bidding - for specific audience	E0201276	R40 250,00
Advert Live Promo	One KZNTV Media House Pty Ltd	Limited Bidding - for specific audience	E0201277	R130 000,00
Advert Live Promo	Maputuland Community Radio	Limited Bidding - for specific audience	E0201279	R40 250,00
Advert Live Promo	Nongoma FM 88.3	Limited Bidding - for specific audience	E0201280	R55 000,00
Advert Live Promo	One KZNTV Media House Pty Ltd	Limited Bidding - for specific audience	E0201288	R130 000,00
Advert Live Promo	Ugu Youth Radio	Limited Bidding - for specific audience	E0201289	R69 985,00
Advert Live Promo	Radio Igagasi 99.5	Limited Bidding - for specific audience	E0201290	R89 630,54
Advert Live Promo	One KZNTV Media House Pty Ltd	Limited Bidding - for specific audience	E0201293	R130 000,00
Advert Live Promo	Ugu Youth Radio	Limited Bidding - for specific audience	E0201294	R89 000,00
Annual Licence Renewal	Altron TMT - Signing Hub Technical Support	Limited Bidding - for specific audience	E0201300	R441 864,75
Advert Live Promo	Radio Khwezi	Limited Bidding - for specific audience	E0201402	R54 050,00
Advert Live Promo	Ugu Youth Radio	Limited Bidding - for specific audience	E0201405	R50 000,00
Advert Live Promo	One KZNTV Media House Pty Ltd	Limited Bidding - for specific audience	E0201410	R130 000,00
Advert Live Promo	N.N. Community Radio	Limited Bidding - for specific audience	E0201411	R35 000,00
True-Up Of Microsoft	Microsoft Ireland Operations	Limited Bidding - for specific audience	E0201413	R72 453,15
Annual Licence Renewal	Altron TMT - Renewal of SSL Certificate	Limited Bidding - for specific audience	E0201414	R15 782,31
Advert Live Promo	Umgungundlovu Community Radio	Limited Bidding - for specific audience	E0201415	R68 500,00

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R
Advert Live Promo	Radio Igagasi 99.5	Limited Bidding - for specific audience	E0201416	R108 795,98
Advert Live Promo	Radio Igagasi 99.5	Limited Bidding - for specific audience	E0201417	R108 795,98
Advert Live Promo	Ugu Youth Radio	Limited Bidding - for specific audience	E0201418	R96 985,00
Advert Live Promo	One KZNTV Media House Pty Ltd	Limited Bidding - for specific audience	E0201419	R130 000,00
Repair Burst Pipe - Shallcross	Kwamchunu Contractors and Trading	Emergency Situation	E0201120	R11 260,00
Sewer Blockage - Shallcross	Kwamchunu Contractors and Trading	Emergency Situation	E0201121	R6 960,00
Repair Burst Pipe - Shallcross	Kwamchunu Contractors and Trading	Emergency Situation	E0201126	R10 560,00
Jojo Tank Overflowing - East Street Hostel	Sunrise Deep Flushers	Emergency Situation	E0201132	R3 620,00
Major Sewer Blockage	Kwamchunu Contractors and Trading	Emergency Situation	E0201136	R6 870,00
Repair Burst Pipe - Seamans Institute	Kwamchunu Contractors and Trading	Emergency Situation	E0201137	R7 325,00
Repair Underground Burst Pipe - Oribi Village Pmb	Sunrise Deep Flushers	Emergency Situation	E0201138	R6 120,00
Major Sewer Blockage	Sunrise Deep Flushers	Emergency Situation	E0201139	R3 985,00
Repair Burst Underground Pipe - Wentwoth	Kwamchunu Contractors and Trading	Emergency Situation	E0201141	R6 190,00
Mainhole Sewer Drain Overflowing - Oribi	Sunrise Deep Flushers	Emergency Situation	E0201142	R6 790,00
Repair Burst Underground Pipe - Wentwoth	Kwamchunu Contractors and Trading	Emergency Situation	E0201143	R7 140,00
Sewer Blockage - Oribi Village	Sunrise Deep Flushers	Emergency Situation	E0201145	R3 985,00
Repair Burst Underground Pipe - Austerville	Kwamchunu Contractors and Trading	Emergency Situation	E0201147	R6 850,00
Total				**R24 491 076,45**

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	R	R
Variation Order E0202327 to extend service for further months until SITA contract is finalised	Datacentrix (Pty) Ltd	Variation of Order E0202327	E0203436	R408 196,60	R31 050,00	R439 246,60

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	R	R
Training paralegal 7 officials - expanded to include 1 more official	Ikhwezulihle Training Inst	Training Paralegal 7 Officials	E0203407	R120 750,00	R17 250,00	R138 000,00
Variation - Mphophomeni Housing Project	Stedone Development	Variation - Sub Align and Incl Geotech	B0346079	R100 026 245,00	R62 899 744,20	R162 925 989,20
Variation - Expansion of work Edumeni SSP	Asande Projects	Expansion of Works	E0202469	R595 613,75	R119 122,75	R714 736,50
Expansion of work to include 20 units for Military Veterans	Umpheme Development Pty Ltd	To include 20 more units	B0346077	R60 072 737,76	R6 010 730,60	R66 083 468,36
Cleaning services for Ulundi District Office	BDN Construction	To include VAT payment	E0203138	R849 600,00	R114 780,00	R964 380,00
Security and Monitoring for Anti Land Invasion	Vela Tech	Increased costs of fuel and patrols	E0203353	R536 558,21	R6 813,02	R543 371,23
Security and Estcourting officials in Western Regions of Ethekwini Council	Vela Tech	Increased costs of fuel and patrols	E0203087	R845 146,50	R95 178,60	R940 325,10
Prefeasbility Studies for Nquthu Ward 2 and 3	Isibuko Development Planner	Increase the yield by 1250 units which is a 47% increase on expansion	E0202474	R9 853 720,74	R4 663 900,00	R14 517 620,74
Security Against Illegal Occupation	Sondiya Protection	Expansion of service for a further 1 month 33% variation	E0200577	R59 599,98	R29 800,00	R89 399,98
Construction of 159 Housing Units in Umzinyathi Municipality	Magubane Plant and Contractors	Reduction of scope by 29.5%	E0202873	R28 077 495,73	R19 777 859,73	R47 855 355,46
Sophos Support and Maintenance	Datacentrix	Extend order by further 5 months, 6.33% expansion	E0200617	R408 196,67	R25 875,00	R434 071,67
Rehabilitation of 151 Units for Emathendeleni Rehabilitation Reconstruction	Sifikile Business Enterprise	Geotech and VAT = 12% variation	E0199713	R17 205 531,80	R2 148 715,43	R27 972 125,27
Security at Umzinyathi Office	Hlumapha Security Services T/A EBS Security Services	Extension of service by 2 months	E0202533	R313 030,09	R52 171,68	R365 201,77
Security at Umzinyathi Office	Hlumapha Security Services T/A EBS Security Services	Extension of service by 1 month	E0202533	R313 030,09	R26 085,84	R391 287,61

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	R	R
Construction of 80 Housing Units within Ndwedwe Municipality	Isiboniso Project Management (Pty) Ltd	Increase in scope of work to include 67 more units by 68.20% - Previous variation to increase units from 80 to 81 and Geo-Tech variation increase order to R13 443 906.72	E0200088	R9 977 178,40	R9 169 601,70	R19 146 780,10
Town Planner for Khayalethu Housing Project Ward 6	BDSCM Holdings Pty Ltd	Increase of yield from 90 to 150 which is 100.73% increase. The balance of R320 536 is for subsidy alignment which is not reported. Therefore, total is R1 272 150.70	E0200515	R474 074,00	R477 540,00	R951 614,00
Preconstruction and construction of housing units for beneficiaries affected by October 2019 and January 2020 disaster in Umgungundlovu District	Lingela Holdings	30.9% Reduction of scope of work	E0203275	R86 283 267,50	R26 635 782,00	R112 919 049.50
Rezoning work for the sectionalisation at 76 Lubbe Road in Austerville and Erf 539 Clayfield Phoenix	Geo Afrika Surveys Inc	167% expansion of scope of work	E0202749	R82 303,20	R138 000,00	R220 303.20
Provision of Security Guard Services at 17 Turbull Street Acacia Court Empangeni for the period of 6 months 01/10/2023 to 31/03/2024	Injongo Yethu Security Services	33% extension of contract period for 02 months (01/04/2024 to 31/05/2024)	E0200342	R205 453,86	R68 484,62	R273 938.48
Appointment of a Service Provider to undertake Planning Milestones for Bosch-hoek Housing Project within Newcastle Municipality, alignment and increase in Scope of Work	Thembakele Consulting Engineers	20% Extension of Scope of Work 4% Extension of Scope of Work 39% Extension of Scope of Work	E0202152	R6 547 622,70	R1 369 599,30 R345 000,00	R8 262 222.90
Installation of internal services as well as the construction of external and internal bulk services	Zibandlela Trading 10 CC	Additional VAT for Bulk	E0200522	R137 251 774,40	R148 616 209,59	R11 364 435,19
Total				**460,507,126.98**	**265,039,294.06**	**469,512,868.86**

PART F:

FINANCIAL INFORMATION – VOTE 8

AUDIT REPORT

KwaZulu-Natal Department of Human Settlements 2023-24

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature on vote no. 8: Department of Human Settlements

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Department of Human Settlements set out on pages 167 to 209, which comprise the appropriation statement, statement of financial position as at 31 March 2024, 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 Human Settlements as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 5 of 2023 (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 responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Material underspending of the conditional grant

7. As disclosed in the appropriation statement, the department materially underspent the human settlements development grant (HSDG) by R263,74 million on programme 3 – Housing development.

AUDIT REPORT

KwaZulu-Natal Department of Human Settlements 2023-24

Restatement of corresponding figures

8. As disclosed in note 31 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the financial statements of the department at, and for the year ended 31 March 2024.

Other matter

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

Unaudited supplementary schedules

10. The supplementary information set out on pages 210 to 221 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 thereon.

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 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. This description, which is located at pages 163 to 164, forms part of my auditor's report.

AUDIT REPORT

KwaZulu-Natal Department of Human Settlements 2023-24

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 2024 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
Housing development	55 – 68	Implementation and monitoring of housing delivery within all districts including the eThekwini Metropolitan Municipality through various housing subsidy mechanisms in terms of national and provincial policies.
Housing assets management	69 – 73	The management and effective disposal of Pre-1994 Housing Fund properties to qualifying beneficiaries in terms of the enhanced extended discount benefit scheme as well as the devolution of vacant land to municipalities in terms of section 15 of the Housing Act 107 of 1997.

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
    - all the indicators relevant for measuring the department's performance against its primary mandated and prioritised functions and planned objectives are included
    - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so 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 those 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 and is comparable and understandable.
    - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets

AUDIT REPORT

KwaZulu-Natal Department of Human Settlements 2023-24

19. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
20. I did not identify any material findings on the reported performance information for the selected programmes.

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

22. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievements.
23. The tables that follow provide information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 55 to 73.

Housing development

Targets achieved: 12% Budget spent: 93%		
Key indicator not achieved	Planned target	Reported achievement
Number of Breaking New Ground (BNG) houses delivered	10 858	9 363
Number of serviced sites delivered	5 171	2 863
Number of households that received subsidies through FLISP	481	319
Number of Community Residential Units (CRU) delivered	310	0
Number of informal settlements upgraded to phase 3 of the Upgrading of Informal Settlements Programme (UISP)	2	0
Number of post-1994 title deeds registered	4 016	435
Number of post-2014 title deeds registered	153	0
Number of new title deeds registered	1 108	923
Number of houses (units) delivered through the MVHP	95	19
Number of houses (units) delivered through the IRDP	1 977	1 553
Number of houses (units) delivered through the consolidation subsidy programme	190	138
Number of houses (units) delivered to households affected by the 2019 Provincial declared disaster	2 174	60
Number of serviced sites delivered through the IRDP	620	197
Number of serviced sites delivered through the UISP	4 551	2 666

AUDIT REPORT

KwaZulu-Natal Department of Human Settlements 2023-24

Housing assets management

Targets achieved: 50% *Budget spent: 101%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Number of pre-1994 title deeds registered	2 308	366

Material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for housing development. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

25. 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.
26. 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.
27. 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.
28. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Expenditure management

29. Effective and appropriate steps were not taken to prevent unauthorised expenditure as disclosed in note 24 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1.

Utilisation of conditional grants

30. The (HSDG) was not spent in accordance with the applicable framework, as required by section 16(1) of the Dora.

AUDIT REPORT

KwaZulu-Natal Department of Human Settlements 2023-24

Other information in the annual report

31. 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.
32. 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.
33. 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.
34. The other information I obtained prior to the date of this auditor's report is the general information, governance information (excluding the audit committee's report in terms of treasury regulations), human resource management information and PFMA compliance report. The audit committee's report is expected to be made available to me after 31 July 2024.
35. 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 in this other information, I am required to report that fact. I have nothing to report in this regard.
36. When I do receive and read the audit committee's report, and 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

37. 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.
38. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
39. The accounting officer did not adequately review the compilation of the annual budget and adjustment budget to prevent the recurrence of unauthorised expenditure.
40. The accounting officer did not adequately implement and monitor controls to ensure that spending on the HSDG earmarked grant was specifically used for households affected by the 2019 disaster.

AUDIT REPORT

KwaZulu-Natal Department of Human Settlements 2023-24

Other reports

41. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

42. Seven investigations were conducted by the shared forensic audit unit in the province, covering the period March 2011 to March 2024. These investigations related to procurement irregularities and alleged fraud and corruption. Five investigations were completed, and two investigations were still in progress at the date of this report. The department was in the process of implementing the recommendations on the five completed investigations.

Auditor - General

Pietermaritzburg

31 July 2024

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.

AUDIT REPORT

KwaZulu-Natal Department of Human Settlements 2023-24

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 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.

AUDIT REPORT

KwaZulu-Natal Department of Human Settlements 2023-24

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 1; 38(1)(b); 38(1)(c)(i); 38(1)(c)(ii); Section 38(1)(d); 38(1)(h)(iii); 38(1)(j); 39(1)(a); Section 39(2)(a); 40(1)(a); 40(1)(b); 40(1)(c)(i); Section 43(1); 43(4); 44(1); 44(2); 45(b)
Treasury Regulations, 2005	Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); Regulation 5.2.3(d); 5.3.14; 6.3.1(a); 6.3.1(b); Regulation 6.3.1(c); 6.3.1(d); 6.4.1(b); 7.2.1; Regulation 8.1.1; 8.2.1; 8.2.3; 8.4.1; 9.1.1; 9.1.4; Regulation 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; Regulation 11.5.1; 12.5.1; 15.10.1.2(c); 16A3.2; Regulation 16A3.2(a); 16A6.1; 16A6.2(a); Regulation 16A6.2(b); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A 6.3(e); 16A6.4; Regulation 16A6.5; 16A6.6; 16A7.1; 16A7.3; Regulation 16A7.6; 16A7.7; 16A8.2(1); 16A8.2(2); Regulation 16A8.3; ; 16A8.4; 16A9.1(b)(ii); Regulation ; 16A 9.1(d); 16A 9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 17.1.1; 18.2; Regulation 19.8.4
Construction Industry Development Board (CIDB) Act 38 of 2000	Section 18(1)
CIDB Regulations, 2004	Regulation 17; 25(7A)
Division of Revenue Act 5 of 2023	Section 11(6)(a); 12(5); 16(1); 16(3); 16(3)(a)(i); Section 16(3)(a)(ii)(bb)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1;
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2;
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
State Information Technology Agency Act 88 of 1998	Section 7(3)

ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOF THE YEAR ENDED 31 MARCH 2024

I acknowledge my responsibility for the accuracy of the accounting records and the fair presentation of the financial statements and confirm, to the best of our knowledge and belief, the following:

- the financial statements have been prepared in accordance with modified cash basis as prescribed in the PFMA and Treasury Regulations and relevant guidelines specified / issued by the National Treasury;
- the financial statements are completed and accurate;
- all amounts appearing on the financial statements have been cast and cross-cast and been accurately cross referenced;
- the financial statements are free from material misstatements, including omissions; and
- accounting estimates are reasonable in the circumstances.

Date authorised for issue:

31 August 2024

Authorised by:

Mr. M.O.S. Zungu

Accounting Officer

KwaZulu-Natal Department of Human Settlements

APPROPRIATION STATEMENT

for the year ended 31 March 2024

Appropriation per programme									
Programme	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration	250,036	-	-	250,036	271,281	(21,245)	108.5	272,592	279,448
2. Housing Needs, Research and Planning	21,130	-	(121)	21,009	21,009	-	100.0	20,118	20,118
3. Housing Development	3,919,496	-	(5,034)	3,914,462	3,650,721	263,741	93.3	3,998,666	3,580,364
4. Housing Asset Management	153,455	-	5,155	158,610	160,211	(1,601)	101.0	189,554	182,698
Total	**4,344,117**	**-**	**-**	**4,344,117**	**4,103,222**	**240,895**	**94.5**	**4,480,930**	**4,062,628**
Reconciliation with statement of financial performance									
ADD									
Departmental receipts				17,149				5,634	
Actual amounts per statement of financial performance (total revenue)				**4,361,266**				**4,486,564**	
Actual amounts per statement of financial performance (total expenditure)					**4,103,222**				**4,062,628**

APPROPRIATION STATEMENT

for the year ended 31 March 2024

Appropriation per economic classification									
	2023/24							2022/23	
Economic classification	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**549,110**	**-**	**(609)**	**548,501**	**588,056**	**(39,555)**	**107.2**	**521,567**	**556,284**
Compensation of employees	358,493	-	(64)	358,429	360,003	(1,574)	100.4	345,249	351,831
Goods and services	190,617	-	(545)	190,072	228,053	(37,981)	120.0	176,318	204,453
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	**3,779,315**	**-**	**493**	**3,779,808**	**3,501,556**	**278,252**	**92.6**	**3,951,562**	**3,497,175**
Provinces and municipalities	125,259	-	-	125,259	134,992	(9,733)	107.8	129,796	137,006
Departmental agencies and accounts	153,455	-	5,155	158,610	160,211	(1,601)	101.0	189,554	182,596
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	3,500,601	-	(4,662)	3,495,939	3,206,353	289,586	91.7	3,632,212	3,177,573
Payments for capital assets	**15,692**	**-**	**116**	**15,808**	**13,610**	**2,198**	**86.1**	**7,793**	**9,153**
Buildings and other fixed structures	4,000	-	-	4,000	1,587	2,413	39.7	-	1,298
Machinery and equipment	11,692	-	116	11,808	12,023	(215)	101.8	7,793	7,855
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8**	**16**
Total	**4,344,117**	**-**	**-**	**4,344,117**	**4,103,222**	**240,895**	**94.5**	**4,480,930**	**4,062,628**

APPROPRIATION STATEMENT

for the year ended 31 March 2024

Programme 1: Administration									
	2023/24							2022/23	
Sub-programme	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final Budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Corporate Services	250,036	-	-	250,036	271,281	(21,245)	108.5	272,592	279,448
Total for sub-programme	**250,036**	**-**	**-**	**250,036**	**271,281**	**(21,245)**	**108.5**	**272,592**	**279,448**
Economic classification									
Current payments	**237,865**	**-**	**-**	**237,865**	**258,282**	**(20,417)**	**108.6**	**262,664**	**269,518**
Compensation of employees	148,025	-	-	148,025	148,755	(730)	100.5	149,206	149,206
Goods and services	89,840	-	-	89,840	109,527	(19,687)	121.9	113,458	120,312
Interest and rent on land	-	-	-			-	-	-	-
Transfers and subsidies	**1,657**	**-**	**-**	**1,657**	**2,596**	**(939)**	**156.7**	**3,335**	**3,337**
Provinces and municipalities	164	-	-	164	114	50	69.5	157	159
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1,493	-	-	1,493	2,482	(989)	166.2	3,178	3,178
Payments for capital assets	**10,514**	**-**	**-**	**10,514**	**10,403**	**111**	**98.9**	**6,585**	**6,585**
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	10,514	-	-	10,514	10,403	111	98.9	6,585	6,585
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8**	**8**
Total	**250,036**	**-**	**-**	**250,036**	**271,281**	**(21,245)**	**108.5**	**272,592**	**279,448**

APPROPRIATION STATEMENT

for the year ended 31 March 2024

Programme 2: Housing Needs, Research and Planning									
	2023/24							2022/23	
Sub-programme	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final Budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration	543	-	5	548	548	-	100.0	496	489
2. Policy	4,157	-	(45)	4,112	4,073	39	99.1	3,727	3,730
3. Planning	5,145	-	-	5,145	5,183	(38)	100.7	4,700	4,785
4. Research	11,285	-	(81)	11,204	11,205	(1)	100.0	11,195	11,114
Total for sub-programmes	**21,130**	**-**	**(121)**	**21,009**	**21,009**	**-**	**100.0**	**20,118**	**20,118**
Economic classification									
Current payments	**21,012**		**(203)**	**20,809**	**20,809**	**-**	**100.0**	**19,988**	**19,988**
Compensation of employees	18,234	-	(64)	18,170	18,216	(46)	100.3	17,877	17,877
Goods and services	2,778	-	(139)	2,639	2,593	46	98.3	2,111	2,111
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	**118**	**-**	**64**	**182**	**182**	**-**	**100.0**	**130**	**130**
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	118	-	64	182	182	-	100.0	130	130
Payments for capital assets	**-**	**-**	**18**	**18**	**18**	**-**	**100.0**	**-**	**-**
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	18	18	18	-	100.0	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**21,130**	**-**	**(121)**	**21,009**	**21,009**	**-**	**100.0**	**20,118**	**20,118**

APPROPRIATION STATEMENT

for the year ended 31 March 2024

Programme 3: Housing Development									
	2023/24							2022/23	
Sub-programme	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final Budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration	99,530	-	1,817	101,347	101,347	-	100.0	93,388	93,380
2. Financial Interventions	465,620	-	(94,839)	370,781	370,781	-	100.0	620,891	620,891
3. Incremental Interventions	1,946,705	-	(17,248)	1,929,457	1,665,716	263,741	86.3	1,817,957	1,399,663
4. Social and Rental Interventions	198,487	-	13,010	211,497	211,497	-	100.0	236,482	236,482
5. Rural Interventions	1,209,154	-	92,226	1,301,380	1,301,380	-	100.0	1,229,948	1,229,948
Total for sub-programmes	**3,919,496**	**-**	**(5,034)**	**3,914,462**	**3,650,721**	**263,741**	**93.3**	**3,998,666**	**3,580,364**
Economic classification									
Current payments	**290,233**	**-**	**(406)**	**289,827**	**308,965**	**(19,138)**	**106.6**	**238,915**	**266,778**
Compensation of employees	192,234	-	-	192,234	193,032	(798)	100.4	178,166	184,748
Goods and services	97,999	-	(406)	97,593	115,933	(18,340)	118.8	60,749	82,030
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	**3,624,085**	**-**	**(4,726)**	**3,619,359**	**3,338,567**	**280,792**	**92.2**	**3,758,543**	**3,311,112**
Provinces and municipalities	125,095	-	-	125,095	134,878	(9,783)	107.8	129,639	136,847
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	3,498,990	-	(4,726)	3,494,264	3,203,689	290,575	91.7	3,628,904	3,174,265
Payments for capital assets	**5,178**	**-**	**98**	**5,276**	**3,189**	**2,087**	**60.4**	**1,208**	**2,466**
Buildings and other fixed structures	4,000	-	-	4,000	1,587	2,413	39.7	-	1,298
Machinery and equipment	1,178	-	98	1,276	1,602	(326)	125.5	1,208	1,168
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8**
Total	**3,919,496**	**-**	**(5,034)**	**3,914,462**	**3,650,721**	**263,741**	**93.3**	**3,998,666**	**3,580,364**

APPROPRIATION STATEMENT

for the year ended 31 March 2024

Programme 4: Housing Asset Management									
Sub-programme	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final Budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration	39,717	-	2,272	41,989	43,590	(1,601)	103.8	45,592	38,736
2. Sale and Transfer of Housing Properties	55,238	-	10,610	65,848	65,848	-	100.0	67,149	67,149
3. Housing Properties Maintenance	58,500	-	(7,727)	50,773	50,773	-	100.0	76,813	76,813
Total for sub-programmes	**153,455**	**-**	**5,155**	**158,610**	**160,211**	**(1,601)**	**101.0**	**189,554**	**182,698**
Economic classification									
Current payments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-		
Transfers and subsidies	**153,455**	**-**	**5,155**	**158,610**	**160,211**	**(1,601)**	**101.0**	**189,554**	**182,596**
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	153,455	-	5,155	158,610	160,211	(1,601)	101.0	189,554	182,596
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	**-**	**-**	**-**				**-**	**-**	**102**
Buildings and other fixed structures	-	-	-				-	-	-
Machinery and equipment	-	-	-				-	-	102
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**153,455**	**-**	**5,155**	**158,610**	**160,211**	**(1,601)**	**101.0**	**189,554**	**182,698**

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2024

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 1 (A-C) 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

Programme	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
	R'000	R'000	R'000	%
Programme 1: Administration	**250,036**	**271,281**	**(21,245)**	**(8)**
Explanation of variance: Payment made for the unfunded 2023 wage agreement. Communication was received from Provincial Treasury stating that National Treasury will not be funding the 2023 wage agreement and the department will fund it from their current baseline allocation. Reprioritization of funding in respect of mass job creation as per 2023 SOPA pronouncement. Payments made for the roll-out of Outreach Programmes on community engagements which occurred during the financial year. Various items under goods and services such as fleet services, property payments, lease of office accommodation, legal fees, audit costs, travel and subsistence, etc. were severely impacted by the carry-through effects of the budget cuts.				
Programme 3: Housing Development	**3,914,462**	**3,650,721**	**263,741**	**7**
Explanation of variance: The under expenditure in this grant is mainly from ring fenced allocation (R474.973 million) for storm disaster. These funds relate to disasters that occurred during 2019 and 2020 which resulted in damage to houses. The prolonged process that had to be adhered to during preconstruction stage to avoid disaster from occurring in the future, challenges encountered among others included distance between the affected homestead, stoppages by local business forums, sites which are inaccessible, shortage of material supply and socio-political issues delaying production. The Department has submitted the roll-over application of unspent funds in this grant. The balance of an amount R263.741 million is committed, the appointed service providers are on site.				
Programme 4: Housing Asset Management	**158,610**	**160,211**	**(1,601)**	**(1)**
Explanation of variance: The over expenditure in this programme is mainly due to the payment made for the unfunded 2023 wage agreement. Communication was received from Provincial Treasury stating that National Treasury will not be funding the 2023 wage agreement and the department will fund it from their current baseline allocation.				

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2024

4.2 Per economic classification

Economic classification	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
	R'000	R'000	R'000	%
Current expenditure	**548,501**	**588,056**	**(39,555)**	**(7)**
Compensation of employees	358,429	360,003	(1,574)	-
Goods and services	190,072	228,053	(37,981)	(20)
Interest and rent on land	-	-	-	-
Transfers and subsidies	**3,779,808**	**3,501,556**	**278,252**	**7**
Provinces and municipalities	125,259	134,992	(9,733)	(8)
Departmental agencies and accounts	158,610	160,211	(1,601)	(1)
Higher education institutions	-	-	-	-
Public corporations and private enterprises	-	-	-	-
Foreign governments and international organisations	-	-	-	-
Non-profit institutions	-	-	-	-
Households	3,495,939	3,206,353	289,586	8
Payments for capital assets	**15,808**	**13,610**	**2,198**	**14**
Buildings and other fixed structures	4,000	1,587	2,413	60
Machinery and equipment	11,808	12,023	(215)	(2)
Heritage assets	-	-	-	-
Specialised military assets	-	-	-	-
Biological assets	-	-	-	-
Land and subsoil assets	-	-	-	-
Software and Intangible assets	-	-	-	-
Payments for financial assets	**-**	**-**	**-**	**-**
Total	**4,344,117**	**4,103,222**	**240,895**	**6**

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2024

Explanation of variance:

Compensation of employees
Over spent by R1.574 million mainly due to payments made for the unfunded 2023 wage agreement. Communication was received from Provincial Treasury stating that National Treasury will not be funding the 2023 wage agreement and the department will fund it from their current baseline allocation.

Goods and services
Over spent by R37.981 million mainly due to the following: (i) Payments made for the roll-out of Outreach Programmes on Community Engagements which occurred during the financial year (higher catering and advertising costs in respect of Community Outreach Programmes e.g. events to hand over the title deeds to beneficiaries in various housing projects as well as project launches). (ii) Various items under Goods and services such as fleet services, property payments, lease of office accommodation, legal fees, audit costs, travel and subsistence, etc. were severely impacted by the carry-through effects of the budget cuts. (iii) Provision of funding in respect of mass job creation as per 2023 SOPA pronouncement. (iv) Payments made for hostel maintenance and refurbishments of Ikhwezi and Sibongile Hostels. (v) Implementation of Siyakha Incubation Programme whereby the department is training and developing emerging contractors in the built environment.

Provinces and municipalities
Over spent by R9.733 million mainly relating to higher than budgeted payments made to accredited municipalities for operational costs.

Departmental agencies and accounts
Over spent by R1.601 million mainly due to the payment made for the unfunded 2023 wage agreement. Communication was received from Provincial Treasury stating that National Treasury will not be funding the 2023 wage agreement and the department will fund it from their current baseline allocation.

Households
Underspent by R289.586 million mainly from ring fenced allocation (R474 973 million) for storm disaster. These funds relate to disasters that occurred during 2019 and 2020 which resulted in damage to houses. The prolonged process that have to be adhered to during preconstruction stage to avoid disaster from occurring in the future, challenges encountered among others included distance between the affected homestead, stoppages by local business forums, sites which are inaccessible, shortage of material supply and socio-political issues delaying production. The Department has submitted the roll-over application of unspent funds in this grant. The balance of an amount R263.741 million is committed, the appointed service providers are on site.

Buildings and other fixed structures
Under spent by R2.413 million is relating to Sonkombo Social Amenties programme due to delays caused by damages to the facility by heavy rain in the month of November 2023. In addressing this incident, an analysis was conducted by the project professional team to evaluate the extent of the damage which then resulted in the contractor re-installing the roof as per the recommendation of the report.

Machinery and equipment
Over spent by R215 thousand is mainly due to office furniture purchased for officials such as General Manager, Senior Manager, Town Planner, 2 x Project Facilitators and Quantity Surveyor which was not budgeted for.

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2024

4.3 Per conditional grant

Conditional grant	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Variance as a percentage of Final Budget %
Human Settlements Development Grant	3,157,908	2,894,167	263,741	8
EPWP Incentive Grant	6,921	6,921	-	-
Provincial Emergency Housing Grant	23,849	23,849	-	-
Informal Settlements Upgrade Partnership Grant	733,189	733,188	1	-
Total	**3,921,867**	**3,658,125**	**263,742**	**7**

Explanation of variance:
The under expenditure in this grant is mainly from ring fenced allocation (R474.973 million) for storm disaster. These funds relate to disasters that occurred during 2019 and 2020 which resulted in damage to houses. The prolonged process that have to be adhered to during preconstruction stage to avoid disaster from occurring in the future, challenges encountered among others included distance between the affected homestead, stoppages by local business forums, sites which are inaccessible, shortage of material supply and socio-political issues delaying production. The Department has submitted the roll-over application of unspent funds in this grant. The balance of an amount R263.741 million is committed, the appointed service providers are on site.

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2024

	Note	2023/24 R'000	2022/23 R'000
REVENUE			
Annual appropriation	1	4,344,117	4,480,930
Departmental revenue	2	17,149	5,634
TOTAL REVENUE		**4,361,266**	**4,486,564**
EXPENDITURE			
Current expenditure		**588,056**	**556,284**
Compensation of employees	3	360,003	351,831
Goods and services	4	228,053	204,453
Transfers and subsidies		**3,501,556**	**3,497,175**
Transfers and subsidies	7	3,501,556	3,497,175
Expenditure for capital assets		**13,610**	**9,153**
Tangible assets	9	13,610	9,153
Intangible assets	9	-	-
Unauthorised expenditure approved without funding		-	-
Payments for financial assets	6	**-**	**16**
TOTAL EXPENDITURE		**4,103,222**	**4,062,628**
SURPLUS FOR THE YEAR		**258,044**	**423,936**
Reconciliation of Net Surplus for the year			
Voted funds		**240,895**	**418,302**
Annual appropriation		-	1,837
Statutory appropriation		-	-
Conditional grants		240,895	416,465
Departmental revenue	2	**17,149**	**5,634**
SURPLUS FOR THE YEAR		**258,044**	**423,936**

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2024

	Note	2023/24 R'000	2022/23 R'000
ASSETS			
Current assets		**228,430**	**413,158**
Cash and cash equivalents	10	220,214	406,379
Receivables	12	8,216	6,779
Non-current assets		**132**	**187**
Receivables	12	132	187
TOTAL ASSETS		**228,562**	**413,345**
LIABILITIES			
Current liabilities		**263,987**	**425,846**
Voted funds to be surrendered to the Revenue Fund	13	263,741	425,158
Departmental revenue to be surrendered to the Revenue Fund	14	117	216
Bank overdraft		-	-
Payables	15	129	472
Non-current liabilities			
Payables	15	-	-
TOTAL LIABILITIES		**263,987**	**425,846**
NET ASSETS		**(35,425)**	**(12,501)**
Represented by:			
Recoverable revenue		114	192
Unauthorised expenditure		(35,539)	(12,693)
Total		**(35,425)**	**(12,501)**

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2024

	Note	2023/24 R'000	2022/23 R'000
Recoverable revenue			
Opening balance		192	170
Transfers:		**(78)**	**22**
Irrecoverable amounts written off	**6.1**	-	(16)
Debts recovered (included in departmental revenue)		(148)	(145)
Debts raised		70	183
Closing balance		**114**	**192**
Unauthorised expenditure			
Opening balance		(12,693)	(7,746)
Unauthorised expenditure – current year (overspending of the vote or main division within the vote)		(22,846)	(6,856)
Amounts approved by Legislature with funding		-	1,909
Closing Balance		**(35,539)**	**(12,693)**
Total		**(35,425)**	**(12,501)**

CASH FLOW STATEMENT

for the year ended 31 March 2024

CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		**4,359,540**	**4,485,639**
Annual appropriation funds received	**1.1**	4,344,117	4,480,930
Departmental revenue received	**2**	15,219	4,693
Interest received	**2.2**	204	16
Net (increase) / decrease in net working capital		(1,780)	453
Surrendered to Revenue Fund		(442,406)	(8,247)
Current payments		(588,056)	(556,284)
Interest paid	**5**	-	-
Payments for financial assets		-	(16)
Transfers and subsidies paid		(3,501,556)	(3,497,175)
Net cash flow available from operating activities	**16**	**(174,258)**	**424,370**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	**9**	(13,610)	(9,153)
Proceeds from sale of capital assets	**2.3**	1,726	925
Decrease / (Increase) in non-current receivables	**12**	55	(26)
Net cash flow available from investing activities		**(11,829)**	**(8,254)**
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) / Increase in net assets		(78)	1,931
Net cash flows from financing activities		**(78)**	**1,931**
Net (decrease) / increase in cash and cash equivalents		(186,165)	418,047
Cash and cash equivalents at beginning of period		406,379	(11,668)
Cash and cash equivalents at end of period	**10**	**220,214**	**406,379**

ACCOUNTING POLICIES

for the year ended 31 March 2024

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.
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.

ACCOUNTING POLICIES

for the year ended 31 March 2024

7.3	**Accrued departmental revenue** Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: • it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and • the amount of revenue can be measured reliably. The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the department's debt write-off policy.
8.	**Expenditure**
8.1	**Compensation of employees**
8.1.1	**Salaries and wages** Salaries and wages are recognised in the statement of financial performance on the date of payment.
8.1.2	**Social contributions** Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment. Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.
8.2	**Other expenditure** Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold. 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.

ACCOUNTING POLICIES

for the year ended 31 March 2024

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.
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.
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 2004 may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Biological assets are subsequently carried at fair value. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

ACCOUNTING POLICIES

for the year ended 31 March 2024

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 2004 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.
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.

ACCOUNTING POLICIES

for the year ended 31 March 2024

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.
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 policies, estimates and errors** Changes in accounting policies are applied 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 construction of housing for military veterans. In terms of the arrangement the department is the principal and is responsible for the transfer of funds to Ithala Development Finance Corporation Limited acting as the agent on behalf of the Department. 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 modified cash standard, there were no departures from the said standard.
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.
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 number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.

ACCOUNTING POLICIES

for the year ended 31 March 2024

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 where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value. 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 STATEMENTS

for the year ended 31 March 2024

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:

	2023/24			2022/23		
Programmes	Final Budget	Actual Funds Received	Funds not requested / not received	Final Budget	Appropriation Received	Funds not requested / not received
	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	250,036	250,036	-	272,717	272,717	-
2. Housing Needs, Research and Planning	21,009	21,009	-	20,043	20,043	-
3. Housing Development	3,914,462	3,914,462	-	4,000,446	4,000,446	-
4. Housing Asset Management	158,610	158,610	-	187,724	187,724	-
Total	**4,344,117**	**4,344,117**	**-**	**4,480,930**	**4,480,930**	**-**

	Note	2023/24	2022/23
		R'000	R'000
1.2. Conditional grants			
Total grants received	32	**3,921,867**	**4,040,723**
Provincial grants included in total grants received		**23,849**	**342,132**

2. DEPARTMENTAL REVENUE

	Note	2023/24	2022/23
		R'000	R'000
Tax revenue			
Sales of goods and services other than capital assets	**2.1**	325	361
Interest, dividends and rent on land	**2.2**	204	16
Sales of capital assets	**2.3**	1,726	925
Transactions in financial assets and liabilities	**2.4**	14,894	4,332
Total revenue collected		**17,149**	**5,634**
Less: Own revenue included in appropriation		-	-
Total		**17,149**	**5,634**

The significant increase arose as a result of recalling monies from municipalities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

	Note	2023/24	2022/23
		R'000	R'000

2.1. Sales of goods and services other than capital assets

	Note	2023/24 R'000	2022/23 R'000
Sales of goods and services produced by the department		**324**	**361**
Sales by market establishment		324	361
Sales of scrap, waste and other used current goods		1	-
Total	**2**	**325**	**361**

2.2. Interest, dividends and rent on land

	Note	2023/24 R'000	2022/23 R'000
Interest		204	16
Total	**2**	**204**	**16**

2.3. Sales of capital assets

	Note	2023/24 R'000	2022/23 R'000
Tangible capital assets		**1,726**	**925**
Buildings and other fixed structures		1,072	871
Machinery and equipment		654	54
Total	**2**	**1,726**	**925**

2.4. Transactions in financial assets and liabilities

	Note	2023/24 R'000	2022/23 R'000
Other receipts including Recoverable Revenue		14,894	4,332
Total	**2**	**14,894**	**4,332**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

	Note	2023/24 R'000	2022/23 R'000
3. COMPENSATION OF EMPLOYEES			
3.1. Salaries and wages			
Basic salary		252,634	235,173
Performance award		214	336
Service based		15,504	15,810
Compensative/circumstantial		1,601	3,488
Periodic payments		7,034	5,550
Other non-pensionable allowances		44,885	52,350
Total		**321,872**	**312,707**
3.2 Social contributions			
Employer contributions			
Pension		23,967	25,588
Medical		13,846	13,197
Bargaining council		65	62
Insurance		253	277
Total		**38,131**	**39,124**
Total compensation of employees		**360,003**	**351,831**
Average number of employees		**612**	**587**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

	Note	2023/24 R'000	2022/23 R'000
4. GOODS AND SERVICES			
Administrative fees		3,130	1,232
Advertising		11,767	3,863
Minor assets	**4.1**	732	793
Bursaries (employees)		125	393
Catering		9,400	5,339
Communication		2,078	1,941
Computer services	**4.2**	20,757	27,675
Consultants: Business and advisory services		22,947	8,134
Infrastructure and planning services		12,318	28,526
Legal services		4,334	1,499
Contractors		8,602	4,624
Agency and support / outsourced services		811	71
Audit cost - external	**4.3**	7,339	8,592
Fleet services		9,955	8,206
Consumables	**4.4**	3,576	3,117
Operating leases		27,518	28,738
Property payments	**4.5**	39,457	38,816
Rental and hiring		7,222	4,324
Transport provided as part of the departmental activities		2,328	907
Travel and subsistence	**4.6**	17,697	13,686
Training and development		15,107	12,908
Other operating expenditure	**4.7**	853	1,069
Total		**228,053**	**204,453**

4.1. Minor assets

	Note	2023/24 R'000	2022/23 R'000
Tangible capital assets		**732**	**793**
Machinery and equipment		732	793
Total	4	**732**	**793**

4.2. Computer services

	Note	2023/24 R'000	2022/23 R'000
SITA computer services		12,485	12,925
External computer service providers		8,272	14,750
Total	4	**20,757**	**27,675**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

	Note	2023/24 R'000	2022/23 R'000
4.3. Audit cost – external			
Regularity audits		7,339	8,592
Total	**4**	**7,339**	**8,592**
4.4. Consumables			
Consumable supplies		**2,243**	**1,784**
Uniform and clothing		812	852
Household supplies		24	2
Building material and supplies		1,304	748
IT consumables		81	136
Other consumables		22	46
Stationery, printing and office supplies		**1,333**	**1,333**
Total	**4**	**3,576**	**3,117**
4.5. Property payments			
Municipal services		7,810	6,893
Property maintenance and repairs		13,250	13,649
Other		18,397	18,274
Total	**4**	**39,457**	**38,816**
4.6. Travel and subsistence			
Local		17,697	13,686
Foreign		-	-
Total	**4**	**17,697**	**13,686**
4.7. Other operating expenditure			
Professional bodies, membership and subscription fees		-	34
Other		853	1,035
Total	**4**	**853**	**1,069**
5. INTEREST AND RENT ON LAND			
Interest paid		-	-
Rent on land		-	-
Total		**-**	**-**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

	Note	2023/24 R'000	2022/23 R'000

6. PAYMENTS FOR FINANCIAL ASSETS

	Note	2023/24 R'000	2022/23 R'000
Debts written off	6.1	-	16
Total		**-**	**16**

6.1. Debts written off

	Note	2023/24 R'000	2022/23 R'000
Nature of debts written off			
Recoverable revenue written off			
Staff debts		-	16
Total debt written off	**6**	**-**	**16**

7. TRANSFERS AND SUBSIDIES

	Note	2023/24 R'000	2022/23 R'000
Provinces and municipalities	Annex 1A	134,992	137,006
Departmental agencies and accounts	Annex 1B	160,211	182,596
Households	Annex 1C	3,206,353	3,177,573
Total		**3,501,556**	**3,497,175**

8. GIFTS, DONATIONS AND SPONSORSHIPS MADE IN KIND

	Note	2023/24 R'000	2022/23 R'000
Donations	Annex 1D	-	498
Total		**-**	**498**

9. EXPENDITURE FOR CAPITAL ASSETS

	Note	2023/24 R'000	2022/23 R'000
Tangible capital assets			
Buildings and other fixed structures	Annex 6	1,587	1,298
Machinery and equipment	28	12,023	7,855
Total		**13,610**	**9,153**

9.1. Analysis of funds utilised to acquire capital assets – Current year

2023/24	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible capital assets			
Buildings and other fixed structures	1,587	-	**1,587**
Machinery and equipment	12,023	-	**12,023**
Total	**13,610**	**-**	**13,610**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

9.2. Analysis of funds utilised to acquire capital assets – Prior year

2022/23	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible capital assets	**9,153**	**-**	**9,153**
Buildings and other fixed structures	1,298	-	**1,298**
Machinery and equipment	7,855	-	**7,855**
Total	**9,153**	**-**	**9,153**

	Note	2023/24	2022/23
		R'000	R'000
9.3 Finance lease expenditure included in Expenditure for capital assets			
Tangible capital assets			
Machinery and equipment		2,609	2,487
Total		**2,609**	**2,487**

The above expenditure is for cellphone airtime and data.

10. CASH AND CASH EQUIVALENTS

		2023/24	2022/23
Consolidated Paymaster General Account		220,210	406,375
Cash on hand		4	4
Total		**220,214**	**406,379**

11. PREPAYMENTS AND ADVANCES

11.1. Advances paid (Expensed)

	2023/24				
	Amount as at 1 April 2023	Less: Received in the current year	Add: Other	Add Current year advances	Amount as at 31 March 2024
	R'000	R'000	R'000	R'000	R'000
Public entities	235,537	(102,508)	431	31,187	164,647
Other institutions	1,188,958	(502,279)	37,800	214,902	939,381
Total	**1,424,495**	**(604,787)**	**38,231**	**246,089**	**1,104,028**

The expenses advances were made to various district municipalities and entities, the reason being is that the said projects are of a long term nature. The advances ensures funding for the duration of the projects. Ithala Bank and HDA also acts as agents to the Department on specific projects. See Annexure 9.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

	2022/23				
	Amount as at 1 April 2022	Less: Received in the current year	Add / Less: Other	Add Current year advances	Amount as at 31 March 2023
	R'000	R'000	R'000	R'000	R'000
Public entities	126,855	(43,128)	-	151,810	235,537
Other institutions	1,163,665	(510,318)	-	535,611	1,188,958
Total	**1,290,520**	**(553,446)**	**-**	**687,421**	**1,424,495**

The expenses advances were made to various district municipalities and entities, the reason being is that the said projects are of a long term nature. The advances ensures funding for the duration of the projects. Ithala Bank and HDA also acts as agents to the Department on specific projects.

12. RECEIVABLES

		2023/24			2022/23		
		Current	Non-current	Total	Current	Non-current	Total
	Note	R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	**12.1**	28	-	28	8	-	8
Staff debt	**12.2**	27	132	159	33	187	220
Other receivables	**12.3**	8,161	-	8,161	6,738	-	6,738
Total		**8,216**	**132**	**8,348**	**6,779**	**187**	**6,966**

	Note	2023/24	2022/23
		R'000	R'000
12.1. Claims recoverable			
Provincial departments		12	8
National departments		16	-
Total	**12**	**28**	**8**
12.2. Staff debt			
Leave without pay		1	2
Bursary		64	122
Other		94	96
Total	**12**	**159**	**220**
12.3. Other receivables			
Online Travel account		442	228
KwaZulu-Natal Housing Fund		7,653	6,479
Salary – tax debt		66	31
Total	**12**	**8,161**	**6,738**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

	Note	2023/24	2022/23
		R'000	R'000

12.4. Impairment of receivables

	Note	2023/24 R'000	2022/23 R'000
Estimate of impairment of receivables		78	47
Total		**78**	**47**

13. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

	Note	2023/24 R'000	2022/23 R'000
Opening balance		425,158	2,406
Transfer from statement of financial performance		240,895	418,302
Add: Unauthorised expenditure for the current year		22,846	6,856
Voted funds not received	1.1	-	-
Paid during the year		(425,158)	(2,406)
Closing balance		**263,741**	**425,158**

13.1. Reconciliation of unspent conditional grants

	Note	2023/24 R'000	2022/23 R'000
Total conditional grants received	1.2	3,921,867	4,040,723
Total conditional grants spent		(3,658,125)	(3,624,258)
Due by the Provincial Revenue Fund		**263,742**	**416,465**

14. DEPARTMENTAL REVENUE TO BE SURRENDERED TO THE REVENUE FUND

	Note	2023/24 R'000	2022/23 R'000
Opening balance		216	423
Transfer from statement of financial performance		17,149	5,634
Paid during the year		(17,248)	(5,841)
Closing balance		**117**	**216**

15. PAYABLES – CURRENT

	Note	2023/24 R'000	2022/23 R'000
Clearing accounts	16.1	129	472
Total		**129**	**472**

15.1. Clearing accounts

Description	Note	2023/24 R'000	2022/23 R'000
Salary related		129	472
Total	16	**129**	**472**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

	Note	2023/24	2022/23
		R'000	R'000

16. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

	Note	2023/24 R'000	2022/23 R'000
Net surplus as per Statement of Financial Performance		258,044	423,936
Add back non-cash/cash movements not deemed operating activities		**(432,302)**	**434**
(Increase) / Decrease in receivables		(1,437)	135
Decrease in other current assets		-	-
(Decrease) / Increase in payables - current		(343)	318
Proceeds from sale of capital assets		(1,726)	(925)
Expenditure on capital assets		13,610	9,153
Surrenders to Revenue Fund		(442,406)	(8,247)
Net cash flow generated by operating activities		**(174,258)**	**424,370**

17. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

	Note	2023/24 R'000	2022/23 R'000
Consolidated Paymaster General account		220,210	406,375
Cash on hand		4	4
Total		**220,214**	**406,379**

18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

18.1. Contingent liabilities

Liable to	Note	2023/24 R'000	2022/23 R'000
Claims against the department	**Annex 2**	14,748	31,778
Intergovernmental payables	**Annex 4**	101,038	79,465
Total		**115,786**	**111,243**

With regards to claims against the Department, the outcome of these cases are uncertain. The reasons being are that these cases are in excess of 3 years old, awaiting court dates and in some instances, in all probability the case will be prescribed.

There is no possibility of any reimbursement.

With regards to the interdepartmental payables claim, this claim mainly relates to the KZN Department of Public Works. We are in constant negotiations with the said Department, currently the outstanding claim is being re-conciled and will be settled within the 24/25 financial year.

18.2. Contingent assets

Nature of contingent asset	Note	2023/24 R'000	2022/23 R'000
Recovery of damages		-	2,706
Total		**-**	**2,706**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

19. CAPITAL COMMITMENTS

	Note	2023/24 R'000	2022/23 R'000
Buildings and other fixed structures		13,817	3,689
Machinery and equipment		14	453
Total		**13,831**	**4,142**

The capital commitments in respect of buildings and other fixed structures, represent commitments for social amenities.

20. ACCRUALS AND PAYABLES NOT RECOGNISED

20.1. Accruals

		2023/24			2022/23
		30 Days	30+ Days	Total	Total
	Note	R'000	R'000	R'000	R'000
Listed by economic classification					
Goods and services		14,214	1,957	16,171	24,660
Transfers and subsidies		213,628	67,165	280,793	101,451
Capital assets		220	-	220	65
Total		**228,062**	**69,122**	**297,184**	**126,176**

	Note	2023/24 R'000	2022/23 R'000
Listed by programme level			
Programme 1: Administration		7,863	11,014
Programme 2: Housing Needs, Research and Planning		506	637
Programme 3: Housing Development		285,117	110,479
Programme 4: Housing Asset Management		3,698	4,046
Total		**297,184**	**126,176**

A significant portion of the accruals relates to projects payments. These invoices go through a rigorous process in respect of certification of work done. The significant increase in accruals arose as a direct result of budgets cuts.

20.2. Payables not recognised

		2023/24			2022/23
		30 Days	30+ Days	Total	Total
Listed by economic classification	Note	R'000	R'000	R'000	R'000
Goods and services		25,548	-	25,548	3,649
Transfers and subsidies		199,102	20,446	219,548	34,425
Capital assets		172	-	172	8,014
Total		**224,822**	**20,446**	**245,268**	**46,088**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

	Note	2023/24	2022/23
		R'000	R'000
Listed by programme level			
Programme 1: Administration		10,552	11,001
Programme 2: Housing Needs, Research and Planning		2	2,228
Programme 3: Housing Development		226,046	32,854
Programme 4: Housing Asset Management		8,668	5
Total		**245,268**	**46,088**

A significant portion of the payables relates to projects payments. These invoices go through a rigorous process in respect of certification of work done. The significant increase in accruals arose as a direct result of budgets cuts.

	Note	2023/24	2022/23
Included in the above totals are the following:			
Confirmed balances with other departments	**Annex 4**	8,842	15,288
Confirmed balances with other government entities		13,707	-
Total		**22,549**	**15,288**

21. EMPLOYEE BENEFITS

	2023/24	2022/23
Leave entitlement	20,041	20,381
Service bonus	8,395	8,104
Performance awards	-	-
Capped leave	10,738	14,210
Other	665	102
Total	**39,839**	**42,797**

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

22. LEASE COMMITMENTS

22.1. Operating leases

2023/24	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	1,290	753	**2,043**
Later than 1 year and not later than 5 years	1,961	507	**2,468**
Later than 5 years	-	-	**-**
Total lease commitments	**3,251**	**1,260**	**4,511**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

2022/23	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000
Not later than 1 year	5,676	1,349	**7,025**
Later than 1 year and not later than 5 years	2,698	1,259	**3,957**
Later than 5 years	-	-	**-**
Total lease commitments	**8,374**	**2,608**	**10,982**

The Department leases office accommodation for its head office and various district office and photo copy machines. The office space is determined on a needs analysis done in each district. There are no restrictions on the lease save for the fact that all improvements must be agreed with the lessor in writing. All leases are fixed term with no renewable clause, will revert to the lessor upon expiry of the lease. Escalations vary between 6 to 8% p.a., dependent on the location of the building, there are no escalations for photo copy machines. The Department is in occupation of 5 (2023 – 5) buildings were the leases have expired and are currently on a month to month basis.

The Department has given Public Works a needs analysis to procure a new building. No provisions were made for lease commitments as there is no contractual obligations to date. The monthly rental on these 5 buildings are R1,596,046 (2023: R1,596,046).

	Note	2023/24	2022/23
		R'000	R'000
Rental earned on sub-leased assets		-	94
Total			**94**

2024 – NIL (2023 – 1) – leases properties have been sub-leased to other Department/s (2023 – Sports and Recreation), the reason for sub-leasing is due to the fact that the leased building are currently surplus to our requirements. We are in the process of finalising the Departments structure and we will be capacitating the district offices. The rental received from sub-leasing has been off-set against lease expenditure.

22.2. Finance leases

2023/24	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000
Not later than 1 year	-	1,897	**1,897**
Later than 1 year and not later than 5 years	-	454	**454**
Later than 5 years	-	-	**-**
Total lease commitments	**-**	**2,351**	**2,351**

2022/23	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000
Not later than 1 year	-	2,349	**2,349**
Later than 1 year and not later than 5 years	-	969	**969**
Later than 5 years	-	-	**-**
Total lease commitments	**-**	**3,318**	**3,318**

The finance leases relate to cell phone contracts. The price of the contract is fixed for a period of 2 years. The ownership of hand set at the completion of the contract will revert to the Department.
No assets are sub-leased under a finance lease agreement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

	Note	2023/24 R'000	2022/23 R'000

23. ACCRUED DEPARTMENTAL REVENUE

	Note	2023/24 R'000	2022/23 R'000
Transactions in financial assets and liabilities		11,587	11,234
Total		**11,587**	**11,234**

23.1. Analysis of accrued departmental revenue

	Note	2023/24 R'000	2022/23 R'000
Opening balance		11,234	10,876
Less: amounts received		(63)	(79)
Add: amounts recorded		416	255
Less: amounts written off		-	-
Other: Refunds		-	182
Closing balance		**11,587**	**11,234**

23.2. Impairment of accrued departmental revenue

	Note	2023/24 R'000	2022/23 R'000
Estimate of impairment of accrued departmental revenue		3,033	3,201
Total		**3,033**	**3,201**

The impairment has been made against debts where the debt holders are deceased.

24. UNAUTHORISED, IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

	Note	2023/24 R'000	2022/23 R'000
Unauthorised expenditure - current year		22,846	6,856
Irregular expenditure - current year		20,622	-
Fruitless and wasteful expenditure - current year		-	-
Total		**43,468**	**6,856**

No criminal or disciplinary steps were taken against any official as the unauthorised expenditure arose as a result of budget cuts, wherein the department had to fund the wage agreements from internal resources, for which no provision was made for. No criminal or disciplinary steps were taken against any official, the reason being was that we selected suppliers from the Department's database, so that we could speed up service delivery in respect of citizens that lost their homes in the April 2022 floods. The fairness SCM principal was compromised.

25. RELATED PARTY TRANSACTIONS

	Note	2023/24 R'000	2022/23 R'000
Payments made			
Goods and services		25,372	27,109
Transfers and subsidies		160,754	182,596
Total		**186,126**	**209,705**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

	Note	2023/24 R'000	2022/23 R'000
Year end balances arising from revenue/payments			
Receivables from related parties		7,653	6,479
Payables to related parties		-	-
Total		**7,653**	**6,479**
Other			
		-	-
Total		**-**	**-**
In-kind goods and services (provided)/Received			
The Department of Human Settlements provides administrative and management services to the KwaZulu-Natal Housing Fund: shared services		(6,869)	(5,149)
The Department of Human Settlements occupies 4 buildings owned by the Department of Public Works at no cost (estimated benefit to the Department)		9,009	8,499
Total		**2,140**	**3,350**

KZN Housing Fund – same MEC and HOD, and KZN Department of Public Works – same MEC.
The Department finances the operations of the KZN Housing Fund and procures office accommodation via the KZN Department of Public Works.

26. KEY MANAGEMENT PERSONNEL

	Note	2023/24 R'000	2022/23 R'000
Officials			
Level 15 to 16		6,025	5,700
Level 14		5,388	6,160
Family members of key management personnel		-	-
Total		**11,413**	**11,860**

Salary of the MEC is paid by the KZN Department of Public Works.

Other than what has been disclosed above, no other official, consultant, contractor, has or deemed to have any influence in the daily activities of the Department.

27. NON-ADJUSTING EVENTS AFTER REPORTING DATE

Nature of the event	2023/24 R'000
-	-
Total	**-**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

28. MOVABLE TANGIBLE CAPITAL ASSETS
MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

2023/24	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	**76,065**	**-**	**1,382**	**(4,609)**	**72,838**
Transport assets	33,050	-	-	(2,787)	30,263
Computer equipment	35,224	-	64	(1,699)	33,589
Furniture and office equipment	7,602	-	1,318	(114)	8,806
Other machinery and equipment	189	-	-	(9)	180
Total Movable Tangible Capital Assets	**76,065**	**-**	**1,382**	**(4,609)**	**72,838**

Movable Tangible Capital Assets under investigation

	Note	2023/24 R'000	2022/23 R'000
Included in the above total of the movable tangible capital assets per the asset register that are under investigation			
Machinery and equipment		5	147
Total		**5**	**147**

All assets under investigation were submitted to loss control for write-off.

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

2022/23	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	**65,333**	**-**	**13,281**	**(2,549)**	**76,065**
Transport assets	31,856	-	1,194	-	33,050
Computer equipment	26,612	-	11,108	(2,496)	35,224
Furniture and office equipment	6,676	-	979	(53)	7,602
Other machinery and equipment	189	-	-	-	189
Total movable tangible capital assets	**65,333**	**-**	**13,281**	**(2,549)**	**76,065**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

28.2. Minor assets

MOVEMENT IN MINOR CAPITAL ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
2023/24	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	9,831	-	9,831
Value adjustments	-	-	-	-	-	-
Additions	-	-	-	654	-	654
Disposals	-	-	-	(239)	-	(239)
Total Minor assets	**-**	**-**	**-**	**10,246**	**-**	**10,246**

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	2,680	-	2,680
Number of minor assets at cost	-	-	-	5,248	-	5,248
Total number of minor assets	**-**	**-**	**-**	**7,928**	**-**	**7,928**

Minor capital assets under investigation

	Note	2023/24	2022/23
		R'000	R'000
Included in the above total of the minor capital assets per the asset register that are under investigation			
Machinery and equipment		18	18
Total		**18**	**18**

All assets under investigation were submitted to loss control for write-off.

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

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
2022/23	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	9,526	-	9,526
Prior period error	-	-	-	-	-	
Additions	-	-	-	456	-	456
Disposals	-	-	-	(151)	-	(151)
Total Minor assets	**-**	**-**	**-**	**9,831**	**-**	**9,831**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	2,765	-	2,765
Number of minor assets at cost	-	-	-	5,119	-	5,119
Total number of minor assets	**-**	**-**	**-**	**7,884**	**-**	**7,884**

28.3. Movable tangible capital assets written off

MOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2024

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
2023/24	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	238	-	238
Total movable assets written off	**-**	**-**	**-**	**238**	**-**	**238**

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

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
2022/23	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	151	-	151
Total movable assets written off	**-**	**-**	**-**	**151**	**-**	**151**

29. IMMOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

	Opening balance	Additions	Disposals	Closing balance
2023/24	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES				
Other fixed structures	1,133	-	-	1,133
Total Immovable Tangible Capital Assets	**1,133**	**-**	**-**	**1,133**

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

	Opening balance	Prior period error	Additions	Disposals	Closing balance
2022/23	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES					
Other fixed structures	1,133	-	-	-	1,133
Total Immovable Tangible Capital Assets	**1,133**	**-**	**-**	**-**	**1,133**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

29.2. Immovable tangible capital assets: Capital Work-in-progress

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2024

2023/24	Note	Opening balance 1 April 2023	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2024
		R'000	R'000	R'000	R'000
Buildings and other fixed structures	**Annex 6**	41,450	1,587	-	43,037
Total		**41,450**	**1,587**	**-**	**43,037**

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2023

2022/23	Note	Opening balance 1 April 2022	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2023
		R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures		40,152	-	1,298	-	41,450
Total		**40,152**	**-**	**1,298**	**-**	**41,450**

30. PRINCIPAL-AGENT ARRANGEMENTS

30.1. Department acting as the principal

	Note	2023/24	2022/23
		R'000	R'000
Ithala DFC Limited – Military Veterans Housing Programme		89	-
Ithala DFC Limited – Transitional Emergency Accommodation		431	-
Ithala DFC Limited – Storm Disaster		-	232
HDA – Transitional Emergency Accommodation (TEA)		1,851	-
Total		**2,371**	**232**

The Department has a principal agent relationship with Ithala DFC Limited and HDA. The Department transferred monies to Ithala DFC Limited in terms the National Housing Code, in specific relation to the Enhanced People's Housing Process policy, to build houses for approved military veterans for the implementation of the military veterans housing programme, as per the approved subsidy quantum . There are binding agreements between parties for which Ithala DFC Limited will pay out claims only on certified milestones. The fees payable to Ithala DFC Limited, which will be deducted from the interest earned on the capital balance - military veterans, 0.75 % of claims paid to Ithala DFC Limited and for Storm disaster all interest earned will be paid out as fees. Ithala DFC's Limited role in the Enhanced People's Housing Process programme is that one of a community resource organisation (financial CRO). TEA's – CRO fees – will be paid from interest earned on the capital balance.

Should the relationship between the Department, Ithala DFC Limited and HDA be terminated there will be no cost implications to the Department.

The resource under the custodianship of the agent is monies kept in an interest bearing account, which will be used to pay out claims approved by the Department.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

31. PRIOR PERIOD ERRORS

31.1. Correction of prior period errors

		2022/23		
		Amount before error correction	Prior period error	Restated
Assets	**Note**	**R'000**	**R'000**	**R'000**
Advances expensed	**11.1**	129,830	1,294,665	1,424,495
Net effect		**129,830**	**1,294,665**	**1,424,495**

Advances expensed were previously shown as a note in Annexure A and G, now these balances are shown as advances expensed as per the MCS guide - chapter 9.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

32. STATEMENT OF CONDITIONAL GRANTS RECEIVED

Name of grant	2023/24									2022/23	
	GRANT ALLOCATION					SPENT					
	Division of Revenue Act / Provincial grants	Roll overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by Department	Amount spent by Department	Under- / (Overspending)	% of available funds spent by Department	Division of Revenue Act / Provincial grants	Amount spent by Department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Human Settlements Development Grant	3,132,253	360,340	(334,685)	-	3,157,908	3,157,908	2,894,167	263,741	103.5	2,935,224	2,574,884
Provincial Emergency Housing Grant	-	23,849	-	-	23,849	23,849	23,849	-	100.0	342,132	318,283
EPWP Incentive Grant	7,669	-	(748)	-	6,921	6,921	6,921	-	100.0	6,499	6,499
Informal Settlements Upgrade Partnership Grant	790,226	32,276	(89,313)	-	733,189	733,189	733,188	1	100.0	756,868	724,592
Total	**3,930,148**	**416,465**	**(424,746)**	**-**	**3,921,867**	**3,921,867**	**3,658,125**	**263,742**		**4,040,723**	**3,624,258**

We hereby certify that all monies allocated to the KZN Department of Human Settlements in respect of the above mentioned grants were deposited in the Department's primary account.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

33. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

Name of Municipality	2023/24							2022/23	
	GRANT ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury / National Department	DORA and other transfers	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
eThekwini	98,325	-	-	98,325	102,673	-	-	106,477	108,217
Ray Nkonyeni	2,214	-	-	2,214	3,016	-	-	6,064	2,749
Msunduzi	4,429	-	-	4,429	4,413	-	-	2,493	3,178
Alfred Duma	1,772	-	-	1,772	2,638	-	-	1,706	1,503
Newcastle	12,154	-	-	12,154	8,631	-	-	5,439	12,121
uMhlathuze	4,429	-	-	4,429	4,788	-	-	3,177	5,091
KwaDukuza	1,772	-	-	1,772	8,719	-	-	4,440	4,147
Other	164	-	-	164	114	-	-	-	-
Total	**125,259**	**-**	**-**	**125,259**	**134,992**	**-**	**-**	**129,796**	**137,006**

We hereby certify that all monies allocated to the respective Municipalities in respect of the Human Settlement Development Grant, was deposited into the Municipalities primary bank account. At 31 March 2024, a total of R49,178 million (31 March 2023 – R51,85 million) was transferred to various Municipalities in respect of accreditation funding. Capital balances outstanding at various Municipalities – refer to Note 11.1.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

34. BROAD BASED BLACK ECONOMIC EMPOWERMENT PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report (Refer to page 102) under the section titled B-BBEE Compliance Performance Information.

35. NATURAL DISASTER OR RELIEF EXPENDITURE

	Note	2023/24	2022/23
		R'000	R'000
Compensation of employees		-	-
Goods and services		-	4
Transfers and subsidies		23,849	-
Total	**Annex 8**	**23,849**	**4**

These supporting annexures are not audited and are disclosed for information purposes only.

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

Name of Municipality	2023/24											2022/23	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allo-cations by National Treasury or National depart-ment	Amount received by depart-ment	Amount spent by depart-ment	Unspent funds	% of available funds spent by depart-ment	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
eThekwini	98,325	-	-	98,325	102,673	-	-	102,673	102,673	-	100	106,477	108,217
Ray Nkonyeni	2,214	-	-	2,214	3,016	-	-	3,016	3,016	-	100	6,064	2,749
Msunduzi	4,429	-	-	4,429	4,413	-	-	4,413	4,413	-	100	2,493	3,178
Alfred Duma	1,772	-	-	1,772	2,638	-	-	2,638	2,638	-	100	1,706	1,503
Newcastle	12,154	-	-	12,154	8,631	-	-	8,631	8,631	-	100	5,439	12,121
uMhlathuze	4,429	-	-	4,429	4,788	-	-	4,788	4,788	-	100	3,177	5,091
KwaDukuza	1,772	-	-	1,772	8,719	-	-	8,719	8,719	-	100	4,440	4,147
Other	164	-	-	164	114	-	-	114	114	-	100	-	-
Total	**125,259**	**-**	**-**	**125,259**	**134,992**	**-**	**-**	**134,992**	**134,992**	**-**	**100**	**129,796**	**137,006**

We hereby certify that all monies allocated to the respective Municipalities in respect of the Human Settlement Development Grant, was deposited into the Municipalities primary bank account. At 31 March 2024, a total of R49,178 million (31 March 2023 – R51,85 million) was transferred to various Municipalities in respect of accreditation funding. Capital balances outstanding at various Municipalities – refer to Note 11.1.

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

Departmental Agency or Account	2023/24						2022/23	
	TRANSFER ALLOCATION				TRANSFER			
	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
KwaZulu-Natal Housing Fund	153,455	-	5,155	158,610	160,211	101,0	189,554	182,596
Total	**153,455**	**-**	**5,155**	**158,610**	**160,211**	**101,0**	**189,554**	**182,596**

Explanation of variance: The over expenditure in this programme is mainly due to the payment made for the unfunded 2023 wage agreement. Communication was received from Provincial Treasury stating that National Treasury will not be funding the 2023 wage agreement and the Department will fund it from their current baseline allocation.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

ANNEXURE 1C

STATEMENT OF TRANSFERS TO HOUSEHOLDS

Households	2023/24						2022/23	
	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
Transfers								
Project Linked	595,241	-	(112,070)	483,171	483,171	100,0	622,955	682,387
Individuals	22,416	-	-	22,416	22,416	100,0	36,009	30,104
Institutional	105,973	-	14,810	120,783	120,783	100,0	159,846	139,945
Rural Support	1,214,345	-	92,226	1,306,571	1,306,571	100,0	1,296,987	1,257,220
Emergency Support	878,374	-	-	878,374	588,788	67,0	753,095	440,978
Informal Settlements	680,779	-	-	680,779	680,779	100,0	756,868	622,728
Claims against the state	-	-	-	-	-	-	2	70
Other	3,473	-	372	3,845	3,845	100,0	6,450	4,141
Total	**3,500,601**	**-**	**(4,662)**	**3,495,939**	**3,206,353**		**3,632,212**	**3,177,573**

Capital balances outstanding at various entities – refer to Note 11.1.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

ANNEXURE 1D

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

Nature of gift, donation or sponsorship	2023/24	2022/23
	R'000	R'000
Made in kind		
Donations		
Donation was made towards the funeral of Mr. M. Cele who was shot while performing his duties. The official was the sole breadwinner and was employed on a contractual basis by the Department	-	100
Donation - Furniture such as beds, a kitchenette, etc. which were donated to needy beneficiaries identified through Operation Sukuma Sakhe (OSS)	-	398
Total	**-**	**498**

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

ANNEXURE 2

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2024

Nature of liability	Opening balance 1 April 2023	Liabilities incurred during the year	Liabilities paid / cancelled / reduced during the year	Liabilities recover-able	Closing balance 31 March 2024
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Breach of contract	11,183	-	-	-	11,183
Services rendered	2,253	-	-	-	2,253
Arbitration	18,342	40	(17,070)	-	1,312
Total	**31,778**	**40**	**(17,070)**	**-**	**14,748**

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

ANNEXURE 3

CLAIMS RECOVERABLE

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2023/24	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
Forestry and Fisheries – National	-	-	8	-	8	-	-	-
Public Works – National	-	-	8	-	8	-	-	-
Health – KZN	2	8	4	-	6	8	23 April 2024	5
Infrastructure – Western Cape	-	-	2	-	2	-	-	-
Total	**2**	**8**	**22**	**-**	**24**	**8**		**5**

ANNEXURE 4

INTERGOVERNMENT PAYABLES

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2023/24	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	Payment date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current								
Transport – KZN	14	430	-	-	14	430	-	-
Justice and Constitutional Development	157	3,196	889	5	1,046	3,201	-	-
Public Works – KZN	8,559	11,662	83,131	79,460	91,690	91,122	-	-
Office of the Premier – KZN	44	-	4	-	48	-	-	-
Agriculture and Rural Development – KZN	68	-	-	-	68	-	-	-
Total Departments	**8,842**	**15,288**	**84,024**	**79,465**	**92,866**	**94,753**	**-**	**-**
OTHER GOVERNMENT ENTITY								
Current								
NHBRC	13,707	-	17,014	-	30,721	-	-	-
Total Other Government Entities	**13,707**	**-**	**17,014**	**-**	**30,721**	**-**	**-**	**-**
Total Intergovernmental Payables	**22,549**	**15,288**	**101,038**	**79,465**	**123,587**	**94,753**	**-**	**-**

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

ANNEXURE 5

INVENTORIES

Inventory	2023/24		2022/23
	R'000		R'000
Low Income Housing			
Opening balance	492,119		533,672
Less: Adjustments to prior year balances	-		-
Add: Purchases - Cash	2,260,903		1,687,199
Less: Issues (completed units)	(2,096,628)		(1,728,752)
Closing Balance	**656,394**		**492,119**

Inventory relates to incomplete low income houses at various stages (milestones) of completion.
The milestones are, namely:

- slabs;
- wallplates;
- roof; and
- completions.

Work-in-progress will only be accounted for when a milestone has been completed, verified and paid for up to and including the roof level.

Once the completion milestone has been verified and paid for, the incomplete unit will move from WIP to completed unit.

ANNEXURE 6

MOVEMENT IN CAPITAL WORK IN PROGRESS

Movement in capital work in progress for the year ended 31 March 2024

	Opening balance	Current year CWIP	Ready for use (Asset Register) / Contract terminated	Closing balance
2023/24	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	**41,450**	**1,587**	**-**	**43,037**
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	41,450	1,587	-	43,037
Total	**41,450**	**1,587**	**-**	**43,037**

In February 2019, the construction of 2 community halls commenced, both of which were scheduled to be completed and handed over to the respective municipalities before 31 March 2020. Owing to various challenges, the contract has been extended for time only and should be completed by no later than 31 March 2025.
With regards to the 2nd community hall, assessments are being done, once complete, a contractor will be appointed from the Department's built environment database. With regards to Townview, assessments are in its final stages. Construction should commence in June 2024.

Movement in capital work in progress for the year ended 31 March 2023

	Opening balance	Current year CWIP	Ready for use (Asset Register) / Contract terminated	Closing balance
2022/23	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	**40,152**	**1,298**	**-**	**41,450**
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	40,152	1,298	-	41,450
Total	**40,152**	**1,298**	**-**	**41,450**

In February 2019, the construction of 2 community halls commenced, both of which was scheduled to be completed and handed over to the respective municipalities before 31 March 2020. Owing to various challenges, the contract has been extended for time only and should be completed, by no later than 31 March 2024.
Subsequently, the contractor was put on terms and thereafter removed, and a new contractor is in the process of being appointed from the Department's built environment database.

ANNEXURE 7

DEPARTMENT OF HUMAN SETTLEMENTS HOUSING RELATED EXPENDITURE CLASSIFICATION

		2023/24		2022/23
	Note	R'000		R'000
Inventories		**2,786,398**		**2,430,753**
Assets for distribution		2,786,398		2,430,753
Expenditure for capital assets		**1,587**		**1,298**
Social amenities		1,587		1,298
Transfers and subsidies		**415,237**		**846,725**
Provinces and Municipalities		390,995		773,386
Public corporations and private enterprises (Ithala EPHP)		-		41,346
Non-profit institutions (Utshani Fund EPHP)		1,599		1,889
Households (FLISP)		22,643		30,104
Total		**3,203,222**		**3,278,776**

		2023/24		2022/23
	Note	R'000		R'000
Capital commitments				
Buildings and other fixed structures		13,817		3,689
Total		**13,817**		**3,689**

Inventories: housing projects were the Department procured the services of the implementing agent.

Transfers and subsidies: housing projects where the municipalities procured the services of the implementing agent and other housing related expenditure.

Expenditure for Capital Assets: social amenities.

Buildings and other fixe structures: these relate to social amenities.

ANNEXURE 8

NATURAL DISASTER OR RELIEF EXPENDITURE
Per quarter and in total

Expenditure per economic classification	2023/24					2022/23
	Q1	Q2	Q3	Q4	Total	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	-	-	-	-	-	-
Goods and services	-	-	-	-	-	**4**
Property payments	-	-	-	-	-	4
Transfers and subsidies	-	**14,443**	-	**9,406**	**23,849**	-
Households	-	14,443	-	9,406	23,849	-
Total Natural Disaster or Relief Expenditure	-	**14,443**	-	**9,406**	**23,849**	**4**

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

ANNEXURE 9

ANALYSIS OF PREPAYMENTS AND ADVANCES (NOTE 11)

Name of Entity	Sector of the entity	Description of the item paid for	Classification category	Total Contract Value	Balance outstanding as at 31 March 2023	Total amount prepaid / advanced in the current year	Less: goods, services or capital assets received in the current year	Add/Less: Other	Balance outstanding as at 31 March 2024
				R'000	R'000	R'000	R'000	R'000	R'000
Advances									
Ithala DFC Limited	Banking	Financial services	Public entity	Various	129,830	-	(23,700)	431	**106,561**
HDA	Service	Service	Public entity	Various	105,708	31,187	(78,808)	-	**58,087**
Amajuba District	Municipality	Service	Other institutions	Various	119,592	-	(45,014)	(1,000)	**73,578**
EThekwini Metro	Municipality	Service	Other institutions	Various	632,687	86,569	(207,925)	23,840	**535,171**
Harry Gwala District	Municipality	Service	Other institutions	Various	10,203	-	(5,928)	132	**4,407**
Ilembe District	Municipality	Service	Other institutions	Various	30,336	-	(1,366)	-	**28,970**
Ugu District	Municipality	Service	Other institutions	Various	28,835	-	-	-	**28,835**
Umgungundlovu District	Municipality	Service	Other institutions	Various	192,881	106,931	(92,704)	6,838	**213,946**
Umkhanyakhude District	Municipality	Service	Other institutions	Various	1,966	-	(668)	(22)	**1,276**
Umzinyathi District	Municipality	Service	Other institutions	Various	2,642	-	-	-	**2,642**
Uthukela District	Municipality	Service	Other institutions	Various	42,531	-	-	(224)	**42,307**
King Cetshwayo District	Municipality	Service	Other institutions	Various	122,851	21,402	(148,131)	8,237	**4,359**
Zululand District	Municipality	Service	Other institutions	Various	4,433	-	(544)	-	**3,889**
Total Advances					**1,424,495**	**246,089**	**(604,788)**	**38,232**	**1,104,028**

The other column represents adjustments to the opening balances, in respect of the Municipalities' year-end and the Department's year-end been different resulting in a timing issue, and the Municipalities operate on an accrual basis of accounting whereas the Department operates on a cash basis of accounting.

Each entity listed above have a number of projects. It is impractical to list all the projects. The reason as to why there are balances outstanding, these projects are of a long term nature. Some of the said projects are stalled for various reasons and the balances are kept intact until the projects come on stream.
Ithala Development Bank and The Housing Development Agency (HDA) have a principal agency relationship with the Department. Ithala Development Bank pays third party claims. HDA assists the Department with meeting its objectives with providing the Department with technical expertise.

Notes

PART G:
KWAZULU-NATAL HOUSING FUND

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature on the KwaZulu-Natal Housing Fund

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the KwaZulu-Natal (KZN) Housing Fund set out on pages 235 to 262, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets and cash flow statement for the year 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 KZN Housing Fund as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP).

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 responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the fund in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Emphasis of matters

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

7. As disclosed in note 6 to the financial statements a material impairment of receivables from exchange transactions amounting to R36,88 million (2022-23: R41,45 million) was estimated as a result of the possible un-collectability of receivables from exchange transactions.

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, the accounting officer is responsible for assessing the fund's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the fund 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

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

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

Report on the audit of the annual performance report

12. The fund's performance information was reported in the annual performance report of the KZN Department of Human Settlements. I audited the reported performance information as part of the audit of KZN Department of Human Settlements and any audit findings are included in the auditor's report of the department.

Report on compliance with legislation

13. 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 fund's compliance with legislation.

14. 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.

15. 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 fund, 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.

16. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

17. 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.

18. My opinion on the financial statements, 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.

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

20. 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

21. I considered internal control relevant to my audit of the financial statements, and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

22. I did not identify any significant deficiencies in internal control.

Auditor - General

Pietermaritzburg

31 July 2024

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

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 on the fund's compliance with selected requirements in key legislation.

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 fund'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 fund to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a fund 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.

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 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 Audit Act No. 25 of 2004	Section 14(2)(b)

GENERAL INFORMATION

Name	KwaZulu-Natal Housing Fund
Physical address	Old Mutual Building 203 Church Street Pietermaritzburg, 3201
Postal address	Private Bag X9157 Pietermaritzburg, 3201
Legal Form	KwaZulu-Natal Housing Act, 1998 (Act No. 12 of 1998 as Amended)
Jurisdiction	Province of KwaZulu-Natal
Entities operations and principal activities	• Is to maintain the properties that are owned by the KwaZulu-Natal Housing Fund; • Is to dispose of its properties, by: ➢ Promoting home ownership in term of the Enhanced Extended Discount Benefit scheme (EEDBS); and ➢ Devolving properties in terms of the Housing Act, 1997 (Act, 107 of 1997).
Legislation governing the entity's operations	• Constitution of the Republic of South Africa, 1996, (Act, No 108 of 1996); • Housing Act, 1997 (Act, 107 of 1997); and • Public Finance Management Act, 1999 (Act No. 1 of 1999).
Controlling Entity	The KwaZulu-Natal Housing Fund is administered by the KwaZulu-Natal Department of Human Settlements (Vote 8).

PERFORMANCE INFORMATION

Programme 4: Housing Asset Management

Purpose

This Programme co-ordinates the maintenance of the Departmental rental housing stock, the rectification of units built prior to 1994 and the transfer of rental housing stock to qualifying beneficiaries in terms of the Enhanced Extended Discount Benefit Scheme (EEDBS).

The maintenance of the rental housing stock and the vacant land of the department is one of the key focus areas of Property Management. Whilst the rental stock is being suitably maintained, it is the intention to deplete the rental stock by implementing the rectification programme and intensifying the transfers of properties to qualifying beneficiaries in terms of the EEDBS.

Sub-programmes

The sub-programmes under this programme are as follows:

- ***Administration*** – provide for the management of Ex-Natal Provincial Administration and Own Affairs stock.
- ***Sale and transfer of housing properties*** – provides for the transfer of rental housing stock to qualifying beneficiaries in terms of the EEDBS.
- ***Housing properties maintenance*** – provides for the co-ordination of the maintenance of departmental rental housing stock and rectification of units built prior to 1994.

Institutional Outcome

In line with National Priority 5, this Programme intervention seeks to promote the security of tenure through the transfer of pre-1994 properties to beneficiaries for both pre-1994 municipal and departmental stock.

Outcomes, outputs, output indicators, targets and actual achievements

Programme 4 strives to achieve the strategic objective "To fast track the transfer of title deeds to promote home ownership", which is also a primary indicator in the PGDP. Although the process of rectification has gone well and the houses themselves are ready for transfer the following challenges exist:

- R293 Townships are affected by unresolved land legal and beneficiary related issues preventing movement of transfers. This is a lengthy process which has contributed to the delays in the transferring of units.
- Some of the post 94 housing projects are affected by outstanding township establishment processes. This includes provision of bulk services.
- Attorneys have complained about the low tariffs and are seeking that it be reviewed.
- Some Municipalities have delayed issuing of clearance certificates as a result of unpaid/ outstanding Municipal debts.

Standardised Outputs

Programme 4: Housing Asset Management – Standardised Outputs (Quarter 1 – Quarter 3 Achievement against 2023/24 Original APP Target)									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2021/2022**	**Audited Actual Performance 2022/2023**	**Planned Target 2023/2024**	**Actual Achievement 2023/2024 Until date of Re-tabling**	**Deviation from planned target to Actual Achievement 2023/2024**	**Reasons for deviations**	**Reasons for revisions to the Outputs / Output indicators / Annual Targets**
Improved Security of Tenure	Title deeds registered pre-1994	Number of pre-1994 title deeds registered	653	499	1,255	331	(924)	Properties could not be transferred due to: 1) Missing beneficiaries that cannot be located. 2) Ownership disputes 3) Delays in the registration of deceased estates due to the missing documentation. 4) 85 matters cannot be lodged at the Deeds Office due to challenge of eThekwini Municipality withholding Rates Exemption letters.	Target revised due to challenges affecting the issuing of title deeds.

Programme 4: Housing Asset Management – Standardised Outputs (Quarter 4 Achievement against 2023/24 Re-tabled APP Target)								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2021/2022**	**Audited Actual Performance 2022/2023**	**Planned Target 2023/2024**	**Actual Achievement 2023/2024**	**Deviation from planned target to Actual Achievement 2023/2024**	**Reasons for deviations**
Improved Security of Tenure	Title deeds registered pre-1994	Number of pre-1994 title deeds registered	653	499	1,053	35	(1,018)	Properties could not be transferred due to: 1) Missing beneficiaries that cannot be located. 2) Ownership disputes 3) Delays in the registration of deceased estates due to the missing documentation. 4) 85 matters cannot be lodged at the Deeds Office due to challenge of eThekwini Municipality withholding Rates Exemption letters.

Provincial Outputs

Programme 4: Housing Asset Management – Provincial Outputs (Quarter 1 – Quarter 3 Achievement against 2023/24 Original APP Target)									
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024 Until date of Re-tabling	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improved Security of Tenure	Rental units sold	Number of rental units sold to beneficiaries	166	172	85	54	(31)	There are 160 units in Austerville that could not be converted to sale in their current state and have been earmarked for demolition and rebuild.	Not revised
Improved Good Governance	Debtors reduced on the Debtors system	Number of debtors reduced	427	224	175	53	(122)	Annual target was achieved in Quarter 4.	Not revised
Adequate housing and improved quality living environment	Rental units in habitable state	Number of rental units maintained	685	732	250	224	(26)	Annual target was achieved in Quarter 4.	Not revised
	Pre-1994 units rectified	Number of units rectified for pre -1994 stock	318	330	250	199	(51)	Annual target was achieved in Quarter 4.	Target was revised due to challenges affecting the rectification of units.
	Land parcels devolved to municipalities for human settlements development	Number of Land Parcels devolved to Municipalities for human settlements development in terms of Section 15 of the Housing Act, 1997	12	40	-	-	-	Target in the re-tabled APP.	Not revised

Programme 4: Housing Asset Management – Provincial Outputs (Quarter 4 Achievement against 2023/24 Re-tabled APP Target)

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Improved Security of Tenure	Rental units sold	Number of rental units sold to beneficiaries	166	172	15	16	1	There are 160 units in Austerville that could not be converted to sale in their current state and have been earmarked for demolition and rebuild.
Improved Good Governance	Debtors reduced on the Debtors system	Number of debtors reduced	427	224	25	147	122	Annual target has been achieved
Adequate housing and improved quality living environment	Rental units in habitable state	Number of rental units maintained	685	732	50	136	86	Target has been exceeded since there was a higher number of reported emergency maintenance matters than anticipated in Quarter 4 that required attention.
	Pre-1994 units rectified	Number of units rectified for pre -1994 stock	318	330	25	106	81	Target has been exceeded because the contractors appointed at the municipality were able to complete additional units under the program with the aim to reduce the backlog of rectified of units with Asbestos roofs.
	Land parcels devolved to municipalities for human settlements development	Number of Land Parcels devolved to Municipalities for human settlements development in terms of Section 15 of the Housing Act, 1997	12	40	100	43	(57)	1) Deeds Office rejections. 2) Death of the Conveyancer (Maseko Mbatha) blocked instructions.

Strategy to overcome areas of under performance

Target for Land Parcels Devolved could not be achieved due to challenges experienced with the issue of vesting in terms of the Housing Act, which has resulted in significant delays of transfers at the Deeds Office. These have been resolved and the output will be achieved going forward.

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

Refer to table above for performance against standardised outputs and indicators.

REPORT OF THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND KWAZULU-NATAL PROVINCIAL LEGISLATURE

1. General review of the state of financial affairs

The KwaZulu-Natal Housing Fund receives all funding from the KZN Department of Human Settlements.

2. General

The Housing Act, 1997 (Act No.107 of 1997) that governs the Housing Fund is currently in the process of being amended at a national level in order to dis-establish the National Housing Fund. Once the said act has been amended the KwaZulu-Natal Department of Human Settlements will be in a position to amend the KwaZulu-Natal Housing Act, 1998 (Act No. 12 of 1998 as amended), to allow for the de-establishment (target date 31 March 2025) of the KwaZulu-Natal Housing Fund and to transfer all its assets and liabilities to the KwaZulu-Natal Department of Human Settlements.

The fund is on a drive to promote home ownership by marketing the Enhanced Extended Discount Benefit Scheme (EEDBS), which will facilitate the transfer of houses to the qualifying beneficiaries. The fund is currently negotiating a process of devolving the funds properties with respective Municipalities in terms of Section 15 of the Housing Act, 1997 (Act No. 107 of 1997).

3. Scopa resolutions

The following Scopa resolutions were applicable to the KwaZulu-Natal Housing Fund:

Resolution No.	Subject / Details	Response by the Department
Resolution 138/2023	Material impairment of receivables: R41.45 million (2021/22: R43.32 million, 2020/21: R54.05 million) That the accounting officer report to the committee by 31 January 2024 on progress made in resolving this matter by way of writing off of debts or applying a discount, where applicable, and recovery of those debts that are recoverable.	➢ Most debtors are either low income earners, pensioners or indigent, while some of the debtors earn above the income threshold. ➢ The application of the EEDBS policy (National policy) will result in most of the above debtors qualifying for a 100% write-off. Whereas the debtors above the threshold will qualify for EEDBS discounts as per their salary threshold. ➢ As a result of the above the Fund makes a provision of 95% of its debtor balances, which it deems to be irrecoverable. ➢ This policy was passed to promote home ownership and to fast track the title deeds restoration programme. The EEDBS program is being effectively rolled out and it is facilitated by a process of engagement with the occupants, performing of a social and occupation survey, completion of an application form while following the provisions of the PFMA and Department's debt write-off policy. The KZN Housing Fund have in the past year aggressively promoted home ownership ensuring that the occupants have tenure and take advantage of the EEDBS subsidies and write-offs, so that we adhere to our targets to finalise all transfers and eliminate the debtors from the Housing Fund records

4. Events after the reporting date

No significant events have occurred after the reporting date that will materially affect the information presented in the annual financial statements.

5. Approval

The attached annual financial statements set out in pages 235 to 262 have been approved by the Accounting Officer.

Mr. M. O.S. Zungu
Accounting Officer
KwaZulu-Natal Housing Fund
Date: 31 August 2024

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2024

	Note	2023/24 R'000	2022/23 R'000
REVENUE	**2**	4 762	4 546
OTHER REVENUE	**3**	164 776	184 468
TOTAL REVENUE		**169 538**	**189 014**
EXPENDITURE	**4**	211 021	243 002
NET DEFICIT FOR THE YEAR		**(41 483)**	**(53 988)**
TRANSFERRED TO ACCUMULATED FUNDS		41 483	53 988
		-	-

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2024

	Note	2023/24 R'000	2022/23 R'000 Restated
ASSETS			
Current assets		**9 050**	**9 319**
Inventory	**4.5 / 16**	1 775	1 806
Receivables from Exchange Transactions	**6**	1 936	2 174
Receivables from Non-Exchange Transactions	**7**	5 339	5 339
Non-current assets		**477 146**	**512 000**
Property, Plant and Equipment	**5 / 14**	477 146	512 000
TOTAL ASSETS		**486 196**	**521 319**
RESERVES AND LIABILITIES			
Reserves		**473 535**	**510 649**
Accumulated Funds		14 752	17 929
Non - Distributable Reserve	**12/14**	458 783	492 720
Current liability		**12 661**	**10 670**
Payables from Exchange Transactions	**8**	5 008	4 191
Payables from Non-Exchange Transactions	**9 / 15.2**	7 653	6 479
TOTAL RESERVES AND LIABILITIES		**486 196**	**521 319**

CASH FLOW STATEMENT

for the year ended 31 March 2024

	Note	2023/24 R'000	2022/23 R'000
CASH FLOW UTILISED FOR OPERATING ACTIVITIES			
Receipts			
Debtors:			
- Sold		29	185
- Rental		191	131
-Refunds - debtors with credit balances		(27)	-
-Debtors with credit balances - transferred to accumulated funds		-	36
-Decrease in clearing accounts		(2)	5
-Increase in Department of Human Settlements		1 174	1 211
-Transfers received from Department of Human Settlements	3	160 211	182 596
Expenditure			
Payments			
- Commission on post office receipts	4	(2)	(2)
- Funded by Department of Human Settlements	3		
- Employee costs		(35 321)	(36 754)
- Goods and services		(58 307)	(59 488)
- Financial transactions		-	-
- Transfers and subsidies		(66 583)	(86 354)
- Recoverable rates		(1 363)	(1 566)
Net cash flows from operating activities	11	-	-
NET CASH FLOW FROM INVESTING ACTIVITIES		-	-
NET CASH FLOW FROM FINANCING ACTIVITIES		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		**-**	**-**

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2024

	Note	Revaluation Reserve	Accumulated Surplus	Total Net Assets
		R'000	R'000	R'000
		Restated		Restated
Opening Balance at 01 April 2022 - as previously reported		**539 910**	**20 445**	**560 355**
Reversal of duplicate property - valuation	12/14	(680)	-	(680)
Restated balance at 01 April 2022		**539 230**	**20 445**	**559 675**
Transfer of credit balance to accumulated funds account		-	36	36
Net deficit for the year transferred from statement of financial performance		-	(53 988)	(53 988)
		(46 510)	**51 436**	**4 926**
Revaluation - additions	12	4 358	-	4 358
Impairments reversed - current year	5	568	-	568
Transfer from revaluation reserve upon realisation of depreciation	12	(7 032)	7 032	-
Transfer of revaluation reserve realised on sale of properties	12	(44 404)	44 404	-
Balance at 31 March 2023 - restated		**492 720**	**17 929**	**510 649**
Transfer of credit balance to accumulated funds account		-	-	-
Net deficit for the year transferred from statement of financial performance		-	(41 483)	(41 483)
		(33 937)	**38 306**	**4 369**
Revaluation - additions	12	4 369	-	4 369
Impairments reversed - current year		-	-	-
Transfer from revaluation reserve upon realisation of depreciation	12	(5 941)	5 941	-
Transfer of revaluation reserve realised on sale of properties	12	(32 365)	32 365	-
Balance at 31 March 2024		**458 783**	**14 752**	**473 535**

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 55(1) (b) of the Public Finance Management Act, (Act No.1 of 1999 as amended by Act No. 29 of 1999). Assets, liabilities, revenues and expenses have not been offset except where offsetting is required or permitted by a Standard of GRAP. The accounting policies are applied consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements.

1. Presentation of the Financial Statements

1.1 Basis of preparation

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for financial instruments that have been measured at fair value.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the fund.

1.3 Rounding

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

1.4 Comparative figures

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.

1.5 Revenue

1.5.1 Net Revenue

The net cash revenue received is not surrendered to the Provincial Revenue Fund.

1.5.2 Revenue recognition

Receivables from exchange transactions

Represents interest charged on suspensive sale debtors at various rates, admin fees charged at a fixed rate and rental charged at a pre-determined formula.

Rentals are recognised on a straight-line basis over the term on the lease agreement. Interest earned on investments is recognised in the Statement of Financial Performance on the effective interest rate basis that takes into account the effective yield on the investment.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Fund has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Fund retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Fund; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Receivables from non-exchange transactions

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.

Revenue from Department of Human Settlements

Revenue from the Department is assistance by the Department in the form of transfer of resources in return for compliance with conditions relating to operating activities. Revenue is recognised on a systematic basis over periods necessary to match the related costs.

1.6 Expenditure

1.6.1 Compensation of employees

1.6.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the accrual basis.

1.6.1.2 Social contributions

Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the accrual basis.

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 accrual basis.

1.6.2 Other expenditure

Other expenditure (such as goods and services, transfers and subsidies) is recognised in the statement of financial performance on the accrual basis.

1.7 Going concern assumption

These annual financial statements are prepared on the basis that the Fund will remain a going concern for the foreseeable future, even though a national decision was made to disestablish the Provincial Housing Funds. The rationale for treating the Fund as a going concern is due to the legislative changes to the National Housing Act, 1997 (Act no. 107 of 1997), not having been enacted to allow for the disestablishment of the Fund.

1.8 Impairment of financial assets

Annually an assessment is made as to whether there are any impairments of Financial Assets. If so, the recoverable amount is estimated and an impairment loss is recognised.

Debtors are stated at cost less any provision for impairment. The provision of 95 % is made of all debtors at year end. The reason for using 95 % is that history and trends have shown us that we only collect about 5 % of our debtors inclusive of the subsidy amount. The other factor of making a provision of 95 % is that a significant portion of our debtors are indigent and there are debtors who on approval of their EEDBS application cease to pay. We assess the recoverability of debtors collectively after grouping the indigent and/or approved EEDBS debtors in financial asset groups with similar credit risk characteristics.

Loans and Receivables are non-derivative Financial Assets with fixed or determinable payments. They are included in current assets.

Loans and receivables are recognised initially at cost which represents fair value.

After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less provision for impairment. All classes of loans and receivables are separately assessed for impairment annually.

1.9 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of the net revenue. The write off occurs at year-end or when funds are available. Provision is made for irrecoverable amounts.

All other losses are recognised when authorisation has been granted for the recognition thereof.

1.10 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..

1.11 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.

Assets

1.12 Property, plant and equipment

The Fund's primary property portfolio is held to provide a social service and which also generates cash flows. The Fund holds a large housing stock used to provide housing to low income families at below market rental. In this situation, the property is held to provide housing services rather than for rentals or capital appreciation and rental revenue generated is incidental to the purposes for which the property is held.

As per the guidance provided in GRAP 16: Investment property; such property is not considered as investment property nor inventories and would be accounted for in accordance with the Standard of GRAP on property, plant and equipment.

The Fund's vacant land comprises of land that is held for future housing development and commercial land. All land is currently in the process of being devolved to various municipalities.

Initial recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Fund. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an item of property, plant and equipment is acquired at no cost, or for nominal cost, its cost is its fair value as at the date of the acquisition. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired non-monetary asset's fair value is undeterminable, it's deemed cost is the carrying amount of the asset given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Major spare parts and stand by equipment which are expected to be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Subsequent measurement – Revaluation model

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are done every 5 years, if market conditions have significantly changed, that the carrying amount does not materially differ from that which would be determined using fair value at the end of the reporting period. Management considers the latest municipal values as a reliable basis as compared to fair value.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to the revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.
An impairment test is conducted on an annual basis, if an indication of an impairment is present, the asset will be written down to its recoverable amount.

Any decrease in an asset's carrying amount, as a result of a devaluation, is recognised directly in surplus or deficit for the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset first.

Depreciation

Subsequent to initial measurement property, plant and equipment are depreciated on a straight line basis over their expected useful lives to their estimated residual values. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The useful lives of property plant and equipment have been assessed as follows:

	Years
Land	Indefinite
Buildings	30

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The residual value, the useful life and depreciation method of each asset is reviewed at the end of each reporting date. If the expectation differs from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

De-recognition

Items of property, plant and equipment are derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment, is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Such a difference is recognised in surplus or deficit when the item is derecognised.

1.13 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made.

1.14 Receivables and prepayments

Receivables and prepayments, included in the statement of financial position comprises rental debtors, suspensive sale debtors and individual loan debtors.

Receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. When a trade receivable is uncollectible, it is written off in terms of the Fund's Credit Control and Debt Collection Policy. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

Liabilities

1.15 Accruals and payables

Accruals and payables are recognised and recorded in the annual financial statements when the goods are received or, in the case of services, when they are rendered to the fund or in the case of transfers and subsidies when they are due and payable.
Accruals and payables recognized, are measured at cost.

However the accruals and payables are not discounted where the initial credit period granted is consistent with the terms used in the public sector.

1.16 Contingent liabilities

A contingent liability 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 wholly within the control of the fund; or

A contingent liability is a present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are included in the notes.

1.17 Commitments

Commitments represent commitments applicable to the housing fund's rectification commitments that have been approved and contracted for.

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

1.18 Inventory

Inventories are stated at the lower of cost and net realisable value. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the time of acquisition.

All inventory items at year-end are reflected using the FIFO cost formula.

1.19 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessor

Operating lease revenue is recognised as revenue on a straight line basis over the lease term. The difference between amounts recognised as income and the contractual payments are recognised as an operating lease liability or asset.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight line basis.

Any contingent rent is recognised separately as revenue in the period in which they are received.

Income for leases is disclosed under revenue in the statement of financial performance.

Finance leases – lessor

The Fund recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the Fund's net

investment in the finance lease.
These debtors are in respect of sales of individual properties where the monthly repayment is over a 30 year period. Ownership is transferred on repayment of the loan in full.

Net Assets

1.20 Accumulated Funds

Accumulated Funds comprise amounts recognised as receivables and other assets raised.

1.21 Non-Distributable Reserve

Non-distributable reserves comprise revaluations to immovable property.

1.22 Related party transactions

Related parties are entities that control or significantly influence the fund in making financial and operating decisions. Specific information with regards to related party transactions is included in the notes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

		Note	2023/24 R'000	2022/23 R'000
2	**Revenue**			
	Revenue from exchange transactions			
	Admin fees received - finance leases (suspensive sale debtors)		7	8
	Interest received - individual loan debtors		3	3
	- finance leases (suspensive sale debtors)		3 934	3 700
	Rent received from rental debtors		818	835
	Total		**4 762**	**4 546**
3	**Other Revenue**			
	Revenue from non-exchange transactions			
	Transfers received from Department of Human settlements	**15.1**	160 211	182 596
	Decrease in provision for doubtful debts		4 565	1 872
	Total		**164 776**	**184 468**
4	**Expenditure**			
4.1	***Funded by the KwaZulu-Natal Housing Fund:***		**49 975**	**60 192**
	Commissions paid on post office receipts		2	2
	Depreciation - buildings	**5**	6 102	7 226
	Devolution - properties		8 211	3 202
	EEDBS - capital adjustments / rebates / write-off		10 341	5 481
	Induplum interest write back		3 132	2 923
	Loss on sale of land and Buildings		22 187	41 357
	Subsidies given to debtors on receipt of instalments		-	1

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

		Note	2023/24 R'000	2022/23 R'000
4.2	***Funded by the Department of Human settlements and accruals:***		**161 046**	**182 810**
	Compensation of employees			
	Salaries and wages			
	Basic salary		23 972	25 015
	Performance awards		-	-
	Service Based		22	44
	Compensative / circumstantial		289	728
	Other non-pensionable allowances		5 453	6 157
	Total		**29 736**	**31 944**
	Social Contributions			
	Employer contributions			
	Pension		3 590	2 682
	Medical		1 986	2 101
	Insurance and bargaining council		9	28
	Total		**5 585**	**4 811**
	Total compensation of employees		**35 321**	**36 755**
	Goods and services			
	Advertising		-	2
	Audit fees		1 471	1 257
	Consultants, contractors and agency/outsourced services	**4.4**	426	755
	Inventory	**4.5**	32	107
	Property payments	**4.6**	55 941	56 368
	Travel and subsistence		313	285
	Other operating expenditure		717	882
	Total		**58 900**	**59 656**
	Payment for financial assets		-	-
	Transfers and subsidies			
	Provinces and municipalities	**4.7**	56 261	55 160
	Households	**4.8**	10 564	31 239
	Total		**66 825**	**86 399**
	Total expenditure		**211 021**	**243 002**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

		Note	2023/24 R'000	2022/23 R'000
4.3	**Computer services**			
	External computer service providers		-	-
4.4	**Consultants, contractors and agency/outsourced services**			
	Legal costs		397	674
	Contractors		29	81
	Total		**426**	**755**
4.5	**Inventory**			
	Opening balance		1 806	1 668
	Materials and supplies		1	245
	Closing balance		(1 775)	(1 806)
	Total		**32**	**107**
4.6	**Property payments**			
	Municipal services and levies		49 806	48 310
	Property maintenance and repairs		6 135	8 058
	Total		**55 941**	**56 368**
4.7	**Provinces and municipalities**			
	Property maintenance and rectification		43 000	37 475
	Rates and taxes		13 261	17 685
	Total		**56 261**	**55 160**
4.8	**Households**			
	Employee benefits		6 051	514
	Rectification		4 513	30 725
	Total		**10 564**	**31 239**

5. Property, plant and equipment

	2024			
	Cost/Valuation	Accumulated depreciation	Accumulated impairment	Carrying Value
	R'000	R'000	R'000	R'000
Land	379 433	-	-	**379 433**
Buildings	133 420	(28 116)	(7 591)	**97 713**
Total	**512 853**	**(28 116)**	**(7 591)**	**477 146**

	2023 Restated			
	Cost/Valuation	Accumulated depreciation	Accumulated impairment	Carrying Value
	R'000	R'000	R'000	R'000
Land	396 081	-	-	**396 081**
Buildings	149 160	(24 870)	(8 371)	**115 919**
Total	**545 241**	**(24 870)**	**(8 371)**	**512 000**

Reconciliation of property, plant and equipment

	2024							
	Opening Balance	Additions	Disposal	Impairments	Impairments reversed	Revaluations	Depreciation	Total
Land	396 081	1 268	(17 916)	-	-	-	-	**379 433**
Buildings	115 919	3 802	(15 906)	-	-	-	(6 102)	**97 713**
Total	**512 000**	**5 070**	**(33 822)**	**-**	**-**	**-**	**(6 102)**	**477 146**

	2023 Restated							
	Opening Balance	Additions	Disposal	Impairments	Impairments reversed	Revaluations	Depreciation	Total
Land	410 407	1 712	(16 038)	-	-	-	-	**396 081**
Buildings	149 100	5 131	(31 654)	-	568	-	(7 226)	**115 919**
Total	**559 507**	**6 843**	**(47 692)**	**-**	**568**	**-**	**(7 226)**	**512 000**

Properties comprise vacant land, residential (serviced and unserviced) and commercial land and buildings. Properties are stated at market value. The land and buildings are un-encumbered

Revaluations

The effective date of the revaluations was 01 April 2019. Land and buildings are revalued at municipal values and where applicable an independent valuer was used.
The method used by the independent valuer in estimating the market value of the properties was a comparative market analysis, also known as direct comparison method.
Adjustments were made to the sale price of the comparable properties for inevitable differences between the comparable properties and the subject properties.

5. Property, plant and equipment

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

		Note	2023/24 R'000	2022/23 R'000
6.	**Receivables from exchange transactions**			
	Clearing accounts	**6.1**	(4)	(6)
	Rental debtors	**6.2**	8 195	8 852
	Suspensive sale debtors	**6.3**	30 626	34 774
	Less: provision for doubtful debts	**6.4.3**	(36 881)	(41 446)
	Total		**1 936**	**2 174**
6.1	**Clearing Accounts**			
	Post Office		(4)	(6)
	Total		**(4)**	**(6)**
6.2	**Rental debtors**	**18.2**	**8 195**	**8 852**

These debtors are in respect of rentals owing by individuals on properties rented.

		Note	2023/24 R'000	2022/23 R'000
6.3	**Suspensive sale debtors**	**18.2**	**30 626**	**34 774**
	Individual loans		25	23
	Sold properties		30 601	34 751

6.4.1 These debtors are in respect of sales of individual properties where the monthly repayment is over a 30 year period. Ownership is transferred immediately with respect to individual loans and with respect to sold properties ownership is transferred on repayment of the loan in full.

6.4.2 Induplum interest was written back during the current financial year - R 3,132 m (2023 - R 2,923 m)

		Note	2023/24 R'000	2022/23 R'000
6.4.3	**Provision for doubtful debts**			
	Opening balance	**6**	(41 446)	(43 318)
	Movement for the year		4 565	1 872
	Closing balance		**(36 881)**	**(41 446)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

	Note	2023/24 R'000	2022/23 R'000

The reason for providing a doubtful debt provision of 95%:
The KwaZulu-Natal Housing Fund has embarked on a drive to promote the enhanced extended discount benefit scheme (EEDBS) policy.

- The EEDBS application is based on a sliding scale (income);
- This policy is mainly directed at indigent debtors;
- Majority of the debtors falls in this category;
- The household income in below R 3,500 pm;
- EEDBS allows for an 100% write-off; and
- The policy is designed for promoting home ownership.

		Note	2023/24 R'000	2022/23 R'000
6.4.4	Reconciliation between the total gross investment in the lease and present value of the minimum lease payments:			
	Gross investment in finance lease			
	Not later than 1 year		91	127
	Later than 1 year and not later than 5 years		366	507
	Later than 5 years		157	206
			614	**840**
	Unearned future finance income		(225)	(403)
	Net investment in finance leases		**389**	**437**
6.5	**Financial assets by category**			
	Financial instrument at amortised cost			
	Rental debtors		410	442
	Suspensive sale debtors		1 530	1 738
	Total		**1 940**	**2 180**
7	**Receivables from non-exchange transactions**			
	Provincial Revenue Fund		5 339	5 339
	Total		**5 339**	**5 339**
8	**Payables from exchange transactions**			
	Trade Creditors		4 853	4 050
	Debtors' Credit Balances		155	141
	Total	10	**5 008**	**4 191**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

		Note	2023/24 R'000	2022/23 R'000
9	**Payables from non-exchange transactions**	**10 / 15.2**	**7 653**	**6 479**
	Department of Human Settlements			
	The KwaZulu-Natal Housing Fund does not have its own bank account.			
	All its cash transactions are done via the Department of Human			
	Settlements bank account.			
10	**Financial Liability by category**			
	Financial instrument at ammoritised cost			
	Trade creditors	**8**	4 853	4 050
	Debtors' with credit balances	**8**	155	141
	Department of Human Settlements	**9**	7 653	6 479
	Total		**12 661**	**10 670**
11	**Reconciliation of net cash flows from operating activities**			
	Deficit		**(41 483)**	**(53 988)**
	Non - cash movements			
	Revenue			
	Admin fees received		(7)	(8)
	Rent received from rental debtors		(818)	(835)
	Interest received on suspensive sale and individual loan debtors		(3 937)	(3 703)
	Decrease in provision for doubtful debts		(4 565)	(1 872)
			(50 810)	**(60 406)**
	Expenditure			
	Increase in trade creditors		803	350
	Depreciation		6 102	7 226
	Devolution / deleted - debtors and properties		8 211	3 202
	EEDBS - capital adjustments / rebates / write-off		10 341	5 481
	Induplum interest write back		3 132	2 923
	Loss on sale of land and buildings		22 187	41 357
	Decrease / (Increase) in inventory		30	(138)
	Subsidies given to debtors on receipt of instalments		-	1
			(4)	**(4)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

		Note	2023/24 R'000	2022/23 R'000
	Cash receipts and expenditure			
	Receipts from debtors		220	322
	Refunds - debtors with credit balances		(27)	36
	Recoverable expenditure relating to debtors		(1 363)	(1 566)
	Increase in Department of Human Settlements		1 174	1 212
	Net cash flows from operating activities		-	-
12	**Non-Distributable Reserve**			
	Revaluation of land and buildings			
	Restated balance		**492 720**	**539 910**
	Prior year adjustment / error			
	- Reversal of revaluation on duplicate property		-	(680)
	Balance at beginning of year - restated		**492 720**	**539 230**
	Transfer from revaluation reserve upon realisation of depreciation		(5 941)	(7 032)
	Transfer of revaluation reserve realised on sale of properties		(32 365)	(44 404)
	Impairments reversed on revalued portion of buildings		-	568
	Revaluation adjustment - additions		4 369	4 358
	Total		**458 783**	**492 720**

12.1 The non-distributable reserve arose as a result of revaluing of the land and buildings to market value.

		Note	2023/24 R'000	2022/23 R'000
13	**Commitment**			
	Capital expenditure			
	Approved and contracted for		3 304 275	3 347 276
	Total commitments	**15.3**	**3 304 275**	**3 347 276**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

		Note	2023/24 R'000	2022/23 R'000
14	**Correction of Prior Period Error**			
14.1	**Revaluation reserve**			
	Balance as previously reported			**493 400**
	- reversal of revaluation on duplicate property			(680)
	Balance as currently reported	**12**		**492 720**
14.2	**PPE - Land and Buildings**			
	Balance as previously reported			**512 680**
	- reversal of duplicate property			(680)
	Balance as currently reported	**5**		**512 000**

PPE and Revaluation reserve

The error arose as a result of a duplicate property (Land only).

		Note	2023/24 R'000	2022/23 R'000
15	**Related party transactions**			
	The following related parties were identified			
15.1	**Value of the Transactions**	**3**	**160 211**	**182 596**
15.2	**Department of Human Settlements**	**9**	**7 653**	**6 479**
15.3	**Commitments**	**13**	**3 304 275**	**3 347 276**

15.1: The KwaZulu-Natal Housing Fund does not receive any funding from the National Department of Human Settlements. The Provincial Department of Human Settlements pays for its expenses in terms of DoRA.

15.2: The Department of Human Settlements controls the KwaZulu-Natal Housing Fund. The said fund does not have its own bank account. All monies received by the said fund is deposited in the Departments bank account. This obligation is expected to be settled in the entities normal operating cycle, i.e. on receipts from its debtors.

15.3: These commitments are of a long term nature, in relation to the operations of the KwaZulu-Natal Housing Fund and in respect of maintenance and rectification of its properties.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

	Note	2023/24 R'000	2022/23 R'000

15.4 Guarantees

The KwaZulu-Natal Housing Fund will meet its obligations in the normal course of business through its funding from The Provincial Department of Human Settlements via DoRA.

15.5 Shared Services

Class of management	No. of individuals	2023/24 R'000	2022/23 R'000
- Programmes 1,2 & 3 - level 15 to 16	2	238	335
- level 14	1	291	274
- other	86	6 340	4 540
Total		**6 869**	**5 149**

The Department of Human settlements provides administrative and management services to the KwaZulu-Natal Housing Fund. The cost of R 6,869 m (2023 - R 5,149 m), is not included in the compensation to employees figure in note - 4.2. This figure comprises of actual time spent of basic salary and performance bonuses were applicable.

16 Inventory

	2023/24 R'000	2022/23 R'000
Opening balance	1 806	1 668
Add: purchases	1	245
less: issues	(32)	(107)
Closing balance	**1 775**	**1 806**

Inventory comprises of building and maintenance materials.

17 Contingent Liabilities

	2023/24 R'000	2022/23 R'000
Contractual Dispute	**1 057**	**1 057**

The Fund disputes the validity of claims made by the service provider. The outcome of this case is uncertain. The reason being is that this case is in excess of 3 years old, awaiting court date. There is no possibility of any re-imbursement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

	Note	2023/24	2022/23
		R'000	R'000

18. Risk Management

18.1 Financial Risk Management

The Fund's activities exposed it to a variety of financial risks:

- market risks (including interest rate risk);

- credit risk; and

- liquidity risks.

This note presents information about the Fund's exposure to each of the above risks, the fund's objectives, policies and processes for the measuring and managing risks, and the Fund's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Accounting Authority has the overall responsibility for the establishment and oversight of the Fund's risk management framework.

The Fund's risk management policies are established to identify and analyse the risk faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the fund's activities. The Fund, through its training and management standards and procedures, aims to develop a discipline and constructive control environment in which all employees understand their roles and obligations.

18.2 Credit Risk

Credit risk is the risk of the financial loss to the Fund if a customer to a financial instrument fails to meet its contractual obligations, and arises primarily from the Fund's receivables from customers.

Trade and Loans Receivables

The Fund's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The demographics of the Fund's customer base have less of an influence on credit risk. Geographically, there is no concentration of risk.

The Fund establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables and loans receivable. The collective loss allowance is determined, based on historical data payment statistics for similar financial assets.

The carrying amount of the financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Credit Rating	2023/24 R'000	2022/23 R'000
Trade receivables from exchange transactions - rentals	Low	8 195	8 852
Suspensive sale debtors	Low	30 626	34 774
Receivables from exchange transactions	6	**38 821**	**43 626**
Less: impairments		(36 881)	(41 446)
Net receivables from exchange transactions	6	**1 940**	**2 180**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

	Note	2023/24 R'000	2022/23 R'000
(Refer to note 1.8 of the accounting policies - impairment consideration)			
The collectivity of these receivables at considered to be low:			
- most of the debtors are indigent;			
- downturn in the economy; and			
- difficulty in estimating the monthly payments of the indigent debtors and those debtors that applied for EEDBS.			
Aging of receivables from exchange transactions			
-Due not later than 1 year		5 409	4 462
-Due later than 1year and not later than 3 years		4 695	5 351
-Due later than 3 years		28 717	33 813
Total		**38 821**	**43 626**

18.3 Interest Rate Risk

Interest rate risk results from the cash flow and financial performance uncertainty arising from interest rate fluctuations.

The Fund's exposure to the risk of changes in the market interest rate relates primarily to the Fund's loans and receivables from exchange transactions.

The objective of managing interest rate risk management is to safeguard the Fund's assets whilst still enabling fulfillment of the Fund's mandate. The objective of interest rate risk management is to consider the effect of fluctuations in interest rates that might affect the fair value or future cash flows of a financial instrument. The Fund's exposure to interest rate risk arises from increases in the rate that could give rise to default of the counterparty.

18.4 Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The table below analyses the fund's financial liabilities into relevant maturity groupings based on the remaining period at the financial year and to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

	Less than 1 year	Between 1 and 2 years	Total
	R'000	R'000	R'000
2024			
Trade and other payables	**12 661**	-	**12 661**
2023			
Trade and other payables	**10 670**	-	**10 670**

19 Going Concern

The annual financial statements are prepared on the basis that the Fund will remain a going concern for the foreseeable future, although a national decision was made to de-establish the Provincial Housing Funds, however the legislative changes to the National Housing Act, 1997 (Act no.107 of 1997) have not yet been enacted to allow for the de-establishment of the Fund.

The Fund aims to finalise the sensitization of the properties meaning to transfer, delete and devolve the properties and phasing out of the debtor book by promoting ownership by March 2025, at which stage, subjected to the expected amendments to the housing legislation, the Fund will be closed and the remaining assets of the Fund will be transferred to the books of the Department or devolved to municipalities/local authorities.

Furthermore there are no factors that are contrary to our evaluation. There is no intention for the Fund to be liquidated or cease operations.

There is no significant doubt that the Fund will continue to exist at this stage. The Statement of Financial Position and the property portfolio of the fund continues to reflect a positive net asset ratio.

20 Budget vs Actual

20.1 Comparison of Budget to Actuals

Economic classification	2023/24						2022/23	
	Baseline Appropriation	Adjustment/ Virements	Final Appropriation	Actual expenditure on cash basis	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure on cash basis
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current	**99 620**	**(7 593)**	**92 027**	**93 628**	**(1 601)**	**101,7%**	**110 343**	**96 242**
Compensation of employees	39 316	(5 596)	33 720	35 321	(1 601)	104,7%	42 259	36 754
Goods and services	60 304	(1 997)	58 307	58 307	-	100,0%	68 084	59 488
Interest	-	-	-	-	-		-	-
Transfers & subsidies	**70 229**	**(3 646)**	**66 583**	**66 583**	**-**	**100,0%**	**79 211**	**86 354**
Provinces & municipalities	70 229	(13 951)	56 278	56 278	-	100,0%	69 012	55 143
Households	-	10 305	10 305	10 305	-	100,0%	10 199	31 211
Payment for capital assets	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-
Total	**169 849**	**(11 239)**	**158 610**	**160 211**	**(1 601)**	**101,0%**	**189 554**	**182 596**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

Reasons for adjustment / virements

Compensation of Employees:

Savings were identified under the Administration sub-programme due to vacant funded posts such as 2 x Level 10, 2 x level 9, 3 x Level 8, etc.

Goods and Services:

Due to fiscal consolidation budget cuts implemented during the year which affected the conditional grants programmes such as maintenance of departmental rental housing stock and EEDBS programme. Further to this reduction, there were savings identified from audit costs which were over-budgeted for relating to the KZN Housing Fund.

Provinces & Municipalities:

Due to fiscal consolidation budget cuts implemented during the year which affected the conditional grants programmes such as EEDBS programme and Rectification programme.

Households:

Increase in the classification was due to provision made for staff exit costs (leave gratuity) and voluntary severance packages for officials who exited the department due to the commitment that the department made to meet the National Department of Human Settlements target to dis-establish the Housing Fund by 2025. The department is in the process of devolving and transferring properties to the municipalities and beneficiaries. Further to allocation was adjustment made for the rectification project i.e. Colita/Forderville projects which was classified under the Provinces and municipalities.

Explanation of variance

Compensation of employees

This is mainly due to the payment made for the unfunded 2023 wage agreement. Communication was received from Provincial Treasury stating that National Treasury will not be funding the 2023 wage agreement and the department will fund it from their current baseline allocation.

20.2 Reconciliation of actual amounts on a comparable basis (Cash basis) and actual amounts on accrual basis

Economic classification	2023/24			2022/23		
	Actual expenditure on cash basis	Movement in accruals	Actual expenditure on accrual basis	Actual expenditure on cash basis	Movement in accruals	Actual expenditure on accrual basis
Current	**93 628**	**593**	**94 221**	**96 242**	**169**	**96 411**
Compensation of employees	35 321	-	35 321	36 754	1	36 755
Goods and services	58 307	593	58 900	59 488	168	59 656
Interest	-	-	-	-	-	-
Transfers & subsidies	**66 583**	**242**	**66 825**	**86 354**	**45**	**86 399**
Provinces & municipalities	56 278	(17)	56 261	55 143	17	55 160
Households	10 305	259	10 564	31 211	28	31 239
Payment for capital assets	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-
Payment for financial assets	**-**	**-**	**-**	**-**	**-**	**-**
Financial transactions in assets and liabilities	-	-	-	-	-	-
Total	**160 211**	**835**	**161 046**	**182 596**	**214**	**182 810**

20.3 Budget information

The KwaZulu-Natal's Housing Fund is subject to budgetary limits in the form of appropriations, which is given effect through authorising legislation.

The KwaZulu-Natal's Housing Fund's source of funding is its appropriation from the Department of Human Settlements and receipts from its debtors.

The approved budget and the expenditure is presented by economic classification.

The approved budget covers the fiscal period from 01 April 2023 to 31 March 2024.

The annual financial statements are presented on the accrual basis and whereas the budget is stated on the cash basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

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