

ANNUAL REPORT

2021/2022



COGHSTA

**Department of Cooperative
Governance, Human Settlements
& Traditional Affairs**

Northern Cape

Vote 9

Table of Contents

PART A: GENERAL INFORMATION		3
1. DEPARTMENT GENERAL INFORMATION		4
2. LIST OF ABBREVIATIONS/ACRONYMS		5
3. FOREWORD BY THE MEC		6
4. REPORT OF THE ACCOUNTING OFFICER		7
4.1	Overview of the operations of the Department	7
4.2	Overview of the financial results of the Department	12
4.3	Reasons for unauthorised, fruitless and wasteful expenditure	12
4.4	Strategic focus over the short and medium term period	12
4.5	Public Private Partnerships	13
4.6	Discontinued activities / activities to be discontinued	13
4.7	New or proposed new activities	14
4.8	Supply chain management	15
4.9	Gifts and Donations received in kind from non-related parties	16
4.10	Exemptions and deviations received from National Treasury	16
4.11	Events after the reporting date	16
4.12	Other	16
4.13	Acknowledgement/s or Appreciation	16
4.14	Conclusion	16
4.15	Approval and sign-off	16
5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT		17
6. STRATEGIC OVERVIEW		18
6.1	Vision	18
6.2	Mission	18
6.3	Values	18
7. LEGISLATIVE AND OTHER MANDATES		18
7.1	Constitutional Mandates	18
7.2	Legislative Mandates	19
7.3	Policy Mandates	19
8. ORGANISATIONAL STRUCTURE		20
9. ENTITIES REPORTING TO THE MEC		20
PART B: PERFORMANCE INFORMATION		21
1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES		22
2. OVERVIEW OF DEPARTMENTAL PERFORMANCE		22
2.1	Service Delivery Environment	22
2.2	Service Delivery Improvement Plan	29
2.3	Organisational Environment	29
2.4	Key Policy developments and legislative changes	30
3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES		30
4. INSTITUTIONAL PROGRAMME PERFORMANCE		34
4.1	Programme 1: Administration	34
4.2	Programme 2: Human Settlements	34
4.3	Programme 3: Cooperative Governance	34
4.4	Programme 4: Traditional Affairs	34
4.5	Outcomes, outputs, output indicators, targets and actual achievement	35
4.6	Linking performance with budgets	43
4.7	Strategy to overcome areas of underperformance	43
4.8	Performance in relation to standardised outputs and output indicators for sectors with concurrent functions	43
4.9	Institutional response to the COVID-19 Pandemic	43
5. TRANSFER PAYMENTS		43
5.1	Transfer payments to public entities	43
5.2	Transfer payments to all organisations other than public entities	44
6. CONDITIONAL GRANTS		44
6.1	Conditional grants and earmarked funds paid	44
6.2	Conditional grants and earmarked funds received	44
7. DONOR FUNDS		45
7.1	Donor funds received	45
8. CAPITAL INVESTMENT		45
8.1	Capital investment, maintenance and asset management plan	45

PART C: GOVERNANCE	46
1. INTRODUCTION	47
2. RISK MANAGEMENT	47
3. FRAUD AND CORRUPTION	47
4. MINIMISING CONFLICT OF INTEREST	47
5. CODE OF CONDUCT	47
6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES	48
7. PORTFOLIO COMMITTEES	48
8. SCOPA RESOLUTIONS	48
9. PRIOR MODIFICATIONS TO AUDIT REPORTS	49
10. INTERNAL CONTROL UNIT	49
11. INTERNAL AUDIT AND AUDIT COMMITTEES	49
11.1 Internal audit	49
11.2 Audit committee	50
12. AUDIT COMMITTEE REPORT	51
13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION	53
PART D: HUMAN RESOURCE MANAGEMENT	54
1. INTRODUCTION	55
2. OVERVIEW OF HUMAN RESOURCES	56
3. HUMAN RESOURCES OVERSIGHT STATISTICS	57
3.1 Personnel related expenditure	57
3.2 Employment and Vacancies	58
3.3 Filling of SMS Posts	59
3.4 Job Evaluation	60
3.5 Employment Changes	62
3.6 Employment Equity	64
3.7 Signing of Performance Agreements by SMS Members	67
3.8 Performance Rewards	67
3.9 Foreign Workers	69
3.10 Leave Utilisation	69
3.11 HIV/AIDS & Health Promotion Programmes	71
3.12 Labour Relations	72
3.13 Skills Development	73
3.14 Injury on Duty	74
3.15 Utilisation of Consultants	74
3.16 Severance Packages	75
PART E: FINANCIAL INFORMATION	76
1. REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS	77
2. ANNUAL FINANCIAL STATEMENTS	84
PART F: HOUSING FUND FINANCIAL STATEMENT	124
1. REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE NORTHERN CAPE HOUSING DEVELOPMENT FUND	125
2. ANNUAL FINANCIAL STATEMENTS	128

PART A

GENERAL INFORMATION



1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements	MEC	Member of Executive Council
AGSA	Auditor General of South Africa	MIG	Municipal Infrastructure Grant
AO	Accounting Officer	MISA	Municipal Infrastructure Support Agent
APP	Annual Performance Plan	MOU	Memorandum of Understanding
B2B	Back2Basics	MPAC	Municipal Public Accounts Committee
B-BBEE	Broad Based Black Economic Empowerment	MPRA	Municipal Property Rates Act
BNG	Building New Ground	MPSA	Minister of Public Service and Administration
CA (SA)	Chartered Accountant (South Africa)	MPT	Municipal Planning Tribunal
CDW	Community Development Worker	MSA	Municipal Systems Act
CFO	Chief Financial Officer	MSIP	Municipal Support and Intervention Plan
CIDB	Construction Industry Development Board	MTEF	Medium Term Expenditure Framework
COGHSTA	Cooperative Governance Human Settlements and Traditional Affairs	MTSF	Medium Term Strategic Framework
CoGTA	Cooperative Governance and Traditional Affairs	n/a	Not applicable
COVID-19	Coronavirus Disease of 2019	NC DoE	Northern Cape Department of Education
CPMD	Certificate Programme in Management Development	NDHS	National Department of Human Settlements
CRU	Community Residential Units	NHTKL	National House of Traditional Khoisan Leaders
CWP	Community Works Programme	NPO	Non-Profit Organisation
DHS	Department of Human Settlements	NT	National Treasury
DMPT	District Municipal Planning Tribunal	OSD	Occupation Specific Dispensation
DORA	Division of Revenue Act	OTP	Office of the Premier
DPME	Department of Planning, Monitoring and Evaluation	PAA	Public Audit Act
DPSA	Department of Public Service and Administration	PDA	Priority Development Area
DSD	Department of social Development	PDMC	Provincial Disaster Management Centre
EPMDS	Employee Performance Management and Development System	PERSAL	Personnel
EPWP	Expanded Public Works Programme	PFMA	Public Finance Management Act
FIPDM	Framework for Infrastructure Delivery and Procurement Management	PILIR	Policy & Procedure on Incapacity Leave & Ill Health Retirement
FLISP	Finance Linked Individual Subsidy Programme	PMU	Project Management Unit
FMPPi	Framework for Managing Programme Performance Information	PPPFA	Preferential Procurement Policy Framework Act
GBVF	Gender Based Violence and Femicide	PPR	Preferential Procurement Regulations
GEPF	Government Employees Pension Fund	PRECCA	Prevention and Combating of Corrupt Activities Act
GIAMA	Government Immovable Asset Management Act	PSCBC	Public Service Coordinating Bargaining Council
GRAP	Generally Recognised Accounting Practice	PSETA	Public Service Sector Education and Training Authority
HCT	Haematocrit	PSR	Public Service Regulations
HDI	Historically Disadvantaged Individuals	RDP	Reconstruction and Development Programme
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome	RFP	Request for Proposal
HOA	Home Owners Allowance	RMC	Risk Management Committee
HOD	Head of Department	SALGA	South African Local Government Association
HR	Human Resources	SASIHC	South African Swedish International Housing Company
HSDG	Human Settlements Development Grant	SCM	Supply Chain Management
HSS	Human Settlements System	SDBIP	Service Delivery and Budget Improvement Plan
IA	Implementing Agent	SDF	Spatial Development Framework
ICT	Information Communications Technology	SHE	Safety, Health, Environment
IDP	Integrated Development Plan	SHERQ	Safety, Health, Environment, Risk and Quality Management
IESBA	International Ethics Standards Board for Accountants	SHRA	Social Housing Regulatory Agency
IGR	Inter-Governmental Relations	SITA	State Information Technology Agency
ISA	International Standards on Auditing	SMS	Senior Management Service
ISUP	Informal Settlement Upgrading Programme	SPLM	Sol Plaatje Local Municipality
ISUPG	Informal Settlement Upgrading Programme Grant	SPLUMA	Spatial Planning and Land Use Management Act
KRSDF	Karoo Rural Spatial Development Framework	TKLA	Traditional Khoisan Leadership Act
LG	Local Government	TRU	Temporary Residential Unit
LGSETA	Local Government Services Education and Training Agent	UIF	Unauthorised, Irregular & Fruitless
LM	Local Municipality	UIF&W	Unauthorised, Irregular, Fruitless & Wasteful
M&E	Monitoring & Evaluation	WULA	Water Use Licence Authorisation
MCS	Modified Cash Standard		

3. FOREWORD BY THE MEC



As government department, we continued to execute our mandate to end inequality, poverty and discrimination. Unfortunately, gender-based violence, substance abuse, crime, as well as high levels of unemployment continue to bedevil our communities. However, these challenges did not deter us from our goal of bettering the lives and livelihoods of our people in and around all our communities during 2021/2022.

We draw strength from the words of the liberation struggle icon, and former ANC President, Oliver Tambo, who said “The fight for freedom must go on until it is won; until our country is free and happy and peaceful as part of the community of man, we cannot rest”. Indeed, we cannot rest until our people enjoy living in municipalities that promote good governance, economic viability, self-sustainability, and delivering quality services, as well as providing better living conditions within our integrated towns and rural communities, away from apartheid spatial planning. We dare not rest, until the challenges of poverty, inequality and unemployment are a matter of the past. Unless our people live in sustainable human settlements sacrosanct with human rights, freedom and human dignity as outlined in the Universal Declaration of Human Rights, our struggle continues.

Even in the midst of challenges, we remain steadfast and determined to realize our set objectives and goals. The first elected African American and independent Mayor of Elyria, Ohio, Frank D. Whitfield, motivated us never to run away from difficulties that face us, in this way “We are not intimidated by our challenges, we are inspired by them”. Dalai Lama also upped our tempo when he said, “There are always problems to face, but it makes a difference if our minds are calm”. Indeed, we are awake to the realities of limited resources, as we do work at hand.

However, our efforts would have not have been a success if we did not work with our partners, which, includes, sector government departments, delivery partners, business, civic society, youth, as well as women. Furthermore, we continue to promote good governance inspired by the rule of law, thrust towards the vision for sustainable development, improved delivery of services, as well as supporting traditional communities, in the spirit of *Thuma Mina*. In so doing, we will solicit advice from the wise words of our President Cyril Ramaphosa, when he said, “We must be humble and listen to the people who elected us to lead them”.

A handwritten signature in black ink, appearing to read 'B. Vasa', written over a faint horizontal line.

Mr. Bentley Vasa
MEC of the Department of Cooperative Governance, Human Settlements and Traditional Affairs
Date: **31 July 2022**

4. REPORT OF THE ACCOUNTING OFFICER

4.1 Overview of the operations of the Department

The Department has achieved unqualified audit outcome with other matters despite the impact of COVID-19 and disasters that ravaged and destabilized some communities within the John Taolo Gaetsewe and ZF Mgcawu regions. So far, we have developed an audit improvement plan to address the matters that have arisen during the assessment of the department's performance of 2021/2022. In addition, we have also strengthened our control measures in the areas of procurement, budget management, and risk management in a bid to remedy service delivery bottlenecks.

Indeed, the triple challenges of poverty, unemployment and inequality are a thorn in our "flesh" that we should "remove" through implementation of legislative and policy prescripts, proper budgeting, and annual performance plans.

The Department did not achieve all its set objectives, priorities, and commitments due to capacity challenges especially in the technical field and senior management levels. In that regard, the hard hit programmes were Programme 2: Human Settlements and Programme 3 respectively.

The situation became worse due to the impact that COVID-19 had. The staff embarked upon rotational working schedules and remote working, culminating in the negative performance of Programme 2 and Programme 3, public participation programmes, public liaison, and intergovernmental relations suffered.

Lack of suitable building material, intermittent breaks in water supply, capacity of service providers and protests, continued to negatively affect planned delivery of houses and servicing of sites. We have devised mechanism to find strategic and political solution in this regard.

Despite the Department receiving additional R200 million during 2020/21, an amount of R109 million were rolled over to the 2021/2022 financial years. The funds were mainly for committed projects already procured and it was spent as such during the past financial year. In addition to that, the department received additional funding to the tune of R60 million from the National Human Settlements for ISUP. The Department could not spend the Provincial Emergency Housing Grant aimed at building 1 100 temporary residential units (TRUs) of which 200 is in Tsantsabane, 500 for Ivory Park, 200 for Lerato Park and 200 for Promise Land at Sol Plaatje Local Municipality, due to a public outcry against this intervention. Communities demanded permanent housing solutions instead of TRUs. Therefore, the PEHG allocation had to be surrendered to the Provincial Revenue Fund. Hence, the department applied for the rollover to continue with the earmarked work.

Nevertheless, the Department continued to make strides in the servicing of sites in a manner akin to improving informal settlements and ensuring formalization of informal settlements. In addition, the building of houses continued to take place with the assistance of the Project Management Unit (PMU).

All five regions have complied with the development of One Plan per District. Out of a score of 3, the assessment of One Plans showed the following results:

- John Taolo Gaetsewe – 2.6
- Namakwa – 1.6
- Frances Baard – 1.5
- ZF Mgcawu – 2.1
- Pixley ka Seme – 2.1

Furthermore, the Department assisted in the reconstitution of all municipal councils after the Local Government elections held in 2021. The Department also assisted municipalities with filling of senior management positions.

The Department had to also comply with Section 139(1)(c) of the Constitution to provide some intervention into two municipalities namely Phokwane and Renosterberg. So far there is stability in the councils and municipalities are back at work, as the Department continues to monitor and support them.



The Department has welcomed the Traditional Khoisan Leadership Act (TKLA) (Act No.3) of 2019, which became effective as of 1 April 2021. So far, Khoisan communities and leaders are welcome to apply for recognition. Traditional leaders stood up during the dark days of COVID-19 pandemic, by providing awareness using media, loud hailers, and alternative platforms. Furthermore, they bought Personal protective equipment from donations sourced from the private businesses. Moreover, they also distributed food parcels to the victims of floods at the JTG region.

Overview of Performance Information

We remain committed towards bettering lives of the people of the Northern Cape, who are located within the 31 municipalities and rural communities, by providing sustainable human settlements and services (including basic ones), acceleration of service delivery, and promotion of good governance. Furthermore, we continue to support the recognized Traditional and Khoi-San Leadership.

Although the outbreak of COVID-19 Pandemic and other natural disasters continued to pose a threat on our work, our journey towards alleviating the socio-economic challenges of the people of our province by providing them with quality houses, economic opportunities, and services that will improve quality of lives and livelihoods remains a tall order. The working environment was adjusted to manage the COVID-19 circumstances. With rotational working schedules and remote working, performance has been impacted on due to the lack of required resources to support remote working. The performance of Programme 2 and Programme 3 has been impacted on by the COVID-19 regulations with specific reference to programmes aimed at improving public participation and monitoring of municipalities.

In addition, capacity constraints continued to prevail since the 2019/20 financial year with specific reference to Programme 2 and Programme 3. As these are managerial positions it had an inevitable impact on the management and oversight functions.

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

In the last six years, 6,600 houses have been delivered and 9,000 stands serviced. This is an under delivery in terms of the targets set. In addition, annual delivery is substantially lower than projected annual household growth. On average 1,100 houses and 1,500 stands are serviced a year. The stated reasons for under delivery are funding shortfalls and the logistical challenges related to the large geographic extent of the province.

The structural position of Programme 3: Cooperative Governance, does not find full expression at regional offices and it puts more pressure on the limited resources that provincial office has in order to monitor and provide support to municipalities. The programme's performance is influenced by external factors like lack of cooperation by municipalities, service delivery protests, etc. The autonomy of municipalities makes it even more difficult to enforce certain interventions to monitor and strengthen the capacity of municipalities.

The Department of Cooperative Governance (CoGTA) issued Circular No 05 of 2021 that is Phasing Out Back-to-Basics Monthly Reporting Template on the 2 July 2021. In turn, the Cabinet resolved that the Local Government Framework on the Municipal Support and Interventions Packages be finalized and implemented.

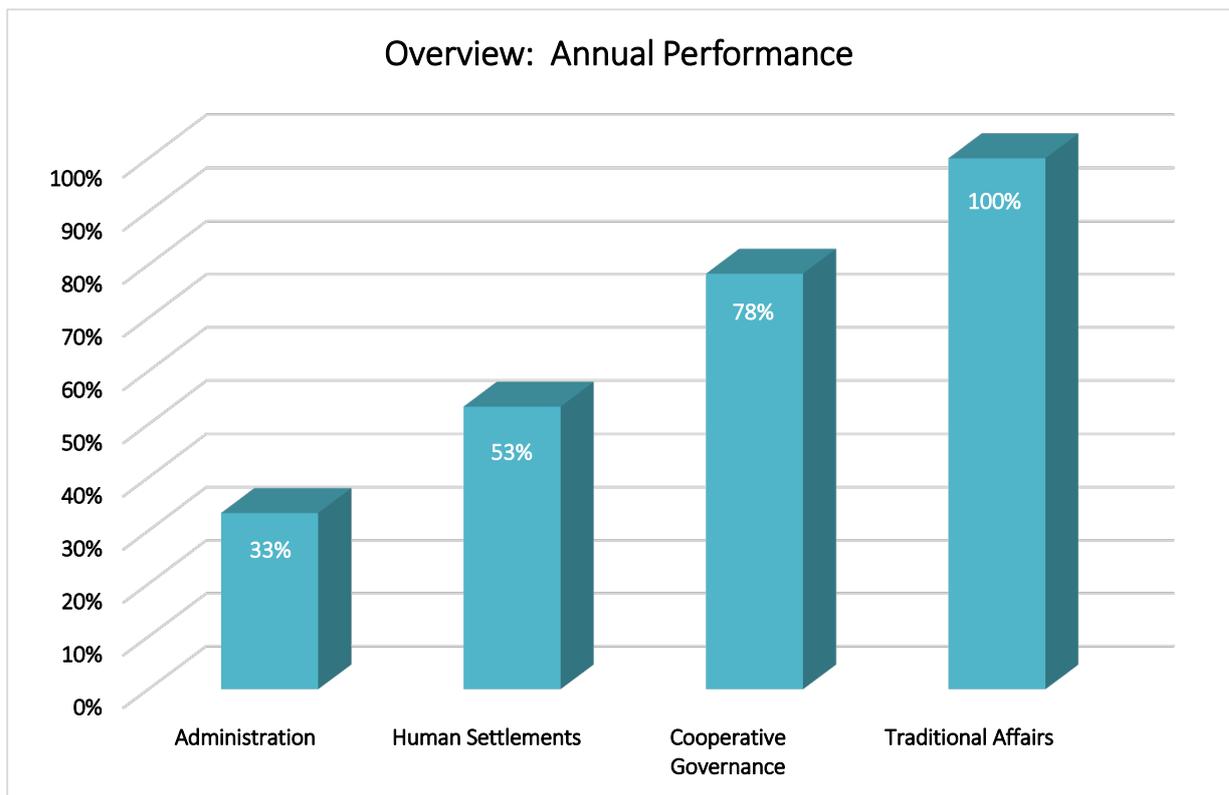
The Framework focus on the following key areas:

1. Legislative Framework for Support & Interventions
 - Section 154 and 156 of the Constitution
 - Criteria for modes/types of section 139 of the constitutional intervention
2. Critical Milestones for development and finalisation of Municipal Support & Interventions Plans (MSIPs)
 - Roles and responsibilities of National and Provincial Government, District and Local Municipalities
 - Focus of the MSIP in the short, medium and long term
3. Implementation of the MSIPs
4. Cross-cutting interventions for continuous implementation and monitoring
5. Monitoring and Reporting on the MSIPs

In as far as Traditional Affairs is concerned, the Department continued to give support to traditional leadership institutions as a whole. The Department provided financial, legal and human capital support towards preserving and promoting traditions, customs and culture within the recognized traditional communities, in accordance with the Traditional and Khoisan Leadership Act (TKLA), which came into effect on 1 April 2021. The TKLA repeals the Traditional Leadership Governance and Framework Act of 2003 and the National House of Traditional Leaders Act of 1997. While the Northern Cape Provincial Governance Framework and Houses of Traditional Leaders Act of 2007 remains in force, the TKLA gives recognition to traditional and Khoi-San communities, structures, leadership positions, and for the withdrawal of such recognition, provide for the functions, and roles of traditional and Khoi-San leaders, the establishment of councils as well as support to those councils. The enactment of Traditional and Khoi-San Leadership Act (3 of 2019) has added a new mandate upon us, and therefore, we endeavour to reposition our key priorities and redirect our stringent resources, to live up to the new expectations, while continuing to carry out other obligations.

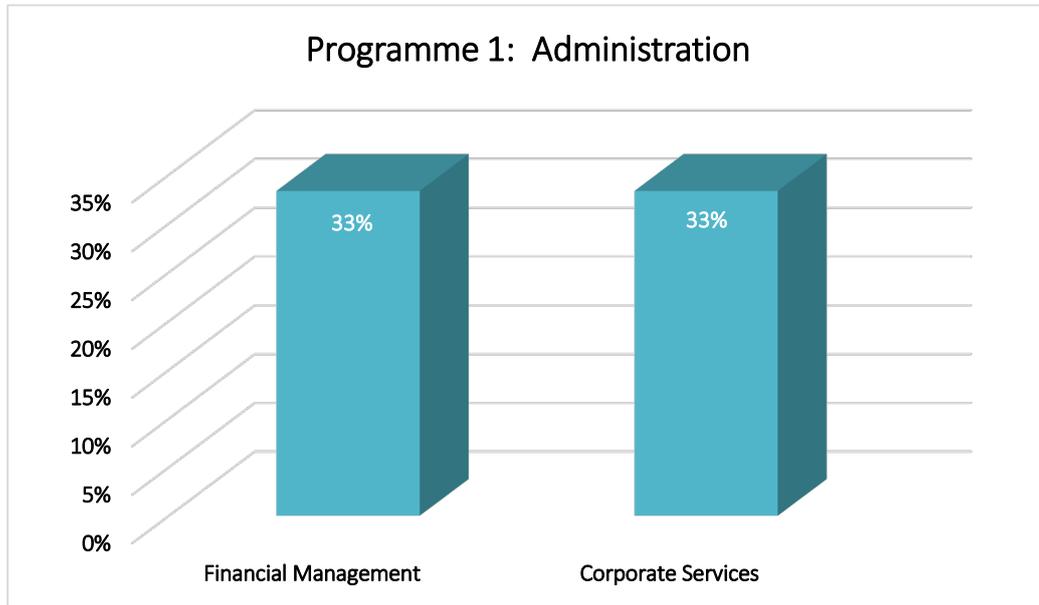
The following tables and graphs represents a brief synopsis of the performance of the Department for the financial year 2021/22.

Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Administration	6	2	33,3%
Human Settlements	15	8	53,3%
Cooperative Governance	23	18	78,3%
Traditional Affairs	4	4	100%
Total	48	32	66,67%



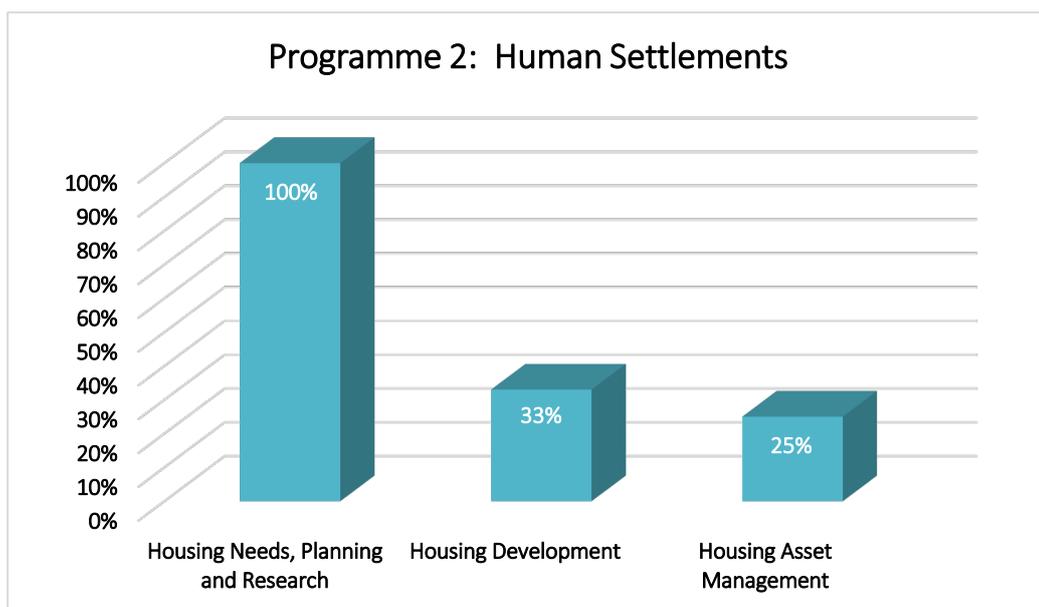
Programme 1: Administration

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



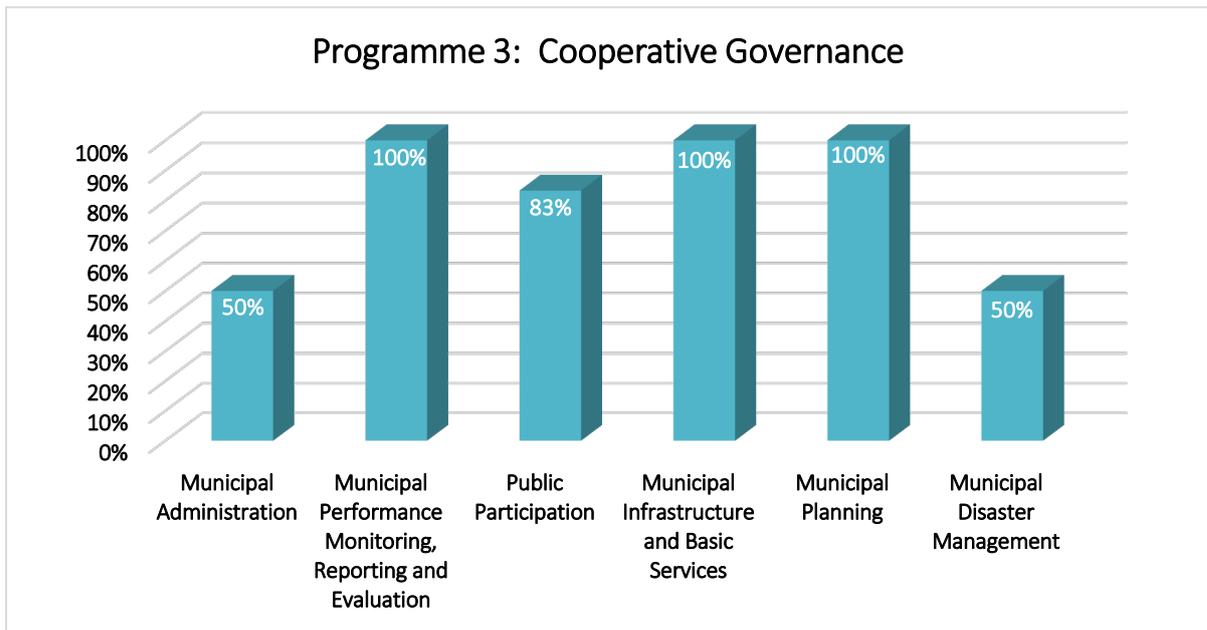
Programme 2: Human Settlements

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Housing Needs, Planning and Research	5	5	100%
Housing Development	6	2	33,3%
Housing Asset Management	4	1	25%
Total	15	8	53,3%



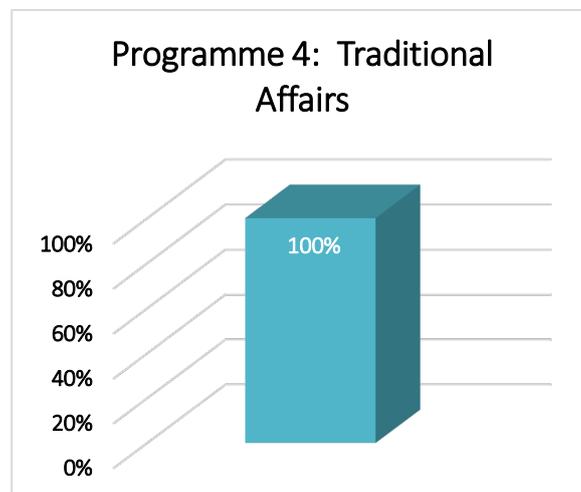
Programme 3: Cooperative Governance

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Municipal Administration	6	3	50%
Municipal Performance Monitoring, Reporting and Evaluation	4	4	100%
Public Participation	6	5	83,3%
Municipal Infrastructure and Basic Services	3	3	100%
Municipal Planning	2	2	100%
Municipal Disaster Management	2	1	50%
Total	23	18	78,2%



Programme 4: Traditional Affairs

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



4.2 Overview of the financial results of the Department

4.2.1 Departmental receipts

Departmental receipts	2021/2022			2020/2021		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	548	444	104	519	439	80
Interest, dividends and rent on land	36	0	36	34	1	33
Financial transactions in assets and liabilities	112	13	99	106	253	(147)
Total	696	457	239	659	693	(34)

Determination of tariffs

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

4.2.2 Programme Expenditure

Departmental receipts	2021/2022			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	175 710	153 195	22 515	144 663	143 018	1 645
Human Settlements	635 336	558 396	76 940	644 160	452 929	191 231
Cooperative Governance	141 980	128 162	13 818	132 874	132 476	398
Traditional Affairs	21 907	18 508	3 399	19 352	17 922	1 430
Total	974 933	858 261	116 672	941 049	746 345	194 704

4.2.3 Virements/roll overs

Programme	Virement Over/under R'000	Variance R'000	Over/under %	Reasons for virement	Remedial steps
n/a					

Reason for the virement

No virements were applied during the period under review.

4.3 Reasons for unauthorised, fruitless and wasteful expenditure

The department did not incur any unauthorised expenditure for 2021/2022 financial year. We manage to realise a saving of R116 672million, due to the non-filling of vacancies and funds not utilised for temporary residential units (TRUs).

4.4 Strategic focus over the short and medium term period

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

Management embarked on an exercise to fill some strategic positions. After intensive consultation with Provincial Treasury, an agreement was reached that funding would be sourced through savings from goods and services and

stricter control measures have been implemented to eliminate unnecessary procurement on certain items. In October 2021, approval was granted to first fill thirty positions where people were appointed on contract. These recruitment processes were completed by end March 2022, and appointments followed from 1 April 2022. Approval for the remaining forty-seven positions were granted by the Premier by end January 2022, and recruitment processes started thereafter, and will be completed in the new financial year.

Following the budget of the Minister of Finance in February 2022, the concept of front-loading (accelerating infrastructure projects) was announced by the National Minister of Human Settlements, Honourable Mamoloko Kubayi, targeting both the Northern and Eastern Cape provinces as pilots for implementation of the concept.

COGHSTA intends to invite private developers to submit proposals (RFP) on the appointment developers who will privately fund and project-manage the roll out of the housing programme, in an attempt to fast track delivery, while addressing the backlog of 79 320 housing units in the Northern Cape Province.

This private funding/loan is estimated R 1.2 billion for three years, catering for 3 578 housing units. The intention is to address 18 000 housing units over a period of five years to the value of R 5.8 billion. National Treasury and/or Provincial treasury is to issue a guarantee/indemnity/security as per the provisions of Section 66 (2) of the PFMA.

4.5 Public Private Partnerships

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

4.6 Discontinued key activities / activities to be discontinued

Programme 2: Human Settlements

List activities discontinued/ to be discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
Number of housing needs register reports produced	Moved to Annual Operational Plan	None	None
<i>Number of Community Residential Units (CRU) delivered</i>	Exempted by National Department of Human Settlements	None	None
Number of fully subsidised houses delivered	To be replaced with Standardised Sector Indicator to align with MTSP Priorities	None	None
Number of informal settlements funded for upgrading to phase 1	To be replaced with Standardised Sector Indicator to align with MTSP Priorities	None	None
Number of informal settlements funded for upgrading to phase 2			
Number of informal settlements funded for upgrading to phase 3			
Number of outstanding pre 1994 title deeds registered	To be replaced with Standardised Sector Indicator to align with MTSP Priorities	None	None
Number of outstanding post 1994 title deeds registered			
Number of outstanding post 2014 title deeds registered			
Number of new title deeds registered (post 2019)			

Programme 3: Cooperative Governance

List activities discontinued/ to be discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
Number of District/Metro supported to develop One Plans (MTSF 2019 – 2024, Priority 5: Spatial integration, human settlements and local government)	To be replaced with Standardised Sector Indicator to align with MTSF Priorities	None	None

Back to Basics was discontinued mid-term and replaced by the MSIP.

Programme 4: Traditional Affairs

List activities discontinued/ to be discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
<i>Percentage of succession disputes/claims processed</i>	To be replaced with Standardised Sector Indicator to align with MTSF Priorities - slight semantic changes	None	None

4.7 New or proposed new activities

Programme 2: Human Settlements

List new/proposed activities	Reasons for new activities	Effect on the operations of the department	Financial implications of each new activity
<i>Number of integrated implementation programmes for priority development areas completed per year</i>	To replace previous indicators with Standardised Sector Indicator to align with MTSF Priorities	None	None
<i>Percentage of investment of the total Human Settlements allocation in PDAs</i>			
<i>Percentage of land acquired during 2014-2019 within the PDAs rezoned</i>			
<i>Number of households that received subsidies through FLISP (Finance Linked Individual Subsidy Programme)</i>			
<i>Number of Breaking New Ground (BNG) houses delivered</i>			
<i>Number of serviced sites delivered</i>			
<i>Number of rental social housing units delivered</i>			
<i>Number of informal settlements upgraded to Phase 3 of the Upgrading of Informal Settlements Programme (UISP)</i>			
<i>Number of pre-1994 title deeds registered</i>			
<i>Number of post-1994 title deeds registered</i>			
<i>Number of post-2014 title deeds registered</i>			
<i>Number of new title deeds registered</i>			

Programme 3: Cooperative Governance

List new/proposed activities	Reasons for new activities	Effect on the operations of the department	Financial implications of each new activity
<i>Number of Districts/Metros monitored on the implementation of One Plans (MTSF 2019 – 2024, Priority 5: Spatial integration, human settlements and local government)</i>	To replace previous indicators with Standardised Sector Indicator to align with MTSF Priorities - slight semantic corrections	None	None

Programme 4: Traditional Affairs

List new/proposed activities	Reasons for new activities	Effect on the operations of the department	Financial implications of each new activity
<i>Percentage of traditional leadership succession disputes processed</i>	To replace previous indicators with Standardised Sector Indicator to align with MTSF Priorities – slight semantic corrections	None	None

The Traditional and Khoisan Leadership Act, Act 3 of 2019, determined that traditional councils be reconstituted before the end of March 2023. Following the reconstitution, the Department will embark on induction session to all newly elected members of traditional councils. Induction will include:

- Roles and responsibilities of traditional councils
- the responsibility of traditional councils in IDPs
- development in the traditional council areas of jurisdiction.
- Partnership agreements with stakeholders to ensure development in traditional areas.

The Customary Initiation Act, Act 2 of 2021 that came into effect on 1 September 2021 added more responsibilities on the directorate. It calls for the establishment of the Provincial Initiation Coordinating Committee which must meet at least 4 times annually. The aim of the legislation is to deal with governance matters of initiation, to ensure that there is uniformity in the application of the Act. Proposed new activities includes:

- Establishment of a technical support team to assist the Provincial Initiation Coordinating Committee to inspect initiation schools;
- Monitor health and safety standards;
- Compliance to legislation;
- Respond to complaints of non-registered initiation schools.
- Training of District Committees, registration of principals on the requirements of the Customary Initiation Act.

These additional activities will add more responsibilities to the minimal staff and resource allocation to traditional affairs.

4.8 Supply Chain Management

No unsolicited bids for the period under review, all tenders were advertised through e tender system as per requirement of National Treasury.

The Department did improve drastically on SCM processes and it is evident in the 2021/2022 audit report issued end of July 2022. In the previous financial year, we had contract and procurement matters raised by the auditor general, but due to improved control mechanisms implemented over this period, we receive a clean bill of health on SCM practises. The issue of dealing with other stake holders such as DPW did caused the department to incur irregular expenditure over the year. Our systems internally is in place and we do follow all SCM prescripts to avoid irregularities in the department.

No challenges were experienced over the past year. All requests for information requested by auditor general has been submitted and documents were compliant and in line with PMFA and PPFMA.

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

No gifts and donations were received during the year.

4.10 Exemptions and deviations received from National Treasury

No request for exemptions or deviations were submitted to National Treasury.

4.11 Events after the reporting date

None.

4.12 Other

The audited financial statements reflect all financial state of affairs of the Department for the year under review.

4.13 Acknowledgement/s or Appreciation

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

4.14 Conclusion

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



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

Date: 31 July 2022

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

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

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

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

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

The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2022.

Yours faithfully



Accounting Officer
Mr. B. S. Lenkoe

Date: **31 July 2022**

6. STRATEGIC OVERVIEW

6.1 Vision

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

6.2 Mission

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

6.3 Values

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

Equity:

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

Team work:

- Co-operation
- Support
- Trust

Efficiency:

- Productivity
- The best work methods
- Excellent services

Accountability:

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

Development:

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

Integrity:

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

7. LEGISLATIVE AND OTHER MANDATES

7.1 CONSTITUTIONAL MANDATES

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

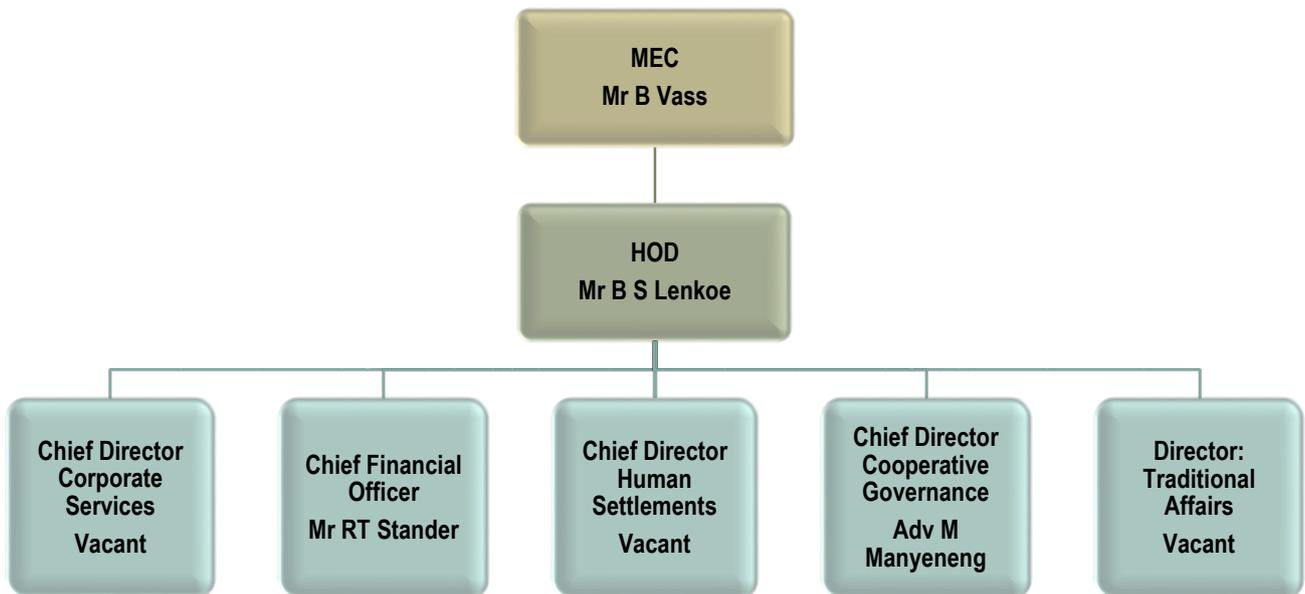
7.2 LEGISLATIVE MANDATES

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

7.3 Policy Mandates

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

8. ORGANISATIONAL STRUCTURE



9. ENTITIES REPORTING TO THE MEC

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

PART B

PERFORMANCE INFORMATION



1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 77 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The vast and arid Northern Cape is the largest province in South Africa, taking up nearly a third of the country's land area. It covers an area of 372 889km² (30% of the total area of the country) and has a population of 1 292 786¹, the least populous of South Africa's provinces, yet the surface area is the largest. Northern Cape, with its 1,263,875 people remains the province with the smallest share (2,2 %) of the South African population. The Northern Cape has by far the smallest population and economy of any of the provinces. It is bordered by Namibia and Botswana to the north, and also by the North West, Free State, Eastern Cape and Western Cape provinces. The cold Atlantic Ocean forms the province's western boundary.

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

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

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

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

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

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

The **John Taolo Gaetsewe** District Municipality is a Category C municipality located in the north of the Northern Cape Province, bordering Botswana in the west. It comprises the three local municipalities of Gamagara, Ga-Segonyana and Joe Morolong, and 186 towns and settlements, of which the majority (80%) are villages. It has an established

¹ Stats SA, Publication 0302, 20209

rail network from Sishen South and between Black Rock and Dibeng. It is characterised by a mixture of land uses, of which agriculture and mining are dominant. The district holds potential as a viable tourist destination and has numerous growth opportunities in the industrial sector.

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

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

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

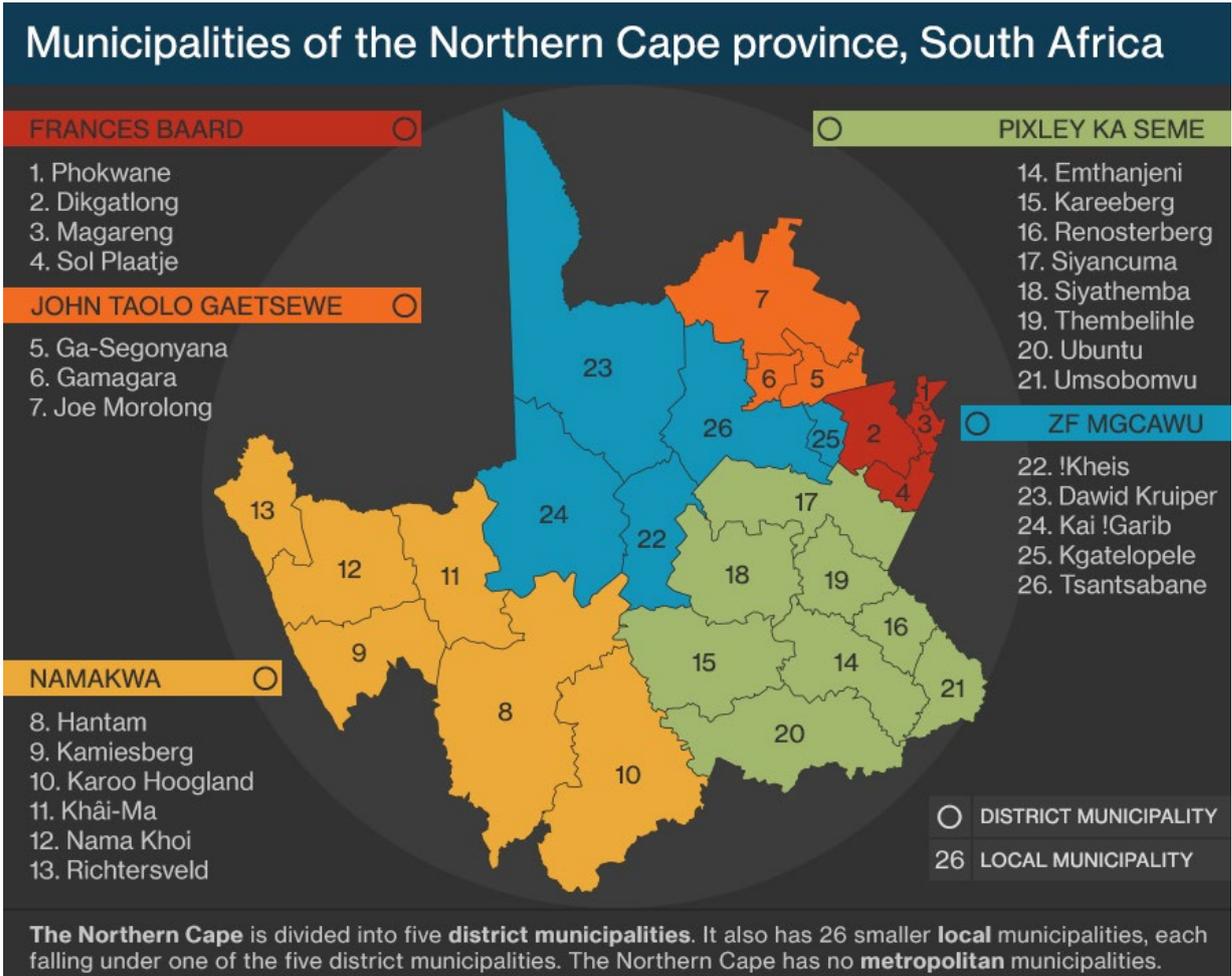
The **Pixley Ka Seme** District Municipality is a Category C municipality situated in the south-east of the Northern Cape Province. It shares its borders with three other provinces, namely the Free State to the east, the Eastern Cape to the south-east, and the Western Cape to the south-west. It is the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

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

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

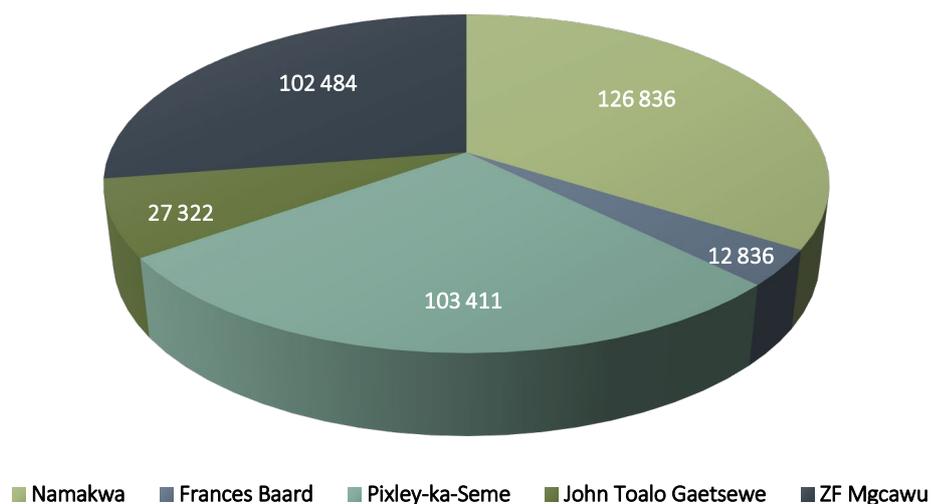
Area:	102 484km ²
Cities/Towns:	Beeshoek, Brandboom, Danielskuil, Eksteenskuil, Groblersshoop, Kakamas, Keimoes, Kenhardt, Lime Acres, Mier, Postmasburg, Rietfontein, Upington
Main Economic Sectors:	Agriculture, mining, tourism ²

² Municipalities of South Africa (<https://municipalities.co.za/provinces/view/7/northern-cape>)



3

Area per District



³ Local government in the Northern Cape (<https://southafrica-info.com/land/infographic-local-government-municipalities-northern-cape-province-south-africa/>)

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

Programme 2: Human Settlements

The Human Settlements Programme experienced challenges with capacity and resources due to numerous vacancies. In addition, the challenges pertaining to the lack of material suppliers and some contactors not meeting their target further hampers delivery on site. Yet, the target for serviced sites has been overachieved due to the 100% expenditure of the R109 million roll over and an additional allocation of R60 million under the ISUPG. Performance of the title deeds programme and construction of top structure remain a great concern. Better planning, project and contract management is required in the new financial year.

Programme 3: Cooperative Governance

The Department monitors and supports 31 municipalities of the Northern Cape with the aim of improving audit outcomes, service delivery, and deepening participatory democracy through the establishment of functional structures and systems that support development and prosperity.

Municipal Governance and Administration

The directorate provided support to municipalities through letters, visits, e-mail and phone calls on the appointment of senior managers.

Phokwane, Renosterberg and Ubuntu local municipalities continues to get assistance in terms of Section 154 of the Constitution through the support of Acting Municipal Managers, Chief Financial Officer and Director: Technical Services. All four employees are from the Department of COGHSTA and Provincial Treasury respectively.

National CoGTA conducted workshops on the Regulations for Staff below senior managers to Provincial and Regional officials from COGHSTA based in the Co-operative Governance unit, Provincial Treasury and SALGA. Following this the unit were expected to roll-out these workshops to the respective five (5) districts of which the Director: Corporate Services and Human Resource Practitioners were invited to attend on the Regulations for Staff below senior managers for implementation 1 July 2022. These workshops took place between 10—22 February 2022.

Siyancuma was given support to interpret the LG: Regulations on the conditions and services for senior managers for the recruitment process of the Municipal Manager. Subsequently, support was provided for the establishment of council committees to ensure the members of the Municipal Public Accounts are independent from the council committee members. Support was provided to Hantam LM on the role and responsibility of the Speaker.

Municipal Valuations, Performance Monitoring, Reporting & Evaluation

The "new norm" continued during the period, which restricted the number of people who can meet. The department had operated under COVID-19 adjusted level 1 under the Disaster Management Act restrictions. This had resulted in the reduced level of direct interaction with municipalities.

Public Participation

Out of the 26 Local Municipalities there are 10 coalition governments at municipal level. Coalition governments are not regulated and has an impact on the functioning of council. Municipalities in the Province now has a Collective Executive Council System and Speakers, who are the custodian of Public Participation, are now full time and it is separated from the post of Mayor. However, the Office of Speakers especially in the level 1-3 municipalities are not capacitated with human resources and funding to be able to execute the duties as per the Municipal Structures Amendment Act.

The processes of establishment of ward committees were items on council agendas at inaugural meetings but some councils did not stick to the 120 days as prescribed in legislation. Ward Committees became a contested terrain with physical altercations in some ward meetings and as a result, the establishment of ward committees in some wards had to be postponed. The date of the election further impacted on the ward committee establishment processes as the period fell within the Christmas Holiday period which basically discarded about one month from

15 December 2021 to 15 January 2022. The Training of councillors which happened from 10-14 January 2022 further impacted on the scheduling of ward committee establishment processes in wards.

There was further an omission in terms of the publication of the Provincial Gazette of 25 October 2021, the implication thereof would make ward committees illegal in the province. Fortunately, this omission was spotted and a correction to the Sec 12 Notice was published on 25 March 2021 in the Provincial Gazette.

GBVF: Municipalities have a critical role to play in ensuring developmental child care and protection services. The relevant services and associated responsibilities and budgets should be reflected in all Municipal Integrated Development plans and specific sectoral policies and by laws, which in turn should be reviewed and harmonised. COGHSTA is responsible for funding and promoting fulfilment of municipal responsibilities and coordination of the Community Work Programme, which are potential sources of employment for communities, including victims of GBVF as well as a resource for employment of outreach workers.

In terms of the Constitution, the Municipal System Act (No.32 of 2000) and the Children`s Act (No 38 of 2005), local government is responsible for:

- The provision of basic services, including water and sanitation to communities
- Contributing to the realisation of the rights set out in the constitution health care services, food, water and social services.
- The development of policies and by-laws governing child care facilities, including child minder services
- Municipal Planning and spatial development, including providing and regulating land use for child care facilities and safe and adequate play and recreational facilities, and
- Any responsibilities that the provincial DSD may assign to municipalities for the provision of child care services as provided for in the Children`s Act.

Issues of Gender Based Violence (GBVF) were also highlighted in remarks, Premier reiterated from what the President declared as the second pandemic “after COVID-19, he pronounced that the provincial road map has been approved by the Executive Council. This Provincial road map which is in line with the objectives of the National Strategic Plan is developed to address issues of GBVF in the Province called the Provincial Operation Plan for GBVF.

CWP: Site visits undertaken in this quarter has revealed that participants are engaged in a number of useful work activities at the level of the wards. These include ECD, needle work and making of garments, arts and crafts and maintenance of government facilities to name but a few. The programme has assisted the groups to receive sewing machines and material to be able to continue with this useful work. A challenge remains that CWP Useful work needs to be aligned to IDP priorities in order that the low hanging fruits can be achieved in wards. In wards where participants need work space, the department has agreed that in line with the MOU between Coghsta and NC DoE, we can approach the schools in the wards through the circuit managers to request space. A roadshow to explain CWP Programme to new councillors will be done on the 1st and 2nd quarter at the District IGR Forums.

Municipal Infrastructure and Basic Services

The performance of the directorate is mostly depended on the compliance of municipalities and other sector departments responsible for basic services on prescribed legislations and submission of service delivery data. It difficult to force municipalities and sectors to comply timeously given their autonomous status. However, the directorate supported all targeted municipalities during quarter 4. Support was rendered via physical and online meetings where possible and written correspondences. The under expenditure on conditional grants is still a challenge despite necessary support given to struggling municipalities. Additional support such as MISA & PMU has not produced expected outcome on the improvement of conditional grants due to issues such as limited understanding on the processes and procedures of MIG and its conditions, limited capacity on the ground, continued COVID-19 regulations which limited physical contact with municipalities.

The directorate is operating with a skeleton staff in all sub-directorates. This has a serious impact on the implementation and delivery of targeted milestones.

Municipal Planning

IDP

- For the financial year 2020/2021 all municipalities reviewed their IDPs. Due to Disaster Management COVID-19 restrictions the province could not hold physical Provincial IDP engagement municipal IDP were assessed using IDP Assessment tool.
- In preparation for 2021/2022 review all 26 local municipalities adopted their IDP process plans and all five district municipalities adopted their IDP frameworks.
- However, due to local government election year most activities in the process plans could not be implemented and the process plans had to be adjusted to accommodate the activities that could not implemented.
- In support of the municipalities and the development of new IDP for 2022-2026 a provincial workshop on revised guidelines for the development of the IDPs was held on the 16 August 2021.
- Out of five district IDP support and monitoring forum that were planned, only Namakwa district managed to hold its district IDP support and monitoring forum. However, district IDP Rep Forums were further used to support municipalities on the development of their IDPs

DDM

- In August 2019 Cabinet approved district development Model
- In January/ February 2020, District Profiles of all district were concluded
- With the emergence of COVID-19, the process of the development of District ONE PLANS stalled,
- A District Development Approach was used to respond to the challenges that were as a result of COVID-19
- The process of the development of draft ONE PLANS commenced in January 2021.
- All districts have finalized their One Plans
- So far, two districts, that is, ZF Mgcawu and JT Gaetsewe District has been subjected to Quality assurance by Quality assessment panel from CoGTA and assessment report was presented to the province on the 11 March 2022

Spatial Planning

- Karoo Regional Spatial Development Framework (KRSDF) bounds over; Richtersveld, Nama Khoi, Kamiesberg, Hantam, Karoo Hoogland, Khai-Mai, Kareeberg, Emthanjeni, Ubuntu, Siyathemba, Siyancuma, Thembelihle, Renosterberg, Umsobomvu, Kai! Garib and! Kheis Local Municipality in the Province. The KRSDF is currently in the public consultation phase which will end on 16 May 2022 in terms of the government gazette notice issued in this regard.
- In terms of District Municipality SDFs:
 - Frances Baard District Municipality adopted a SPLUMA Complaint SDF;
 - Pixley Ka Seme District Municipality is in the process of reviewing its SDF phase 1 (Inception) and phase 2 (Issues and Vision) have been delivered;
 - ZF Mgcawu, Namakwa and John Taolo Gaetsewe District have all received funding commitments from the Department of Agriculture, Land Reform and Rural Development for the review of their SDFs in the 2022/23 financial year.
- Status of Local Municipality SDFs
 - Dikgatlong is currently in phase 4 (draft SDF) of the review process.
 - Phokwane Municipality is in phase 2 (Issues and Vision).
 - Sol Plaatje has concluded the draft SDF and public participation.
 - Khai –Ma
 - Nama Khoi has appointed a service provider to review their SDF.
 - 8 Local Municipalities in the Province (Tsantsabane, Emthanjeni, Renosterberg, Siyancuma, Thembelihle, Umsobomvu, Ubuntu and Kamiesberg) require funding for the review of their SDFs

Land Use Schemes

Sol Plaatje, Kgatelopele, Richtersveld, Nama Khoi, Khai-Ma, Kamiesberg, Hantam, Karoo Hoogland, Siyancuma, Siyathemba, Thembelihle, Renosterberg, Emthanjeni, Kareeberg, Ubuntu and Umsobomvu Local Municipality are currently in the process of reviewing their Land Use Schemes (Phase 1-7) of the Land Use Scheme review process has been delivered and council adoption is currently awaited in the respective municipalities. It is therefore expected that the Northern Cape Province will succeed in achieving 100% compliance with the June 2022 deadline.

Municipal Planning Tribunals (MPT)

- Dawid Kruiper MPT is functional and fully operational.
- Hantam MPT is functional.
- Sol Plaatje MPT is functional.
- Ga-Segonyana MPT is functional.
- Joe Morolong MPT is in the process to be established advertised for members.
- Gamagara MPT has been established induction training has been provided to members, awaiting gazette notice.
- ZF Mgcawu Joint MPT, which is constitutes of (!Kheis, Kai! Garib, Kgatelopele and Tsantsabane) is functional.
- Pixley Ka Seme District MPT which constitutes all the municipalities in the district is being re-established due to the end of its term the process is currently at the stage of obtaining council resolutions from the respective local municipalities.
- Namakwa Joint Municipal Planning Tribunal which constitutes of (Kamiesberg, Karoo Hoogland, Khai-Ma, Nama Khoi and Richtersveld) is functional.

Municipal Disaster Management

The Provincial Disaster Management Centre convened the District Disaster Management Committee virtual meeting which was held on the 16th March 2022. The PDMC also convened a Provincial Disaster Management Advisory Forum virtual meeting and it was held on the 17th March 2022. The PDMC is continuously participating at the Provincial Joint Intelligence Structure in order to curb the spread of COVID-19 pandemic. The PDMC facilitated the transfer of Municipal Disaster Relief Grant to five local municipalities, namely – Sol Plaatje, Magareng, Phokwane, Kgatelopele and Gamagara. The total amount allocated amounted to R 24 652 802 28. The purpose of the funding is to address damages caused by the Tropical Cyclone Eloise and summer rainfall experienced around January and February 2021.

PDMC continue to give support and guidance to municipalities by writing letters of compliance to them in terms of submission of monthly reports in accordance with Division of Revenue Act (DORA).

The PDMC collaborated with the department of Education, and Sol Plaatje Local Municipality to conduct public awareness campaign about the Fire Safety Prevention. The event was held at Janine Brink special School on the 4th March 2022.

In line with the annual performance plan 2021/2022, the Provincial Disaster Management Centre is expected to support two district municipalities on fire brigade serviced on quarterly basis. On the fourth and the last quarter of the year, the Provincial Disaster Management supported the John Taolo Gaetsewe on the establishment of the Ga-Segonyana Local Municipality fire station. The funding for establishment of the fire station was sourced from the Municipal infrastructure Grant facilitated by the directorate of MIG in the department of Cooperative Governance, Human Settlements and traditional Affairs. MIG is a directorate under Cooperative Governance Chief Directorate which falls under programme 3.

Programme 4: Traditional Affairs

The service delivery environment is influenced by external factors such as cooperation between SALGA, traditional leaders and local municipalities in the full implementation of legislation affecting traditional communities. National and provincial governments should also, through legislation or other means, allocate roles and functions to traditional councils and their traditional leaders. Currently, there is a good working relationship between several government departments and traditional leaders. However, the formalization of the cooperation and collaboration between government departments and traditional leaders will go a long way in addressing some of the shortcomings.

The service delivery environment is experiencing challenges due to the relationship between ward councillors and traditional leaders. Traditional leaders and Houses of Traditional Leaders and newly elected municipal councils attended a joint induction. It aimed to synergise relationship and to have a common understanding of the role of traditional leaders in governance issues and the involvement of traditional structures in municipal affairs. It is important for service delivery to have these two structures work in synergy to ensure development of the rural communities.

Community Property Associations within areas of jurisdiction of traditional leaders creates conflict due to management structures with different roles and responsibilities within the area of jurisdiction of traditional leaders.

2.2 Service Delivery Improvement Plan

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

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Fully subsidised houses delivered	Qualifying housing subsidy beneficiaries	New	425	186
Title Deeds registered	Persons qualifying for houses built pre-1994	New	250	393
	Persons qualifying for houses built post-1994	New	525	139
	Persons qualifying for houses built post-2014	New	829	171
	Persons qualifying for houses built post 2019	New	146	0

Batho Pele arrangements with beneficiaries (Consultation access etc.)

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

Service delivery information tool

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

Complaints mechanism

Current/actual arrangements	Desired arrangements	Actual achievements
Teams of the regional offices and assistance of provincial office. Service Charter to be circulated.	Through the communication of all officials	The Service Charter was distributed to the Regional offices to be displayed for the public. It is also on display at the Provincial office
The Annual Budget speech for 2021/22 financial period to be presented by the MEC	To ensure that the respective communities are aware of the planned mandates of the department	The Annual Budget speech for 2021/22 financial period was presented by the MEC

2.3 Organisational environment

The challenges with load shedding and internet going off hampered service delivery especially with regards to the PERSAL system and the GEPF online system. Delays in filling advertised posts due to non-availability of panel members as well as delays in the submissions also hampers service delivery.

The Housing Development sub-programme experienced challenges in delivery since it consists of only four officials functioning in four demanding and complicated environments. The challenges pertaining to the lack of material suppliers and some contactors not meeting their target further hampers delivery on site.

The Housing Needs Register Report indicates an amount of 11 607 beneficiaries captured on the National Housing Needs Register Programme for the Northern Cape.

The Municipal Governance and Administration Directorate is under capacitated to perform the mandated functions effectively. The sub-directorate Municipal Administration operates with only three (3) staff members, an Administrative Officer, an Assistant Director and a Deputy Director. The Deputy Director is currently acting Senior Manager.

The Public Participation Directorate had an increase of key performance areas from 3 to 6 in the new financial year. Some of the current staff do not have the required skills set for the key performance areas that they need to execute. Capacity building for staff remains a key imperative to be embarked on to maximise efficiency. The day-to-day tasks of Public Participation become more and more complex given the COVID-19 pandemic. In addition, ICT equipment i.e. computers are not geared for virtual meetings as they do not have microphones installed.

The Development & Planning directorate remained under-capacitated. In order to address capacity challenges, the department has advertised the position of the Senior Manager Development & Planning, Chief Town Planner and Assistant Director IDP.

Currently the Provincial Disaster Management Centre consist of only four officials, with the PDMC having four unfunded vacant positions.

The Traditional Affairs directorate is severely understaffed and should the vacant posts not be filled, it will have a severe impact on the stability in the Directorate, and ultimately our communities. The Department is in the process of filling the Anthropologist position. The renewed emphasis on Khoi-San leaders will have a detrimental impact on the current staff compliment of the unit.

2.4 Key policy developments and legislative changes

The changes from B2B to MSIP took place mid-term and had to be implemented in the mist of local government elections transitional period of determining new councillors after the local government elections on the 1 November 2021.

On the 1 November 2021 the Local Government: Municipal Structures Amendment Act 3 of 2021 was promulgated and became effective on the said date.

The Traditional Leadership, Governance Framework Act, Act 341 of 2003 were repealed with the enactment of the Traditional and Khoisan Leadership Act, Act 3 of 2019 (TKLA). The TKLA makes provision for amongst others the recognition and Khoi-San Communities and their leadership structures. It also makes provision for the establishment of a Commission of Khoi-San matters to deal with the recognition process.

The TKLA amended the following legislation:

- Independent Commission for the Remuneration of Public Office-bearers Act, 1997
- Remuneration of Public Office Bearers Act, 1998
- Local Government: Municipal Structures Act, 1998

Customary Initiation Act, Act 2 of 2021, to provide for the effective regulation of customary initiation practices, to provide for the establishment of a National Initiation Oversight Committee and Provincial Initiation Coordinating Committee as well as its roles and functions and the roles and functions of all role-players involved in initiation practice as such or in the governance aspects thereof.

3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

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

MTSF	Priority 5: Spatial integration, human settlements and local government			
	Outcomes	Outcome Indicators	Baseline	Five-year target
1	Improved audit outcome	Reduced number of matters raised in the Audit report	Unqualified audit with 11 matters	Unqualified audit with no matters

MTSF		Priority 5: Spatial integration, human settlements and local government		
Outcomes		Outcome Indicators	Baseline	Five-year target
2	Adequate Housing in improved quality living environments	Number of informal settlements upgraded to Phase 2 of the Informal Settlements Upgrading Programme	1	5 informal settlements upgraded to Phase 2
		Number of priority housing development areas invested in	New	Investment in 2 priority development areas
3	Security of Tenure to households in the subsidy market	Number of households securing ownership	13 308	5 450 households with ownership secured
4	Transformation of the Local Government sector	Number of municipalities progressing from dysfunctional to functional	15	15 municipalities progressing from dysfunctional to functional
5	Realizing good governance, peaceful co-existence and development within Traditional Communities	Number of Traditional Councils with inter-sphere relationships	New	8 Traditional Councils with inter-sphere relationships

PROGRAMME 1: ADMINISTRATION

Outcome: Improved audit outcome

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

The audit report of the 2020/2022 financial do show that the department improved drastically on its audit outcomes. We had two matters of emphasis raised by the auditor general. They include issues of underspending of the budget that were not put into contexts, because it was based on late receipt of funding from the national department of human settlements' and the announcement by the Premier that COGHSTA also forms part of the R500 million programme to assist SPLM on service delivery matters.

For 2021/2022 financial, no matters of emphasis are mentioned in the audit report, but only other matters such as consequence management and adjustments on the financial statements.

PROGRAMME 2: HUMAN SETTLEMENTS

Outcome: Adequate Housing in improved quality living environments

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

The programme managed to achieve the following progress against the MTSF targets:

- The MTSF target of 458 Community Residential Units (CRUs) was achieved in the 2021/22 by delivering the outstanding balance of 376 CRU units. Previously, 82 CRUs were delivered. The target for the 2021/22 financial year was 190 CRUs and the achievement for the same period is 376 CRUs. The target was therefore overachieved by 186.
- The target to provide 20 Finance linked Individual Subsidy Programme (FLISP) units was overachieved by 7. In total, 27 FLISP units were provided.
- The target of 337 serviced sites was overachieved by 1 899. In total, 2 236 serviced sites were delivered.

Outcome: Security of Tenure to households in the subsidy market

Outcome Indicator: Number of households securing ownership

The target for the number of outstanding pre-1994 title deeds registered was overachieved by 143. The target was 250 and 393 was achieved. However, the target of 525 for the number of outstanding post-1994 title deeds registered was not achieved. Only 136 title deeds were registered, and 389 title deeds could therefore not be registered. The number of outstanding post-2014 title deeds registered was also not achieved. There were only 174 title deeds registered against a target 829, thus failing to meet the target by 655. While the number of new title deeds registered post 2019 was also not achieved. In fact, no title deeds were registered against a target of 146.

The target for title deeds across all 4 categories has been increased to 5000 for the 2022/23 financial year to be in a position to meet the MTSF target by 2023/24 financial year. In the 2023/24 financial year, the remaining balance of over 7000 title deeds across all four categories will be registered.

PROGRAMME 3: COOPERATIVE GOVERNANCE

Outcome: Transformation of the Local Government sector

Outcome Indicator: Number of municipalities progressing from dysfunctional to functional

Given the implementation of the Municipal Support and Intervention Programme a mist preparation for the Local Government Elections, during and after the elections, it has been increasingly difficult to commence with the implementation of the MSIP A few municipalities managed to have the previous municipal councils adopt the MSIP templates.

None of the dysfunctional municipalities have included, as required, the populated and adopted MSIP template in their IDPs to facilitate easy tracking through the Service Delivery Budget Improvement Plans (SDBIPs). Some municipalities have considered to include the adopted MSIP templates as addendums to the IDP for adoption during their last meetings before the commencement of the new municipal financial year on the 1 July 2022.

The table below presents a detailed comparative analysis of the performance of municipalities from 2016/17 FY to date. Overall, audit outcomes improved over the five-year term of the previous administration, mainly due to district municipalities improving their outcomes by addressing compliance findings. However, the AG found it concerning that the outcomes of most local municipalities remained unfavourable and that the number of disclaimed municipalities did not decrease – pointing to leadership not adequately responding to AG audit findings. The service delivery challenges that citizens face continued or became even worse during the five-year period. The weak control environment at most local municipalities contributed to the undesired audit outcomes, which negatively affected service delivery.⁴

MUNICIPALITIES	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017
Frances Baard	Unqualified with no findings	Unqualified with no findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
Sol Plaatje	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Unqualified with findings
Phokwane	Audit not finalised at legislated date	Disclaimed with findings	Qualified with findings	Qualified with findings	Qualified with findings
Magareng	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings
Dikgatlong	Qualified with findings	Qualified with findings	Disclaimed with findings	Disclaimed with findings	Qualified with findings
John Taolo Gaetsewe	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with findings	Unqualified with findings
Ga-Segonyana	Unqualified with findings	Unqualified with findings	Qualified with findings	Qualified with findings	Qualified with findings
Gamagara	Qualified with findings	Qualified with findings	Qualified with findings	Disclaimed with findings	Qualified with findings
Joe Morolong	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings
ZF Mgcawu	Unqualified with no findings	Unqualified with no findings	Unqualified with findings	Unqualified with no findings	Unqualified with no findings
Dawid Kruiper	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
Kai! Garib	Audit not finalised at legislated date	Disclaimed with findings	Disclaimed with findings	Qualified with findings	Qualified with findings
Kgatelopele	Disclaimed with findings	Qualified with findings	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings

⁴ Auditor General: MFMA GR 2020-21 Interactive (<https://www.agsa.co.za/Portals/0/Reports/MFMA/2020-21/MFMA%20GR%202020-21%20General%20Report%20interactive.pdf?ver=2022-06-15-090741-193>)

MUNICIPALITIES	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017
Tsantsabane	Qualified with findings	Qualified with findings	Qualified with findings	Disclaimed with findings	Disclaimed with findings
!Kheis	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings	Qualified with findings
Pixley Ka Seme	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
Emthanjeni	Qualified with findings	Qualified with findings	Qualified with findings	Unqualified with findings	Unqualified with findings
Kareeberg	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
Renosterberg	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings	Disclaimed with findings	Qualified with findings
Siyancuma	Qualified with findings	Qualified with findings	Unqualified with findings	Unqualified with findings	Qualified with findings
Siyathemba	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Disclaimed with findings
Umsobomvu	Qualified with findings	Qualified with findings	Qualified with findings	Unqualified with findings	Unqualified with findings
Ubuntu	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings
Thembelihle	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings
Namakwa	Unqualified with no findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
Nama-Khoi	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings
Richtersveld	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings
Hantam	Unqualified with no findings	Unqualified with findings	Unqualified with findings	Qualified with findings	Qualified with findings
Khai-Ma	Qualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Unqualified with findings
Karoo Hoogland	Unqualified with findings	Unqualified with findings	Qualified with findings	Unqualified with findings	Qualified with findings
Kamiesberg	Qualified with findings	Qualified with findings	Disclaimed with findings	Qualified with findings	Unqualified with findings

5

2020/2021 Summary	16% Unqualified with no findings (5)	16% Unqualified with findings (5)	48% Qualified with findings (15)	13% Disclaimed with findings (4)	6% Audit not finalised at legislated date (2)
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PROGRAMME 4: TRADITIONAL AFFAIRS

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

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

A joint Integrated Councillor Programme, headed by SALGA together with CoGTA, National Treasury, AG National School of Governance, NHTKL, LGSETA, was held on 10-14 January 2022 in Kathu. The programme aimed to ensure that the newly elected and returning councillors and traditional leaders were capacitated in leadership roles, leadership applicable to Local Government, key municipal processes, developmental Local Government and service delivery. The Directorate will build on this initiative to ensure that there are proper inter-sphere relationships between municipal and traditional councils.

⁵ Auditor General: Annexure 3: Auditees' audit opinions over the past five years
(<https://www.agsa.co.za/Portals/0/Reports/MFMA/2020-21/2020-21%20MFMA%20-%20Annexure%203.xlsx?ver=2022-06-15-090737-473>)

4. INSTITUTIONAL PROGRAMME PERFORMANCE

4.1 Programme 1: Administration

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

4.1.1 Sub-Programme: Office of the MEC

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

4.1.2 Sub-Programme: Corporate Services

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

4.2 Programme 2: Human Settlements

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

4.2.1 Sub-Programme: Housing Needs, Research and Planning

Purpose: To facilitate and undertake housing delivery planning

4.2.2 Sub-Programme: Housing Development

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

4.2.3 Sub-Programme: Housing Asset Management

Purpose: To provide for the effective management of housing

4.3 Programme 3: Cooperative Governance

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

4.3.1 Sub-Programme: Municipal Administration

Purpose: To ensure legislative compliance and good governance

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

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

4.3.3 Sub-Programme: Municipal Infrastructure

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

4.3.4 Sub-Programme: Public Participation

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

4.3.5 Sub-Programme: Municipal Planning

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

4.4 Programme 4: Traditional Affairs

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

4.4.1 Sub-Programme: Traditional Leadership and Institutional Support

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

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

Programme 1: Administration

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			19/20	20/21	21/22	21/22	21/22	
Improved audit outcome	Expenditure according to the allocated budget	Percentage expenditure in relation to the allocated budget	New	79,3%	100%	93,85%	-6,15%	Vacant positions could not be filled on time before the end of the financial year. This is due to delays in recruitment and selection processes. Underspending was mainly as a result of the COVID-19 pandemic which resulted to the introduction of COVID-19 protocols and subsequent curtailing of activities within the department to ensure compliance to disaster management regulations. Most effected was travel and other personnel-related expenditure. The underspending on capital assets with R1,454 million can be attributed to over estimation of costs of procuring and replacement of computer equipment to enable staff to work remotely. Included in the savings is a Provincial Emergency Grant of R69 123m million aimed at building 1 100 temporary residential units (TRUs) that could not be spent at year-end.
	All supplier invoices paid within 30 days	Percentage of invoices paid within 30 days	New	98,8%	100%	96,7%	-3,3%	Incomplete entity information, e.g. banking details, delays in the submission of invoices and errors.
	Compliance in line with PPPFA and Treasury Regulations	Percentage of procurement transactions in compliance with Treasury Regulation 16A and PPPFA	New	New	100%	100%	0	No deviation
	External audit recommendations implemented	Percentage of external audit recommendations implemented	New	31%	100%	55%	-45%	<ul style="list-style-type: none"> Evidence provided to support the action implemented is not sufficient enough. AFS reviews to confirm that all amounts disclosed delays to complete the actions that are in Progress. Non response from management on the action plan lags the progress.
	Equal gender representation	Percentage of female employees in middle management developed	New	6,8%	100%	14,83%	-85,17%	COVID-19 protocols still hampers in-contact training.
	Corporate support services rendered	Percentage of departmental policies implemented	New	98,3%	100%	100%	0	No deviation

Programme 2: Human Settlements

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			19/20	20/21	21/22	21/22	21/22	
Adequate Housing and improved quality living environments	Achieving spatial transformation	Number of approved Multi-Year Housing Development Plans (MYHDP)	New	1	1	1	0	No deviation
		Number of municipalities supported with development of credible project pipelines	New	New	20	20	0	No deviation
		Number of housing needs register reports produced	New	New	1	1	0	No deviation
		Number of Community Residential Units (CRU) delivered	New	New	190	376	+186	The project has been completed and CRU units were handed over to Sol Plaatje by the Honorable Minister, Premier and MEC on 18 October 2021.
	Finance Linked Individual Subsidy (FLISP)	Number of households that received financial assistance through FLISP	New	New	20	27	+7	The demand was higher than anticipated.
	Housing units	Number of fully subsidised houses delivered	601	New	425	186	-239	The main reason for the under-achievement is failure by contractors to complete housing projects on time. Various other reasons also had an immense and adverse impact on the delivery of houses such as the difficult development conditions (dolomite; distances between projects and suppliers of materials) in the province.
		Number of serviced sites delivered	New	New	337	2 236	+1 899	The main reason for this exceptional performance is the R109 million roll-over budget that was approved by Provincial Treasury and an additional allocation of R60 million provided by the National Department of Human Settlements due to the exceptional performance of the department.
	Informal settlement upgrading	Number of informal settlements funded for upgrading to phase 1	New	New	1	1	0	No deviation
		Number of informal settlements funded for upgrading to phase 2	New	New	17	14	-3	The reasons for failing to achieve the target are as follows: <ul style="list-style-type: none"> Daniëlskuil 3500 - an additional dolomite stability investigation was recommended by the Council of Geo-Science which led to delays in the completion of the project. Barkley West 3500 - all the requirements for the application to complete all the township establishment

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			19/20	20/21	21/22	21/22	21/22	
								<p>processes were met, however there was a delay in terms of the District Municipal Planning Tribunal (DMPT) seating dates. The date to review and approve the application has now been set for 7 April 2022.</p> <ul style="list-style-type: none"> Blaauwskop 500 – approval of the Water Use License Authorization (WULA) is delayed by the refusal of a private landowner next to the settlement to agree for Government to use his servitude to construct a water supply line to communities of the settlement. The ZF Mgcawu DMPT will not approve the township establishment application of the settlement without WULA and a servitude. Negotiations with the landowner are ongoing to resolve this matter.
		Number of informal settlements funded for upgrading to phase 3	New	New	9	8	-1	The developmental conditions at Ivory Park 1175 adversely impacted on the achievement of this target due excessive rain, hard rock and high-water table. These are conditions beyond the control of the contractor and the Department.
	Social Housing	Number of social rental housing units delivered	New	New	100	0	-100	The Social Housing Entity, South African Swedish International Housing Company (SASIHC), failed to achieve financial closure with the Development Bank of South Africa, in terms of the conditions of the Consolidated Capital Restructuring Grant as administered by the Social Housing Regulatory Authority (SHRA). The project is implemented by SASIHC and regulated by SHRA. This target was only included in the departmental Annual Performance Plan and Business Plan because it is a requirement by the National Department of Human Settlements but the department is not responsible for the implementation of the project.
Security of Tenure to households in the subsidy market	Title Deeds	Number of outstanding pre 1994 title deeds registered	New	New	250	393	+143	<p>Caught up with under-performance during the past three quarters.</p> <ul style="list-style-type: none"> Delays experienced in the gathering of FICA documents by municipalities / conveyancers.
		Number of outstanding post 1994 title deeds registered	New	New	525	139	-386	
		Number of outstanding post 2014 title deeds registered	New	New	829	171	-658	

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			19/20	20/21	21/22	21/22	21/22	
		Number of new title deeds registered (post 2019)	New	New	146	0	-146	<ul style="list-style-type: none"> • Long turnaround time in getting registration documents signed by the Municipalities. • Delays in releasing land owned by Public Works / Rural Development. • Re-layout of General Plans is delaying the registration of properties.

Programme 3: Cooperative Governance

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			19/20	20/21	21/22	21/22	21/22	
Transformation of the Local Government sector	Enhanced municipal governance	<i>Number of municipalities supported to comply with MSA and Regulations on the appointment of senior managers (Linked to MTSF 2019 – 2024, Priority 1)</i>	31	21	31	31	0	No deviation
		Number of municipalities supported to comply with MStA on the functionality of governance structures	New	New	31	31	0	No deviation
		Number of municipalities supported to maintain functional MPACs	New	New	31	16	-15	Following the LG elections, new MPACs were established – some only end March 2022. The induction is only scheduled for April 2022. MPACs will therefore only start functioning after the induction.
		Number of IGR fora monitored on functionality	New	0	5	0	-5	It is difficult to address the non-adherence and functionality of the IGR as the districts failed to submit their annual schedule of meetings. In doing so, the recommendations

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			19/20	20/21	21/22	21/22	21/22	
								cannot be fast track in preparation for the next meeting. Some districts do not want to submit their minutes for assessment in order to provide feedback on their decision making. Although some quarterly target was achieved, the annual target is not achieved due to the underperformance of other quarters.
		<i>Number of municipalities monitored on the extent to which anti-corruption measures are implemented (Linked to MTSF 2019 – 2024, Priority 1)</i>	28	New	31	20	-11	The responsiveness toward anti-corruption in municipalities is a challenge. Municipalities are assessed per district by the National CoGTA and the province to ensure systems are in place. Municipalities to address any anti-corruption activities. Municipalities do not adhere to submission per the stipulated deadlines.
		<i>Number of capacity building interventions conducted in municipalities (Linked to MTSF 2019 – 2024, Priority 1) (B2B Pillar 5)</i>	13	New	10	17	+7	Collaborated with the other directorates re capacity building initiatives for municipalities.
	MPRA Compliance	<i>Number of municipalities guided to comply with the MPRA (Linked to MTSF 2019 – 2024, Priority 1) (B2B Pillar 4)</i>	26	26	26	26	0	No deviation
	Improved municipal performance management	<i>Number of municipalities supported to reduce Unauthorised, Irregular, Wasteful and Fruitless expenditure (Linked to MTSF 2019 – 2024, Priority 1)</i>	New	New	4	18	+14	The unit assessed the number of municipalities with the highest UIF&W amounts from the audit outcomes and it targeted its support to the 18 municipalities identified.
<i>Number of municipalities supported to institutionalize the performance management system (PMS) (Linked to MTSF 2019 – 2024, Priority 1)</i>		10	31	31	31	0	No deviation	
<i>Number of Section 47 Reports compiled as prescribed by the MSA (Linked to MTSF 2019 – 2024, Priority 1) (B2B Pillar 5)</i>		0	New	1	1	0	No deviation	
		<i>Number of Municipalities monitored on the implementation of GBVF</i>	New	New	26	26	0	No deviation

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			19/20	20/21	21/22	21/22	21/22	
		<i>responsive programmes (Final M&E Plan for NSP on GBVF) (Pillar 2: Prevention and Restoration of Social Fabric)</i>						
	Promote participation in community based governance processes	<i>Number of municipalities supported to promote participation in community based local governance processes (Priority 1: Capable, Ethical and Developmental State and Priority 6 MTEF indicator: Social Cohesion and Safer Communities)</i>	New	New	26	0	-26	Annual target not achieved due to under-performance in quarter 2, which is attributed to cost containment, COVID-19 restrictions and elections.
		<i>Number of municipalities supported to resolve community concerns (Outcome 9: Sub-Outcome 2) (B2B Pillar 1)</i>	26	New	26	26	0	No deviation
		Number of local municipalities implementing GovChat programme for community engagement and service delivery improvement	New	12	18	18	0	No deviation
		<i>Number of municipalities supported to maintain functional ward committees (Linked to MTSF 2019 – 2024, Priority 1)</i>	1	0	26	26	0	No deviation
		Create jobs through Job Summits, Operation Phakisa and other public sector employment programmes	<i>Number of work opportunities reported through Community Work Programme (CWP) (MTSF 2019-2024, Priority 2)</i>	New	New	21 900	22 531	+631
	Improved access to basic services	<i>Number of municipalities monitored on the implementation of indigent policies (Sub-outcome 1) (B2B Pillar 2)</i>	24	New	26	26	0	No deviation
		<i>Number of municipalities monitored on the implementation of</i>	26	26	26	26	0	No deviation

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			19/20	20/21	21/22	21/22	21/22	
		<i>infrastructure delivery programmes (Outcome 9, Sub-outcome 1) (B2B Pillar 5)</i>						
		<i>Number of Districts monitored on the spending of National grants</i>	New	New	5	5	0	No deviation
	Integrated municipal planning and development	<i>Number of District/Metro supported to develop One Plans (MTSF 2019 – 2024, Priority 5: Spatial integration, human settlements and local government)</i>	New	New	5	5	0	No deviation
		<i>Number of municipalities with legally compliant IDPs</i>	21	30	31	31	0	No deviation
	Coordinated Provincial Disaster Management	<i>Number of municipalities supported to maintain functional Disaster Management Centres</i>	1	0	5	0	-5	The annual target was not achieved due to under-performance in the quarters. Frances Baard did not attend any engagements.
		<i>Number of municipalities supported on Fire Brigade Services</i>	New	New	5	5	0	No deviation

Programme 4: Traditional Affairs

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			19/20	20/21	21/22	21/22	21/22	
Realizing good governance, peaceful co-existence and development within Traditional Communities	Traditional leaderships with good governance and sound administration	<i>Number of Traditional Councils supported to perform their functions</i>	8	10	8	8	0	No deviation
		<i>Number of Anti GBVF Intervention/campaigns for traditional leadership (Final M&E Plan for the NSP on GBVF) (Pillar 2: Prevention and Restoration of Social Fabric)</i>	New	New	2	3	+1	Further to the Launch of Traditional Men's Parliament with the theme "Stop Gender Based Violence" ba ga Phetlhu hosted a similar event within the area of jurisdiction of Kgosi Phetlhu. The event was well attended and a strong message was delivered to the community.
		<i>Percentage of succession disputes/claims processed</i>	87,5%	New	100%	100%	0	No deviation
		Number of activities of the Provincial and Local Houses of Traditional Leaders in compliance with Act 2 of 2007	15	New	16	25	+9	The focus on Rural development wherein the Provincial House had to participate including making inputs on strategic issues. This was a national directive spearheaded by the National House of Traditional and Khoisan Leaders.

4.6 Linking performance with budgets

Sub- Programme Name	2021/2022			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1						
Office of the MEC	14,863	10,699	4,164	12 313	10 013	2 300
Corporate Services	160,847	142,496	18,351	132 350	133 005	(655)
Sub-Total	175,710	153,195	22,515	144 663	143 018	1 645
Programme 2						
Housing: Needs, Planning and Research	12,980	10,126	2,854	11 884	9 885	1 999
Housing: Settlements: Development	608,153	532,125	76,028	618 003	426 965	191 038
Housing: Asset Management	14,203	16,145	(1,942)	14 273	16 079	(1 806)
Sub-Total	635,336	558,396	76,940	644 160	452 929	191 231
Programme 3						
Local Governance	120,788	116,152	4,636	114 909	120 514	(5 605)
Development & Planning	21,192	12,010	21,192	17 965	11 962	6 003
Sub-Total	141,980	128,162	13,818	132 874	132 476	398
Programme 4						
Traditional Affairs	21,907	18,508	3,399	19 352	17 942	1 410
Sub-Total	21,907	18,508	3,399	19 352	17 942	1 410
TOTAL	974 933	858 261	116 672	941 049	746 365	194 684

4.7 Strategy to overcome areas of under performance

Depending on the nature of the indicator and whether the cause of the underperformance is within the scope and ability of a respective directorate, the directorates will ensure that the underperformance is addressed in the next financial year since the indicators, in essence, are still the same.

However, where the cause of the underperformance is a technical system issue e.g. where minutes of a Municipal Council are not approved during the period of review of assessment of quarterly performance, arrangements should be that evidence should be provided in the next quarter for completeness.

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

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

4.9 Institutional response to the COVID-19 Pandemic

4.9.1 Progress on Institutional Response to the COVID-19 Pandemic

Budget Programme	Intervention	Geographic location (Province / District / local municipality) (Where possible)	No of Beneficiaries (Where possible)	Disaggregation of Beneficiaries (Where possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (Where applicable)	Immediate Outcome
	None							

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
n/a				

5.2 Transfer payments to all organisations other than public entities

The table below reflects the **transfer payments made** for the period **1 April 2021 to 31 March 2022**

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

The table below reflects the **transfer payments budgeted** for in the period **1 April 2021 to 31 March 2022**, but the Department made no transfer payments.

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

6. CONDITIONAL GRANTS

6.1 Conditional grants and earmarked funds paid

No conditional grants and earmarked funds paid for the period **1 April 2021 to 31 March 2022**.

6.2 Conditional grants and earmarked funds received

The table/s below details the conditional grants and earmarked funds received during for the period **1 April 2021 to 31 March 2022**.

Conditional Grant 1: Human Settlements Development Grant

Department who transferred the grant	Department of Human Settlements
Purpose of the grant	To provide funding for the creation of sustainable human settlements
Expected outputs of the grant	Number of residential units delivered in each housing programme Number of serviced sites delivered in each housing programme Number of finance linked subsidies approved and disbursed
Actual outputs achieved	591 Units delivered 2 854 Sites serviced 27 FLISP applications approved and disbursed
Amount per amended DORA (R'000)	R374 104 000
Amount received (R'000)	R264 528 000
Reasons if amount as per DORA was not received	R109 576 000 Rollover
Amount spent by the department (R'000)	R374 104 000
Reasons for the funds unspent by the entity	None
Reasons for deviations on performance	<ul style="list-style-type: none"> • Delays experienced in the gathering of FICA documents by municipalities / conveyancers. • Long turnaround time in getting registration documents signed by the Municipalities. • Delays in releasing landed owned by Public Works / Rural Development. • Re-layout of General Plans is delaying the registration of properties.
Measures taken to improve performance	NDHS to host a summit with all stakeholders.
Monitoring mechanism by the receiving department	A Business Plan for the grant is drafted at the beginning of every financial year. Monthly and quarterly DORA reports and reports to the Office of the Premier are submitted, where financial and non-financial achievements are reported. The HSS System will only allow payments to be authorized if there is an approved submission, appointment letter and certified original invoices submitted.

Conditional Grant 2: Extended Public Works Programme

Department who transferred the grant	Department of Human Settlements
Purpose of the grant	To increase the labour intensity of government-funded infrastructure construction and maintenance projects through the use of labour-intensive methods
Expected outputs of the grant	To create work for the EPWP target group; defined as: local, unemployed, low or unskilled labour and such work must comply with the stipulations in the Ministerial Determination
Actual outputs achieved	350
Amount per amended DORA (R'000)	R2 037 000
Amount received (R'000)	R2 037 000

Reasons if amount as per DORA was not received	None
Amount spent by the department (R'000)	R2 037 000
Reasons for the funds unspent by the entity	None
Reasons for deviations on performance	None
Measures taken to improve performance	Submission of monthly labour stats by all contracts
Monitoring mechanism by the receiving department	A Business Plan for the grant is drafted at the beginning of every financial year. Monthly and quarterly DORA reports and reports to the Office of the Premier are submitted, where financial and non-financial achievements are reported.

Conditional Grant 3: Provincial Emergency Housing Grant

Department who transferred the grant	Department of Human Settlements
Purpose of the grant	To provide funding to provincial administrations/municipalities for provision of temporary shelter assistance to households affected by disasters.
Expected outputs of the grant	Emergency and short term assistance to households affected and impacted by and/ or disasters, through: <ul style="list-style-type: none"> • Provision of temporary shelter • Temporary relocation of households to safer accommodation and/ or shelter.
Actual outputs achieved	None
Amount per amended DORA (R'000)	R67 551 000
Amount received (R'000)	R67 551 000 (rolled over from the 2020/2021 FY)
Reasons if amount as per DORA was not received	None
Amount spent by the department (R'000)	None
Reasons for the funds unspent by the entity	The Department could not spend the Provincial Emergency Housing Grant aimed at building 1 100 temporary residential units (TRUs) of which 200 is in Tsantsabane, 500 for Ivory Park, 200 for Lerato Park and 200 for Promise Land at Sol Plaatje Local Municipality, due to a public outcry against this intervention. Communities demanded permanent housing solutions instead of TRUs. Therefore, the PEHG allocation had to be surrendered to the Provincial Revenue Fund.
Reasons for deviations on performance	None
Measures taken to improve performance	The department applied for the rollover to continue with the earmarked work.
Monitoring mechanism by the receiving department	Monthly and quarterly DORA reports are submitted, where financial and non-financial achievements are reported.

7. DONOR FUNDS

7.1 Donor Funds Received

n/a

8. CAPITAL INVESTMENT

8.1 Capital investment, maintenance and asset management plan

n/a

PART C

GOVERNANCE



1. INTRODUCTION

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

2. RISK MANAGEMENT

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

The unit conducted the 2019/2020 annual risk assessment as well as quarterly risk reviews to determine the effectiveness of its risk management strategy and to identify new and emerging risks.

Quarterly Risk Management Committee (RMC) meetings as per the RMC charter are being conducted to discuss the outcomes of the risk assessment and -reviews and to advice management on the overall system of risk management and the mitigation of unacceptable levels of risk. A risk mitigation plan has also been developed and is being updated quarterly after each risk review session. All senior managers also serve on the RMC, which gives them greater insight into the risks facing the department.

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

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

3. FRAUD AND CORRUPTION

The Department has an approved fraud and anti-corruption policy and strategy in place, which is further supplemented by a fraud and anti-corruption plan with planned action and clearly defined outcomes. The plan also provides for mechanisms to report fraud and corruption. The Department also has a whistle blowing policy in place.

The Department however does not have a dedicated unit responsible for these functions, and activities cuts across the Internal Inspectorate and Labour Relations units.

4. MINIMISING CONFLICT OF INTEREST

All officials in the Financial Management Chief Directorate are required to declare any interest on the Declaration of Financial Disclosure forms, as well as Senior Managers, Deputy Directors and OSD officials. These officials are further subjected to vetting and security clearance.

5. CODE OF CONDUCT

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

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

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

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

The purpose of this Code of Conduct is:

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

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Department complies with all the regulations as per the Occupational Health and Safety Act.

7. PORTFOLIO COMMITTEES

Date	Matters raised	Department's response
05/04/2022	Develop housing allocation guidelines to assist municipalities in the administration of the Housing Needs Registers as well as the allocation of houses. Furthermore, Community Development Workers must be utilise to assist communities when updating the Housing Needs Registers.	The Department has development guidelines in 2016 already to assist municipalities in the administration of the Housing Needs Registers as well as the allocation of houses.
05/04/2022	Promote equal opportunities and fair treatment in employment through elimination of unfair discrimination in order to ensure equitable representation especially at senior management level.	The Department takes note of the resolution and will adhere to it.

8. SCOPA RESOLUTIONS

Res. No.	Subject	Details	Response by the Department	Resolved (Yes/No)
1	Internal controls	The department must submit a report on its internal control procedures that were developed and implemented to produce accurate and complete financial reports.	The department has processes and procedures relating to expenditure control and management in place that must be complied with by all officials concerned. The following processes are in place: <ul style="list-style-type: none"> • A UIF policy as approved by the AO is implemented. The policy is reviewed annually in order to ensure new directives and instruction are incorporated for compliance. 	Yes

Res. No.	Subject	Details	Response by the Department	Resolved (Yes/No)
			<ul style="list-style-type: none"> • A compliance checklist is implemented diligently. This checklist ensures compliance with legislation and to manage funds efficiently. This checklist also assists in the prevention of possible irregularities. • The department conduct an assessment and determination of UIF as per Treasury Instructions. On discovery of possible UIF the department records it in the register and it is also reported to Provincial Treasury on a monthly basis. • The department is implementing a budget monitoring tool as a control to curb overspending. The effectiveness of controls as well as cost containment measures implemented is evident from the fact that no unauthorized expenditure was incurred by the department for three consecutive financial years. • The budget monitoring tool acts as an early warning instrument and is used to detect and prevent unauthorized expenditure from occurring. Senior managers signed off on their budgets, before an order is placed, to ensure funds is available for their request. • Expenditure on monthly commitments as the biggest cost driver in the department is authorized by the CFO only. • The use of a panel of contractors since 2015/2016 for the procurement of Human Settlement projects yield the desired outcomes as it is evident from the decrease in Unauthorised Expenditure and Irregular expenditure since its implementation. 	
2	Irregular, fruitless and wasteful expenditure	The department must submit a report on the preventative controls that were implemented to avoid irregular, fruitless and wasteful expenditure to ensure creditors are being paid within the stipulated 30 days.	Monitoring that controls for payments made within 30 days' payments of receipt of the invoice are strictly applied for all transactions that are to be paid. A request has been made to service providers to submit invoices on time for speedy processing. It has always been an issue of wrong invoice submission to the department. Corrective control mechanisms have been implemented and there has been a reduction over the past financial year. Finance ensures that payments are made within seven (7) days from date of receipt.	Yes
3	Accountability and consequence management	The department must submit on a monthly basis, an update on the mechanism that was designed to ensure accountability, and that consequence management for non-compliance is being implemented, to the committee.	The above-mentioned processes have been implemented to avoid re-occurrence of UIF. The reducing trends in Unauthorised, Irregular fruitless and Wasteful expenditure is an advantage for the department to lead to an improved audit outcome.	Yes, ongoing

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

n/a

10. INTERNAL CONTROL UNIT

A need to assess the control environment within the Department arose because of the recurring findings from the Auditor General and Internal Audit.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

11.1 Internal audit

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

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

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

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

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

11.2 Audit Committee

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

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

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

The new audit committee members have been appointed with effect from 31 December 2020. The audit committee exists out of five members in total. Three internal members and two external members, of which one external member and one internal member were reappointed to serve for the second 3-year term. The audit committee consisted of the members listed hereunder and met four times as per its approved meeting schedule:

Current Audit Committee:

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

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

12. AUDIT COMMITTEE REPORT

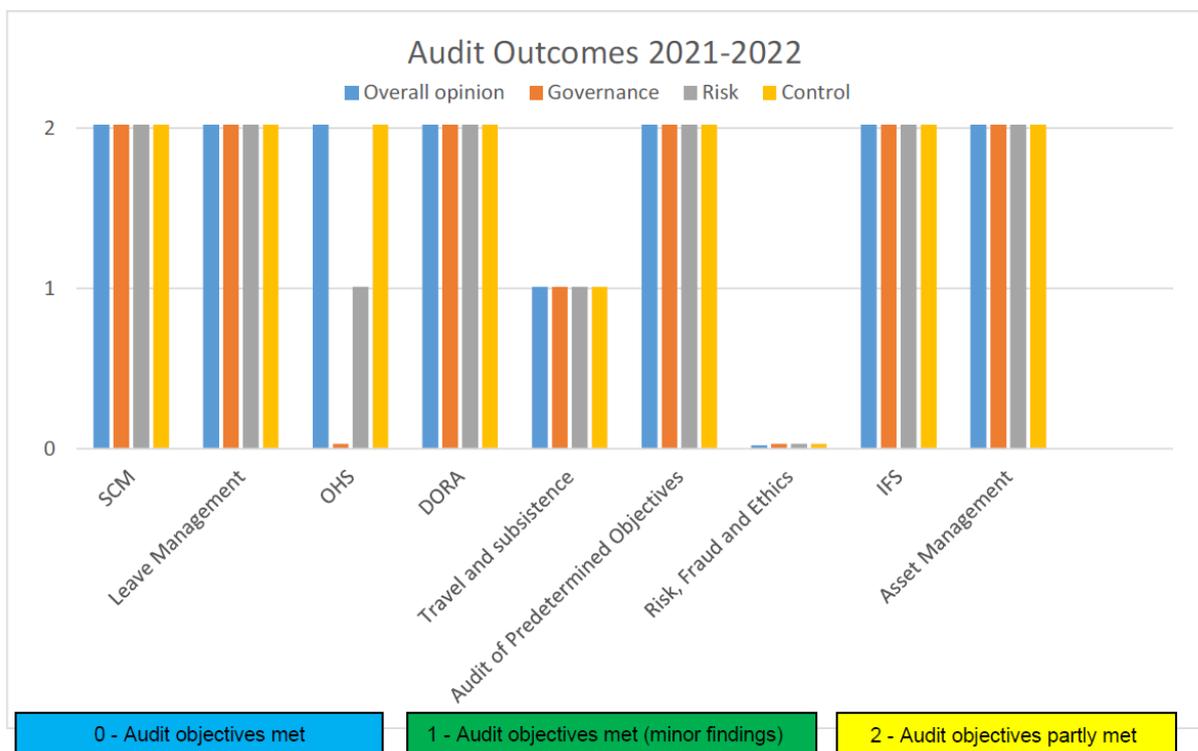
The Audit Committee is pleased to present its report for the financial year ended 31 March 2022. The Audit Committee has been functional throughout the financial year.

REPORT OF THE AUDIT COMMITTEE FOR 2021/22

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

THE EFFECTIVENESS OF INTERNAL CONTROL

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



Areas of concern

- Nine municipalities from the Northern Cape have been identified as dysfunctional municipalities due to challenges faced across the key performance areas of governance, administration, service delivery and financial management.
- Procurement and contract management remains a concern due to insufficient capacity to investigate prior year irregular expenditure.
- Leave management reflected control weaknesses as some leave forms were not always captured timeously on the system or the leave forms were not fully completed prior to commencement of leave.
- Inventory management reflected a control weakness as the inventory register was not updated throughout the year.
- The audit of pre-determined objectives revealed differences between information contained in the portfolio of evidence against reporting requirements per the technical indicator description and corrective actions were not always documented in the quarterly reports.

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

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

In-Year Management and Monthly/Quarterly Report

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

Evaluation of Financial Statements

The Audit Committee has:

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

Report to the Accounting Officer and Executive Authority

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

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

The Audit Committee met with the Northern Cape Provincial Legislature on 10 March 2022 to discuss the Audit Committee annual report of 2020/21.

Auditor's General Report

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

Conclusion

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



Mr. V. Pangwa CA (SA)

Chairperson of the Audit Committee

Department of Co-operative Governance Human Settlements and Traditional Affairs

Date: 31 July 2022

13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

PART D

HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

It is the wish of the department to have competent and satisfied employees to ensure outstanding service delivery. For the department to achieve this, it needs to advertise vacant posts and fill them through the recruitment and selection process. The department had successful bilateral with Provincial Treasury regarding the funding of the proposed structure as well as advertising of vacant posts. Provincial Treasury MEC as well as the Premier approved the departmental request to advertise and fill critical vacant posts in phases, as well as provided an assurance letter indicating that the proposed structure has funds as required.

Priority to advertise was given to the 30 posts that have contract appointments against them, and were advertised in December 2021. The proposed structure with all supporting document (assurance letter) were sent to Office of the Premier (OTP) from Provincial Treasury, and OTP has to further forward to the Department of Public Service and Administration for concurrence and approval.

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

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

Forty (40) officials were trained for this reporting period and eighteen (18) officials were awarded bursaries. A shortfall of ten (10) officials still needs to be trained in order to meet the target of fifty (50) officials trained – though it needs to be noted that the target date for the achievement of fifty (50) officials is 30 November 2022. Based on the aforementioned, the department could achieve this target, or possibly exceed it, which will be included in the next reporting cycle.

Training was received in the following fields:

- Ethics and Conflict Management in the Public Service (online)
- Executive Education Programme (online)
- Ettella for HOD (online)
- Economic Governance School for MEC (online)
- Writing for Government: Basic (online)
- Introduction: Leading Change (online)
- Know and Live your Constitution (online)
- Financial Management & Budgeting (online)
- Graphic & Web design Programme
- Human Resource Management in the Public Sector (online)
- Service Delivery Skills Programme (PSETA funded, online)
- SHE - representative training (face to face)

The number of bursaries awarded has increased from four (4) in 2021 to 18 in 2022. Though the Minister's directive was to pay all employees 1.5% pay progression as cost of living, the department still received 452 EPMSD assessment documents (including SMS)

The department is compliant with all COVID-19 regulations. The EHW unit provided support and guidance to two (2) employees going on ill health retirement, and to one (1) employee who resigned and employees who tested positive for COVID-19.

The Department signed a Memorandum of Understanding with Metropolitan which allows them access to the work site for employees to interact with them on a one-on- one basis to get financial advice.

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

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

The use of e-learning and technology is becoming the norm due to the COVID-19 pandemic, and the department is gradually adjusting to that.

Changes in the staffing establishment affects the organisational structure.

2. OVERVIEW OF HUMAN RESOURCES

There has been tremendous improvement with operations and planned activities of the department since the lifting of the State of the National Disaster due to COVID-19. The proposed structure is aligned with the operational needs of the department and is on its final stages of being approved.

Even though the state of National Disaster has been lifted with everything having gone back to normal, staff is still expected screen before entering the building, social distance and wear masks all the time.

The advertisements always encourage previously disadvantaged persons to apply although equity is still a huge challenge in the department, particularly women in senior management positions. As an interim measure, the department is appointing women in acting senior management positions to gain the necessary experience. However, the required female equity can only be effectively and adequately addressed if females are permanently appointed in management positions.

The majority of the staff is aged 35 – 49 (65% of total staff) and the youth constitutes 29% of the total number of employees, therefore, more youth should be appointed.

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

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

Line Managers to take HR matters more seriously and understand that HR relies on them to achieve targets. The department also need to adapt to the development in technology since COVID-19 had an impact in shifting towards the use of technology, such as online meetings.

The proposed structure which was submitted to DPSA and the OTP has not been finalised yet because the Assurance Letter from Provincial Treasury is outstanding – a key requirement for finalisation and then approval of the proposed structure by MPSA.

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

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel related expenditure

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

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

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2021 to 31 March 2022

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	152,734	95,919	0	0	63	527
Human Settlements	128,204	123,036	0	0	96	449
Cooperative Governance	627,551	42,340	0	0	7	573
Traditional Affairs	18,626	15,717	0	0	84	139
Total as on Financial System (BAS)	927,115	277,177	0	0	30	431

Table 3.1.2 Personnel costs by salary band for the period 1 April 2021 to 31 March 2022

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)	3,437	1	189,500	280,990
Skilled (Levels 3-5)	12,431	4	307,676	280,990
Highly skilled production (Levels 6-8)	161,360	56	400,776	280,990
Highly skilled supervision (Levels 9-12)	76,631	24	759,225	280,990
Senior and Top management (Levels 13-16)	23,318	7	1,673,091	280,990
Total	277,177	99	433,773	280,990

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2021 to 31 March 2022

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	79,696	81	0	0	3,241	3	5,075	5
Cooperative Governance	99,554	80	0	0	4,866	4	8,227	7
Human Settlements	36,004	84	0	0	1,125	3	2,170	5
Traditional Affairs	13,846	87	0	0	297	2	638	4
Total	229,099	82	0	0	9,529	3	16,110	6

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2021 to 31 March 2022

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Lower skilled (Levels 1-2)	2,706	73	0	0	179	7	345	13
Skilled (Levels 3-5)	9,810	77	0	0	597	5	1,005	9
Highly skilled production (Levels 6-8)	128,049	79	0	0	6,482	4	12,008	8
Highly skilled supervision (Levels 9-12)	66,487	84	0	0	1,491	2	2,630	4
Senior and Top management (Levels 13-16)	22,048	81	0	0	781	4	123	1
Total	229,099	82	0	0	9,529	3	16,110	6

3.2 Employment and Vacancies

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

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

This information is presented in terms of three key variables:

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

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

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

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	219	182	16,90	8
Cooperative Governance	308	274	11	2
Human Settlement	99	72	27,30	2
Traditional Affairs	55	47	14,50	0
Total	681	575	15,60	12

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

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (Levels 1-2)	15	14	6,70	0
Skilled (Levels 3-5)	45	37	17,80	0
Highly skilled production (Levels 6-8)	438	389	11,20	0
Highly skilled supervision (Levels 9-12)	124	89	28,20	0
Senior and Top management (Levels 13-16)	24	11	54,20	0

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Contract (Levels 1-2), Permanent	5	5	0	0
Contract (Levels 3-5), Permanent	4	4	0	2
Contract (Levels 6-8), Permanent	11	11	0	5
Contract (Levels 9-12), Permanent	10	10	0	3
Contract (Levels >= 13), Permanent	5	5	0	2
Total	681	575	15,60	12

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2022

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related, Permanent	123	92	25,20	3
All Artisans in the Building Metal Machinery etc., Permanent	1	0	100	0
Architects Town and Traffic Planners, Permanent	2	1	50	0
Cartographic Surveying and Related Technicians, Permanent	2	2	0	0
Cleaners in offices Workshops Hospitals etc., Permanent	25	22	12	0
Client Inform Clerks (Switchboard Reception Inform Clerks), Permanent	4	3	25	0
Communication and Information Related, Permanent	1	1	0	0
Community Development Workers, Permanent	25	9	64	1
Engineering Sciences Related, Permanent	2	1	50	0
Engineers and Related Professionals, Permanent	3	0	100	0
Finance and Economics Related, Permanent	4	4	0	0
Financial and Related Professionals, Permanent	3	2	33,30	0
Financial Clerks and Credit Controllers, Permanent	33	29	12,10	0
Food Services Aids and Waiters, Permanent	3	2	33,30	0
General Legal Administration and Related Professionals, Permanent	1	1	0	0
Human Resources and Organisational Development and Relate Prof, Permanent	3	1	66,70	1
Human Resources Clerks, Permanent	1	0	100	0
Human Resources Related, Permanent	26	24	7,70	0
Information Technology Related, Permanent	3	2	33,30	0
Inspectors of Apprentices Works and Vehicles, Permanent	14	11	21,40	2
Legal Related, Permanent	2	1	50	0
Library Mail and Related Clerks, Permanent	8	8	0	1
Logistical Support Personnel, Permanent	5	2	60	0
Material-Recording and Transport Clerks, Permanent	3	3	0	0
Messengers Porters and Deliverers, Permanent	7	7	0	1
Other Administrative and Related Clerks and Organisers, Permanent	230	226	1,70	1
Other Administrative Policy and Related Officers, Permanent	61	54	11,50	0
Other Information Technology Personnel, Permanent	4	4	0	0
Other Occupations, Permanent	27	25	7,40	0
Risk Management and Security Services, Permanent	4	4	0	0
Secretaries and Other Keyboard Operating Clerks, Permanent	14	11	21,40	0
Security Officers, Permanent	2	2	0	0
Senior Managers, Permanent	32	18	43,80	2
Trade Quality Controllers, Permanent	3	3	0	0
Total	681	575	15,60	12

3.3 Filling of SMS Posts

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

Table 3.3.1 SMS post information as on 31 March 2022

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary Level 16	1	1	100%	0	0%
Salary Level 15	1	1	100%	0	0%
Salary Level 14	4	2	50%	2	50%
Salary Level 13	20	10	50%	10	50%
Total	26	14	54%	12	46%

Table 3.3.2 SMS post information as on 30 September 2021

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary Level 16	1	1	100%	0	0%
Salary Level 15	1	1	100%	0	0%
Salary Level 14	4	2	50%	2	50%
Salary Level 13	20	11	55%	9	45%
Total	26	15	58%	11	42%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2021 to 31 March 2022

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

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2021 to 31 March 2022

Reasons for vacancies not advertised within six months
Overspending on compensation budget led to approval NOT granted to advertise and fill vacant posts. Approval has been granted to advertise only four (4) posts that have warm bodies appointed on contract against them.
Reasons for vacancies not filled within twelve months
Overspending on compensation budget led to approval NOT granted to advertise and fill vacant posts.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2021 to 31 March 2022

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

3.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations, all vacancies on salary levels 9 and higher must be evaluated before they are filled. However, according to Circular 31 of 2020, "the Minister, hereby grants a deviation in terms of regulation 40 (c) to suspend the requirement where the filling of posts requires job evaluation, unless the job has been evaluated in the last 60 calendar months to the extent that departments may fill posts that have been previously

evaluated even if that post was not evaluated in the last 60 calendar months. This deviation shall apply for the duration of this directive.” The following table summarizes the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2021 to 31 March 2022

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	15	0	0%	0	0%	0	0%
Skilled (Levels 3-5)	45	0	0%	0	0%	0	0%
Highly skilled production (Levels 6-8)	438	0	0%	0	0%	0	0%
Highly skilled supervision (Levels 9-12)	124	0	0%	0	0%	0	0%
Senior Management Service Band A	18	0	0%	0	0%	0	0%
Senior Management Service Band B	4	0	0%	0	0%	0	0%
Senior Management Service Band C	1	0	0%	0	0%	0	0%
Senior Management Service Band D	1	0	0%	0	0%	0	0%
Contract (Levels 1-2)	5	0	0%	0	0%	0	0%
Contract (Levels 3-5)	4	0	0%	0	0%	0	0%
Contract (Levels 6-8)	11	0	0%	0	0%	0	0%
Contract (Levels 9-12)	10	0	0%	0	0%	0	0%
Contract Band A	5	0	0%	0	0%	0	0%
Total	681	0	0%	0	0%	0	0%

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

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2021 to 31 March 2022

Total number of Employees whose salaries exceeded the grades determined by job evaluation	0
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The following table summarizes the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2021 to 31 March 2022

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

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

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2021 to 31 March 2022

Total number of Employees whose salaries exceeded the grades determined by job evaluation	0
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3.5 Employment Changes

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

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2021 to 31 March 2022

Salary band	Number of employees at 1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower Skilled (Levels 1-2) Permanent	15	0	1	6,70
Skilled (Levels 3-5) Permanent	41	0	4	9,80
Highly Skilled Production (Levels 6-8) Permanent	408	1	20	4,90
Highly Skilled Supervision (Levels 9-12) Permanent	93	0	3	3,20
Senior Management Service Band A Permanent	9	0	2	22,20
Senior Management Service Band B Permanent	3	0	0	0
Senior Management Service Band C Permanent	1	0	0	0
Senior Management Service Band D Permanent	1	0	0	0
Contract (Levels 1-2) Permanent	5	0	0	0
Contract (Levels 3-5) Permanent	8	0	4	50
Contract (Levels 6-8) Permanent	17	2	8	47,10
Contract (Levels 9-12) Permanent	12	1	3	25
Contract Band A Permanent	7	0	2	28,60
Total	620	4	47	7,60

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2021 to 31 March 2022

Critical occupation	Number of employees at 1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related, Permanent	100	1	8	8
Architects Town and Traffic Planners, Permanent	1	0	0	0
Cartographic Surveying and Related Technicians, Permanent	2	0	0	0
Cleaners in offices Workshops Hospitals etc., Permanent	23	0	1	4,30
Client Inform Clerks (Switchboard Reception Inform Clerks), Permanent	3	0	0	0
Communication and Information Related, Permanent	1	0	0	0
Community Development Workers, Permanent	11	0	1	9,10
Engineering Sciences Related, Permanent	1	0	0	0
Engineers and Related Professionals, Permanent	1	0	1	100
Finance and Economics Related, Permanent	4	0	0	0
Financial and Related Professionals, Permanent	2	0	0	0
Financial Clerks and Credit Controllers, Permanent	30	0	0	0
Food Services Aids and Waiters, Permanent	3	0	1	33,30
General Legal Administration and Related Professionals, Permanent	1	0	0	0
Human Resources and Organisational Development and Relate Prof, Permanent	1	1	1	100
Human Resources Clerks, Permanent	1	0	1	100
Human Resources Related, Permanent	31	0	8	25,80
Information Technology Related, Permanent	2	0	0	0
Inspectors of Apprentices Works and Vehicles, Permanent	13	1	3	23,10
Legal Related, Permanent	1	0	0	0
Library Mail and Related Clerks, Permanent	8	0	0	0
Logistical Support Personnel, Permanent	3	0	1	33,30
Material-Recording and Transport Clerks, Permanent	3	0	0	0
Messengers Porters and Deliverers, Permanent	7	0	0	0

Critical occupation	Number of employees at 1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Other Administrative and Related Clerks and Organisers, Permanent	239	0	13	5,40
Other Administrative Policy and Related Officers, Permanent	55	0	2	3,60
Other Information Technology Personnel, Permanent	4	0	0	0
Other Occupations, Permanent	26	0	1	3,80
Risk Management and Security Services, Permanent	3	0	0	0
Secretaries and Other Keyboard Operating Clerks, Permanent	13	0	1	7,70
Security Officers, Permanent	2	0	0	0
Senior Managers, Permanent	22	1	4	18,20
Trade Quality Controllers, Permanent	3	0	0	0
Total	620	4	47	7,60

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 2021 to 31 March 2022

Termination Type	Number	% of Total Resignations
Death, Permanent	14	28,6%
Resignation, Permanent	5	10,2%
Expiry of contract, Permanent	16	32,7%
Dismissal-misconduct, Permanent	3	6,1%
Retirement, Permanent	9	18,4%
Transfers out of the department	2	4,1%
Total	49	100%
Total number of employees who left as a % of total employment		8%

Table 3.5.4 Promotions by critical occupation for the period 1 April 2021 to 31 March 2022

Occupation	Employees at 1 April 2021	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative Related	100	0	0%	96	96%
Architects Town and Traffic Planners	1	0	0%	1	100%
Cartographic Surveying and Related Technicians	2	0	0%	2	100%
Cleaners In Offices Workshops Hospitals Etc.	23	0	0%	23	100%
Client Inform Clerks (Switchboard Reception Inform Clerks)	3	0	0%	3	100%
Communication and Information Related	1	0	0%	1	100%
Community Development Workers	11	0	0%	10	90,9%
Engineering Sciences Related	1	0	0%	1	100%
Engineers and Related Professionals	1	0	0%	1	100%
Finance and Economics Related	4	0	0%	4	100%
Financial and Related Professionals	2	0	0%	2	100%
Financial Clerks and Credit Controllers	30	0	0%	29	96,7%
Food Services Aids and Waiters	3	0	0%	3	100%
General Legal Administration and Related Professionals	1	0	0%	1	100%
Human Resources and Organisational Development and Related Prof	1	0	0%	0	0%
Human Resources Clerks	1	0	0%	1	100%
Human Resources Related	31	0	0%	24	77,4%
Information Technology Related	2	0	0%	2	100%
Inspectors of Apprentices Works and Vehicles	13	0	0%	13	100%

Occupation	Employees at 1 April 2021	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
Legal Related	1	0	0%	1	100%
Library Mail and Related Clerks	8	0	0%	8	100%
Logistical Support Personnel	3	0	0%	3	100%
Material-Recording and Transport Clerks	3	0	0%	3	100%
Messengers Porters and Deliverers	7	0	0%	8	114,3%
Other Administrative and Related Clerks and Organisers	239	0	0%	311	130,1%
Other Administrative Policy and Related Officers	55	0	0%	53	96,4%
Other Information Technology Personnel.	4	0	0%	4	100%
Other Occupations	26	0	0%	0	0%
Risk Management and Security Services	3	0	0%	4	133,3%
Secretaries and Other Keyboard Operating Clerks	13	0	0%	11	84,6%
Security Officers	2	0	0%	2	100%
Senior Managers	22	0	0%	15	68,2%
Trade Quality Controllers	3	0	0%	3	100%
Total	620	0	0%	643	103,7%

Table 3.5.5 Promotions by salary band for the period 1 April 2021 to 31 March 2022

Salary Band	Employees at 1 April 2021	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower Skilled (Levels 1-2)	15	0	0%	15	100%
Skilled (Levels 3-5)	41	0	0%	42	102,4%
Highly Skilled Production (Levels 6-8)	408	0	0%	450	110,3%
Highly Skilled Supervision (Levels 9-12)	93	0	0%	88	94,6%
Senior Management (Levels 13-16)	14	0	0%	11	78,6%
Contract (Levels 1-2), Permanent	5	0	0%	5	100%
Contract (Levels 3-5), Permanent	8	0	0%	4	50%
Contract (Levels 6-8), Permanent	17	0	0%	11	64,7%
Contract (Levels 9-12), Permanent	12	0	0%	12	100%
Contract (Levels >= 13), Permanent	7	0	0%	5	71,4%
Total	620	0	0%	643	103,7%

3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2021

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Legislators, senior officials and managers	12	3	0	0	0	2	1	0	1	0	19
Professionals	10	7	0	1	0	27	5	0	1	0	51
Technicians and associate professionals	51	16	1	2	0	55	20	0	5	0	150
Clerks	72	43	0	0	0	97	65	0	3	0	280
Service and sales workers	0	2	0	0	0	2	1	0	1	0	6
Craft workers	4	2	0	2	0	4	2	0	0	0	14
Labourers	30	4	0	0	0	11	10	0	0	0	55
Total	179	77	1	5	0	198	104	0	11	0	575
Employees with disabilities	6	4	0	0	0	6	0	0	0	0	16

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

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Top Management	1	1	0	0	0	0	0	0	0	0	2
Senior Management	5	1	0	0	0	1	1	0	1	0	9
Professionally qualified and experienced specialists and mid-management	35	12	0	3	0	21	13	0	5	0	89
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	100	54	1	2	0	152	76	0	4	0	389
Semi-skilled and discretionary decision making	18	2	0	0	0	12	4	0	1	0	37
Unskilled and defined decision making	3	1	0	0	0	3	7	0	0	0	14
Contract Senior Managers	4	1	0	0	0	0	0	0	0	0	5
Professional qualified contract	4	2	0	0	0	4	0	0	0	0	10
Contract skilled technical	5	1	0	0	0	3	2	0	0	0	11
Contract semi-skilled	1	2	0	0	0	1	0	0	0	0	4
Contract unskilled	3	0	0	0	0	1	1	0	0	0	5
Total	179	77	0	5	0	198	104	0	11	0	575

Table 3.6.3 Recruitment for the period 1 April 2021 to 31 March 2022

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

Table 3.6.4 Promotions for the period 1 April 2021 to 31 March 2022

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Top Management	1	0	0	0	0	0	0	0	0	0	1
Senior Management	5	1	0	0	0	2	1	0	1	0	10
Professionally qualified and experienced specialists and mid-management	34	12	0	3	0	20	14	0	5	0	88
Skilled technical and academically qualified workers, junior management,	94	72	1	2	0	179	98	0	4	0	450

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
supervisors, foreman and superintendents											
Semi-skilled and discretionary decision making	21	2	0	0	0	14	4	0	1	0	42
Unskilled and defined decision making	3	1	0	0	0	3	8	0	0	0	15
Contract Senior Managers	4	1	0	0	0	0	0	0	0	0	5
Professional qualified contract	5	2	0	1	0	4	0	0	0	0	12
Contract skilled technical	5	1	0	0	0	3	2	0	0	0	11
Contract semi-skilled	1	2	0	0	0	1	0	0	0	0	4
Contract unskilled	3	0	0	0	0	1	1	0	0	0	5
Total	176	94	1	6	0	227	128	0	11	0	643
Employees with disabilities	9	5	0	0	0	10	0	0	0	0	24

Table 3.6.5 Terminations for the period 1 April 2021 to 31 March 2022

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	1	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	2	0	0	0	0	0	1	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	6	8	0	0	0	4	2	0	0	0	20
Semi-skilled and discretionary decision making	2	0	0	0	0	2	0	0	0	0	4
Unskilled and defined decision making	0	0	0	0	0	0	1	0	0	0	1
Contract Senior Management	0	0	0	1	0	0	1	0	0	0	2
Contract professionally qualified	1	0	0	1	0	1	0	0	0	0	3
Contract skilled technical	4	1	0	0	0	3	0	0	0	0	8
Contract semi-skilled	3	0	0	0	0	1	0	0	0	0	4
Total	19	9	0	2	0	12	5	0	0	0	47
Employees with disabilities	0	1	0	0	0	0	0	0	0	0	2

Table 3.6.6 Disciplinary action for the period 1 April 2021 to 31 March 2022

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Final written warning	1	0	0	0	0	0	0	0	0	0	1
Written warning	0	0	0	0	0	1	1	0	0	0	2
Verbal warning	2	0	0	0	0	0	0	0	0	0	2
Dismissal	0	0	0	0	0	1	0	0	0	0	1
Termination Section 17	1	0	0	0	0	0	1	0	0	0	2
Complaint withdrawn	1	0	0	0	0	0	0	0	0	0	1
No disciplinary measures instituted against official due to lack of evidence.	1	0	0	0	0	0	0	0	0	0	1
Final written warning with two month's suspension without salary	1	0	0	0	0	0	0	0	0	0	1

Table 3.6.7 Skills development for the period 1 April 2021 to 31 March 2022

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Legislators, senior officials and managers	4	1	0	0	0	0	1	0	0	0	6
Technicians and associate professionals	15	6	4			17	9	0	0	0	51
Clerks	9	0	0	0	0	0	0	0	0	0	9
Employees with disabilities											0

3.7 Signing of Performance Agreements by SMS Members

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

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2021

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General / Head of Department	1	1	1	100%
Salary Level 16	0	0	0	0%
Salary Level 15	0	0	0	0%
Salary Level 14	4	3	3	100%
Salary Level 13	17	14	12	85.7%
Total	22	18	16	88.8%

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

Reasons
Two SMS Members were non-compliant although they were reminded and given sufficient time to submit their Performance Agreements and assessments for 2020-2021 financial year.

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

Reasons
Two SMS Members were non-compliant. They were reported to Labour Relations for Investigation into their non-compliance.

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 2021 to 31 March 2022

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Female	22	192	11,5%	310,95	14 134
Male	19	173	11%	505,61	26 611
Asian					
Female	0	0	0%	0	0
Male	1	1	100%	5,63	5 631
Coloured					
Female	15	104	14,4%	309,24	20 616

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
Male	8	73	11%	168,70	21 088
White					
Female	4	11	36,4%	157,24	39 310
Male	1	5	20%	48,22	48 224
Total	70	575	12,2%	1 505,59	21 508

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2021 to 31 March 2022

Salary band	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total employment	Total Cost (R'000)	Average cost per employee
Lower Skilled (Levels 1-2)	0	14	0%	0	0
Skilled (Levels 3-5)	5	37	13,5%	49,90	9 980
Highly Skilled Production (Levels 6-8)	36	389	9,3%	397,53	11 042
Highly Skilled Supervision (Levels 9-12)	21	89	23,6%	501,41	23 877
Total	62	529	46,4%	948,84	44899

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2021 to 31 March 2022

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Financial Clerks and Credit Controllers	6	29	20,7%	92,38	15 397
Human Resources Clerks	0	1	0%	0	0
Security Officers	1	2	50%	7,76	7 759
Messengers Porters and Deliverers	2	7	28,6%	17,27	8 635
Human Resources and Organisational Development and Related Professions	0	1	0%	0	0
Risk Management and Security Services	2	4	50%	80,76	40 382
Finance and Economics Related	2	4	50%	16,48	8 239
Logistical Support Personnel	0	2	0%	0	0
Other Administrative and Related Clerks and Organisers	11	226	4,9%	104,36	9 487
Other Occupations	0	25	0%	0	0
Legal Related	0	1	0%	0	0
Financial and Related Professionals	2	2	100%	29,69	14 843
Architects Town and Traffic Planners	1	1	100%	35,37	35 373
Administrative Related	13	92	14,1%	295,13	22 702
Communication and Information Related	1	1	100%	23,12	23 123
Secretaries and Other Keyboard Operating Clerks	3	11	27,3%	47,48	15 828
Cleaners in Offices, Workshops, Hospitals etc.	0	22	0%	0	0
Library Mail and Related Clerks	0	8	0%	0	0
Human Resources Related	10	24	41,7%	104,80	10 480
General Legal Administration and Related Professionals	0	1	0%	0	0
Cartographic Surveying and Related Technicians	0	2	0%	0	0
Material-Recording and Transport Clerks	0	3	0%	0	0
Other Administrative Policy and Related Officers	8	54	14,8%	58,01	7 251
Inspectors of Apprentices Works and Vehicles	0	11	0%	0	0
Senior Managers	6	18	33,3%	526,10	87 683
Client Inform Clerks (Switchboard Reception Information Clerks)	0	3	0%	0	0
Engineers and Related Professionals	0	0	0%	0	0
Other Information Technology Personnel	0	4	0%	0	0
Trade Quality Controllers	0	3	0%	0	0

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Engineering Sciences Related	1	1	100%	18,66	18 660
Food Services Aids and Waiters	0	2	0%	0	0
Community Development Workers	0	9	0%	0	0
Information Technology Related	1	2	50%	48,22	48 224
Total	70	575	12,2%	1 505,59	21 508

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2021 to 31 March 2022

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Total employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	4	12	33,3%	225,21	56 303,60	1,2%
Band B	2	2	100%	171,84	85 922,20	5,1%
Band C	1	1	100%	152,16	152 159,10	7,3%
Band D	0	1	0%	0	0	0%
Total	7	16	43,8%	549,22	78 459,70	2,1%

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 2021 to 31 March 2022

Salary band	01 April 2021		31 March 2022		Change	
	Number	% of total	Number	% of total	Number	% Change
Highly skilled supervision (Level 9-12)	1	100%	0	0%	-1	100%
Total	1	100%	0	0%	-1	100%

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2021 to 31 March 2022

Major occupation	01 April 2021		31 March 2022		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and Managers	1	100%	0	0%	-1	100%
Total	1	100%	0	0%	-1	100%

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 2021 to 31 December 2021

Salary band	Total days	% Days with Medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Contract (Levels 1-2)	10	90%	3	1,2%	3	5,00
Contract (Levels 13-16)	32	100%	2	0,8%	16	141,00
Contract (Levels 3-5)	2	100%	1	0,4%	2	2,00
Contract (Levels 6-8)	47	91,5%	6	2,3%	8	74,00
Contract (Levels 9-12)	29	72,4%	6	2,3%	5	80,00
Highly skilled production (Levels 6-8)	902	81,4%	148	56,9%	6	1 370,00
Highly skilled supervision (Levels 9-12)	381	84,5%	50	19,2%	8	995,00

Salary band	Total days	% Days with Medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	108	75,9%	12	4,6%	9	60,00
Senior management (Levels 13-16)	38	84,2%	7	2,7%	5	188,00
Skilled (Levels 3-5)	165	87,%	25	9,6%	7	156,00
Total	1 714	82,9%	260	100%	7	3 071,00

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

Salary band	Total days	% Days with Medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Highly skilled production (Levels 6-8)	159	100%	10	62,5%	16	259,00
Highly skilled supervision (Levels 9-12)	62	100%	2	12,5%	31	166,00
Lower skilled (Levels 1-2)	86	100%	1	6,3%	86	48,00
Skilled (Levels 3-5)	23	100%	3	18,8%	8	24,00
Total	330	100%	16	100%	21	496,00

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

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

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract (Levels 1-2)	78	16	5
Contract (Levels 13-16)	94	16	6
Contract (Levels 3-5)	81	10	8
Contract (Levels 6-8)	265	17	16
Contract (Levels 9-12)	211	16	13
Highly skilled production (Levels 6-8)	7 792	23	338
Highly skilled supervision (Levels 9-12)	2 306	26	88
Lower skilled (Levels 1-2)	315	21	15
Senior management (Levels 13-16)	290	22	13
Skilled (Levels 3-5)	847,92	21	40
Total	12 279,92	23	542

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

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2021
Lower Skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	17
Highly Skilled Production (Levels 6-8)	0	0	0	22
Highly Skilled Supervision (Levels 9-12)	0	0	0	12
Top and Senior Management (Levels 13-16)	0	0	0	36
Total	0	0	0	20

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

Table 3.10.5 Leave pay-outs for the period 1 April 2021 to 31 March 2022

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Annual - Discounting With Resignation (Work Days)	564,00	12	47 000,00
Annual - Discounting: Contract Expiry (Work Days)	47,00	1	47 000,00
Annual - Discounting: Unused Vacation Credits (Work Days)	82,00	2	41 000,00
Annual - Gratuity: Death/Retirement/Medical Retirement (Work Days)	752,00	24	31 333,00
Capped - Gratuity: Death/Retirement/Medical Retirement (Work Days)	445,00	4	111 250,00
Total	1 889,00	43	277 583,00

3.11 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

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

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

Question	Yes	No	Details, if yes
1 Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		ESD BOBOKO: Senior Manager: Human Capital Management
2 Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		5 employees 1x Manager 1x Assistant Manager 2x Assistant Managers 1x Senior Administrative Officer 1x Administrative Officer
3 Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		HIV/AIDS and TB management SHERQ Wellness Management Health and Productivity Management
4 Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		Ms. ESD Boboko Mr. P. Mpotsang Ms. W. Isaacs Ms. N. Julingalo Ms. H. Dondolo Mr. N. Batshe Mr. L. Kopa Ms. S. Mngoma-Makhele Ms. D. Mjandana Ms. H. Vass Ms. P. Vakele Ms. M. Joseph-Karsten Mr. I. Modise
5 Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.		X	No policies reviewed.
6 Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-	X		HIV/AIDS Policy in place.

Question		Yes	No	Details, if yes
	positive from discrimination? If so, list the key elements of these measures.			
7	Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	X		2 HCT sessions were presented.
8	Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		X	No indicators developed

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2021 to 31 March 2022

Collective Agreements	Number
Total number of collective agreements	None

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

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2021 to 31 March 2022

Outcomes of disciplinary hearings	Number	% of total
Verbal warning	2	18,18%
Written warning	2	18,18%
Final written warning	1	9,09%
Termination Section 17	2	18,18%
Matter closed based due to lack of evidence	1	9,09%
Dismissal	1	9,09%
Complaint withdrawn	1	9,09%
Suspension without pay	1	9,09%
Total	11	100%

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2021 to 31 March 2022

Types of misconduct	Number	% of total
Dishonesty / Corruption	1	9,09%
Dereliction of duties	1	9,09%
AWOL	1	9,09%
Absenteeism	4	36,36%
Insubordination	3	27,27%
RWOPS	1	9,09%
Total	11	100%

Table 3.12.4 Grievances logged for the period 1 April 2021 to 31 March 2022

Grievances	Number	% of Total
Number of grievances resolved	22	100%
Number of grievances not resolved	0	0%
Total number of grievances lodged	22	100%

Table 3.12.5 Disputes logged with Councils for the period 1 April 2021 to 31 March 2022

Disputes	Number	% of Total
Number of disputes upheld	1	11,1%
Number of disputes dismissed	5	55,5%
Number of disputes pending	3	33,3%
Total number of disputes lodged	9	100%

Table 3.12.6 Strike actions for the period 1 April 2021 to 31 March 2022

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2021 to 31 March 2022

Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	60
Cost of suspension (R'000)	R38 051,14

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 2021 to 31 March 2022

Occupational category	Gender	Number of employees as at 1 April 2021	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Male	12	0	Disaster Management Policy Development Financial Management Computer Training Project Management (advanced)	0	12
	Female	18	0	Public Management Report Writing Communication Training Conflict Management Presentation & facilitation skill	0	18
Technicians and associate professionals	Male	87	0	Communication Skills Labour Relation Office Management Computer Training Project Management (basic)	0	87
	Female	113	0	Disaster Management Conflict Management Minute Taking Report Writing Training Presentation & facilitation Training	0	113
Clerks	Male	27	0	Computer training Project Management (basic) Public Management Conflict Management Computer training Project Management (basic) Public Management	0	27
	Female	33	0	Conflict Management Transport & Logistic management Supervisory Training Finance for none financial managers Financial Management Records Management Minute Taking	0	33
Sub-Total	Male	126	0		0	
	Female	164	0		0	
Total		290	0		0	290

Table 3.13.2 Training provided for the period 1 April 2021 to 31 March 2022

Occupational category	Gender	Number of employees as at 1 April 2021	Training needs identified at start of the reporting period			Total
			Learner-ships	Skills Programmes & other short courses	Other forms of training	
Legislators, senior officials and managers	Male	5		CPMD Executive Education Programme Etella for HOD		
	Female	3		Economic Governance School HRM: in Public Sector Service Delivery		
Technicians and associate professionals	Male	22		Ethics and Conflict Management in Public Service Service Delivery		
	Female	28		SHE Representative Function Incident Investigation Level 3 First Aid Level 1		
Clerks	Male	8		Ethics and Conflict Management in Public Service Writing for Government: Basic Writing Skills Know & live our Constitution PILIR GRAP: Statement of Financial Position		
	Female			Intro: Policy Formulation & Implementation Financial Management & Budgeting Service Delivery		
Sub-Total	Male	35				
	Female	31				
Total		66				66

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 2021 to 31 March 2022

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

3.15 Utilisation of Consultants

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

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

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2021 to 31 March 2022

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

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2021 to 31 March 2022

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

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2021 to 31 March 2022

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

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2021 to 31 March 2022

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

3.16 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2021 to 31 March 2022

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

PART E

FINANCIAL

INFORMATION



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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OPINION

Opinion

1. I have audited the financial statements of the Department of Co-operative Governance, Human Settlements and Traditional Affairs set out on pages **84 to 117**, which comprise the appropriation statement, statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Co-operative Governance, Human Settlements and Traditional Affairs as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with Modified Cash Standard (MCS) prescribed by National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2019 (Act No. 09 of 2021) (DORA).

Basis for opinion

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

Emphasis of matters

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

Unaudited supplementary schedules

7. The supplementary information set out on pages **118 to 123** does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

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

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

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

Introduction and scope

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the department's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the department enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2022:

Programmes	Pages in the annual performance report
Programme 2 - Human Settlements	36 - 38

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programme:
 - Programme 2 - Human Settlements

Other matters

17. I draw attention to the matters below.

Achievement of planned targets

18. Refer to the annual performance report on pages **35 to 42** for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the department's compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.
20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA audit methodology. This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
21. 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 adequately available to report in an understandable manner. The selection is done through an established AGSA process. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Sections 38(1)(a)(iv); 38(1)(b); 38(1)(c)(i)-(ii); Sections 38(1)(d); 38(1)(h)(iii); 39(1)(a); 39(2)(a); Sections 40(1)(a) and (b); 40(1)(c)(i); Sections 43(4); 44; 45(b); 51(1)(a)(iv); 57(b)
Treasury regulations	TR 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); TR 5.3.1; 6.3.1(a) - (d); 6.4.1(b); 7.2.1; TR 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1; 9.1.1; 9.1.4; TR 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; 11.5.1; TR 12.5.1; 15.10.1.2(c); TR 16A3.2 (fairness); 16A3.2(a); 16A6.1; TR 16A6.2(a) and (b); 16A6.3(a) - (c); 16A6.3(e); TR 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A.7.3; TR 16A7.6; 16A.7.7; 16A8.3; 16A8.4; TR 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2(a)(ii); TR 17.1.1; 18.2; 19.8.4
Annual Division of Revenue Act (DORA)	Sections 11 (6)(a); 12(5) Sections 16(3) / 16(3)(a)(i) / 16(3)(a)(ii)(bb)
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
CIDB regulations	Regulations 17; 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Sections 1(i); 2.1(a),(b) and (f)
Preferential Procurement regulations (PPR), 2011	Regulations 4.1; 4.3; 5.5; 6.1; 6.5; 7.1;

Legislation	Sections or regulations
	Regulations 9.1; 9.5; 11.2; 11.5
Preferential Procurement regulations (PPR), 2017	Regulations 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; Regulations 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; Regulations 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulations 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)
Public Service regulations (PSR), 2016	Regulations 18(1); 18(2); 25(1)(e)(i) and (iii)
State Information Technology Agency Act 88 of 1998 (SITA)	Section 7(3)
NT SCM Instruction Note 05 of 2009/10	Par 3.3
NT SCM Instruction Note 04 of 2015/16	Par 3.4
NT SCM Instruction Note 03 of 2016/17	Par 8.1; 8.2; 8.3; 8.5
NT SCM Instruction Note 4A of 2016/17	Par 6
NT SCM Instruction Note 07 of 2017/18	Par 4.3
NT SCM Instruction note 03 of 2019/20 [Annexure A - FIPDM]	Par 5.5.1 (vi); 5.5.1 (x)
NT SCM Instruction Note 08 of 2019/20	Par 3.1.1; 3.6; 3.7.2; 3.7.6(i) - (iii)
NT SCM Instruction Note 03 of 2020/21	Par 3.6; 3.7; 5.1(i); 6.1; 6.3
NT SCM Instruction Note 05 of 2020/21	Par 3.2; 3.7; 4.3; 4.6; 4.8; 4.9; 5.3
Erratum NT SCM Instruction Note 05 of 2020/21	Par 1; 2
Second Amendment to NT SCM Instruction Note 05 of 2020/21	Par 1
NT Instruction Note 11 of 2020/21	Par 3.1; 3.4(b); 3.9
NT SCM Instruction Note 02 of 2021/22	Par 3.2.1; 3.2.4(a); 3.3.1; 4.1
SCM Practice Note 8 of 2007/08	Par 3.3.1; 3.3.3; 3.4.1; 3.5
SCM Practice Note 7 of 2009/10	Par 4.1.2

22. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statement

23. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by the section 40(1)(b) of the PFMA. Material misstatements of current assets, liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected.

Expenditure management

24. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R16 605 000 as disclosed in note 23 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1. The majority of the irregular expenditure was caused by SCM process not followed regarding contract extensions and modification without approval.

Consequence management

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

OTHER INFORMATION

26. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. 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

30. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
 - The leadership of the department did not exercise oversight responsibility to ensure that proper internal control procedures are developed and implemented that would have enabled the department to maintain accurate and complete financial reports. The preparations and reviews of the financial statements were not adequately planned to ensure comprehensive reviews take place.
 - The annual financial statements contained numerous material misstatement identified by the auditors and corrected by management during the audit process that can be attributed to adequate reviews not taking place timeously before submission for audit purposes.
 - Leadership did not take effective and appropriate steps to prevent irregular expenditure which was caused by SCM process not followed regarding contract extensions and modifications without approval.
 - Leadership did not investigate unauthorised, irregular, fruitless and wasteful expenditure and in order to determine if disciplinary steps are required to be taken against any officials.

MATERIAL IRREGULARITIES

31. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

MATERIAL IRREGULARITIES IN PROGRESS

32. I identified material irregularities during the audit and notified the accounting officer of these, as required by material irregularity regulation 3(2). By the date of this auditor's report, the responses of the accounting officer were not yet due. These material irregularities will be included in the next year's auditor's report.

Auditor General
Kimberley
30 July 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure - Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional skepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected programme and on the department's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control;
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer;
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Department of Co-operative Governance, Human Settlements and Traditional Affairs to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern;
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

2. ANNUAL FINANCIAL STATEMENTS

APPROPRIATION STATEMENT for the year ended 31 March 2022

Appropriation per programme									
2021/22								2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1. Administration	175,710	-	-	175,710	153,195	22,515	87.2%	144,663	143,018
2. Human Settlements	635,336	-	-	635,336	558,396	76,940	87.9%	644,160	452,929
3. Cooperative Governance Traditional Institutional	141,980	-	-	141,980	128,162	13,818	90.3%	132,874	132,476
4. Management	21,907	-	-	21,907	18,508	3,399	84.5%	19,352	17,942
TOTAL	974,933	-	-	974,933	858,261	116,672	88.0%	941,049	746,365
Reconciliation with statement of financial performance									
ADD:									
Departmental receipts				27				34	
Actual amounts per statement of financial performance (total revenue)				974,960				941,083	
Actual amounts per statement of financial performance (total expenditure)					858,261				746,365

**APPROPRIATION STATEMENT
for the year ended 31 March 2022**

Appropriation per economic classification									
	2021/22							2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	383,899	-	(3,060)	380,839	335,512	45,327	88.1%	334,821	332,005
Compensation of employees	292,275	-	-	292,275	277,177	15,098	94.8%	281,796	279,736
Goods and services	91,624	-	(3,060)	88,564	58,335	30,229	65.9%	53,025	52,269
Transfers and subsidies	583,373	-	1,840	585,213	516,090	69,123	88.2%	600,068	408,598
Non-profit institutions	1,400	-	-	1,400	1,400	-	100.0%	1,341	1,341
Households	581,973	-	1,840	583,813	514,690	69,123	88.2%	598,727	407,257
Payments for capital assets	7,661	-	768	8,429	6,207	2,222	73.6%	6,160	5,227
Buildings and other fixed structures	-	-	-	-	-	-	-	184	-
Machinery and equipment	7,661	-	309	7,970	5,748	2,222	72.1%	5,976	5,227
Software and other intangible assets	-	-	459	459	459	-	100.0%	-	-
Payments for financial assets	-	-	452	452	452	-	100.0%	-	535
Total	974,933	-	-	974,933	858,261	116,672	88.0%	941,049	746,365

**APPROPRIATION STATEMENT
for the year ended 31 March 2022**

Programme 1: ADMINISTRATION									
2021/22								2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Office of the MEC	14,863	-	-	14,863	10,699	4,164	72.0%	12,313	10,013
2. Corporate Services	160,847	-	-	160,847	142,496	18,351	88.6%	132,350	133,005
Total for sub programmes	175,710	-	-	175,710	153,195	22,515	87.2%	144,663	143,018
Economic classification									
Current payments	170,631	-	(2,187)	168,444	146,589	21,855	87.0%	141,628	140,110
Compensation of employees	105,581	-	-	105,581	95,927	9,654	90.9%	99,203	94,979
Goods and services	65,050	-	(2,187)	62,863	50,662	12,201	80.6%	42,425	45,131
Transfers and subsidies	-	-	967	967	967	-	100.0%	504	392
Households	-	-	967	967	967	-	100.0%	504	392
Payments for capital assets	5,079	-	768	5,847	5,187	660	88.7%	2,531	1,981
Machinery and equipment	5,079	-	309	5,388	4,728	660	87.8%	2,531	1,981
Payments for financial assets	-	-	452	452	452	-	100.0%	-	535
Total	175,710	-	-	175,710	153,195	22,515	87.2%	144,663	143,018

**APPROPRIATION STATEMENT
for the year ended 31 March 2022**

Programme 2: Human Settlements									
2021/22								2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Housing Needs, Research and Planning	12,980	-	-	12,980	10,126	2,854	78.0%	11,884	9,885
2. Housing Development	608,153	-	-	608,153	532,125	76,028	87.5%	618,003	426,965
3. Housing Asset Management	14,203	-	-	14,203	16,145	(1,942)	113.7%	14,273	16,079
Total for sub programmes	635,336	-	-	635,336	558,396	76,940	87.9%	644,160	452,929
Economic classification									
Current payments	52,512	-	(135)	52,377	45,013	7,364	85.9%	46,241	46,191
Compensation of employees	45,177	-	-	45,177	42,391	2,786	93.8%	43,948	45,215
Goods and services	7,335	-	(135)	7,200	2,622	4,578	36.4%	2,293	976
Transfers and subsidies	581,973	-	135	582,108	512,985	69,123	88.1%	597,719	406,738
Households	581,973	-	135	582,108	512,985	69,123	88.1%	597,719	406,738
Payments for capital assets	851	-	-	851	398	453	46.8%	200	-
Machinery and equipment	851	-	-	851	398	453	46.8%	200	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	635,336	-	-	635,336	558,396	76,940	87.9%	644,160	452,929

**APPROPRIATION STATEMENT
for the year ended 31 March 2022**

Programme 3: Cooperative Governance									
	2021/22							2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Local Governance	120,788	-	-	120,788	116,152	4,636	96.2%	114,909	120,514
2. Development and Planning	21,192	-	-	21,192	12,010	9,182	56.7%	17,965	11,962
Total for sub programmes	141,980	-	-	141,980	128,162	13,818	90.3%	132,874	132,476
Economic classification									
Current payments	140,443	-	(546)	139,897	127,132	12,765	90.9%	129,125	129,123
Compensation of employees	124,004	-	-	124,004	123,061	943	99.2%	122,067	123,714
Goods and services	16,439	-	(546)	15,893	4,071	11,822	25.6%	7,058	5,409
Transfers and subsidies	-	-	546	546	546	-	100.0%	504	107
Households	-	-	546	546	546	-	100.0%	504	107
Payments for capital assets	1,537	-	-	1,537	484	1,053	31.5%	3,245	3,246
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1,537	-	-	1,537	484	1,053	31.5%	3,245	3,246
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	141,980	-	-	141,980	128,162	13,818	90.3%	132,874	132,476

**APPROPRIATION STATEMENT
for the year ended 31 March 2022**

Programme 4: TRADITIONAL INSTITUTIONAL MANAGEMENT									
	2021/22							2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Traditional Institutional Administration	21,907	-	-	21,907	18,508	3,399	84.5%	19,352	17,942
Total for sub programmes	21,907	-	-	21,907	18,508	3,399	84.5%	19,352	17,942
Economic classification									
Current payments	20,313	-	(192)	20,121	16,778	3,343	83.4%	17,827	16,581
Compensation of employees	17,513	-	-	17,513	15,798	1,715	90.2%	16,578	15,828
Goods and services	2,800	-	(192)	2,608	980	1,628	37.6%	1,249	753
Transfers and subsidies	1,400	-	192	1,592	1,592	-	100.0%	1,341	1,361
Non-profit institutions	1,400	-	-	1,400	1,400	-	100.0%	1,341	1,341
Households	-	-	192	192	192	-	100.0%	-	20
Payments for capital assets	194	-	-	194	138	56	71.1%	184	-
Buildings and other fixed structures	-	-	-	-	-	-	-	184	-
Machinery and equipment	194	-	-	194	138	56	71.1%	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	21,907	-	-	21,907	18,508	3,399	84.5%	19,352	17,942

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2022**

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

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

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

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

3. Detail on payments for financial assets

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

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

4.1 Per programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
ADMINISTRATION	175,710	153,195	22,515	13%
<p>The programme has spent R 153,195 million or 87 percent of its final appropriation of R 175,710 million as at 31 March 2022. The programme realised a saving of R22,319 million of its final appropriation for the 2021/2022 financial year. The programme has spent 80,6 percent or R50,662 million of its total allocated budget of R62,893 million for Goods and Services. Goods and services was under spent by R12,201 million or 19,4 percent of its total allocation. This is due to cost containment measures implemented by the department as well as measures implemented to curb the spread of COVID-19 pandemic. Spending under Programme One was mainly on monthly contractual commitments and essential goods and services. Spending on Compensation of Employees is R95,927 million or 90,9 percent of the total allocated budget of R105,581 million. It realised a saving of R9,654 million or 9 percent. The savings on Compensation of Employees is due to delays in recruitment and selection processes.</p>				
HUMAN SETTLEMENTS	635,336	558,396	76,940	12%
<p>This Programme has spent with R 558,396 million of its final appropriation of R 635,336 million as at 31 March 2022. The programme has spent 36,4 percent or R2,622 million of its total allocated budget of R7,200 million for Goods and Services. R512,985 million or 88.1 percent of the total allocation for Transfers and Subsidies was spent. The department received a rollover of R109 million in respect of the Human Settlement Development Grant (HSDG) for the 2020/2021 financial year. An additional R60 million was received in respect of the Informal Settlement Upgrading Partnership Grant (ISUP) through a special adjustment budget. These funds were spent in line with projects as per the approved housing business plan.</p>				
CO-OPERATIVE GOVERNANCE	141,980	128,162	13,818	9%
<p>This Programme has spent R 128,162 million or 90,3 percent of its final appropriation of R 141,980 million as at 31 March 2022. The programme has spent 25,6 percent or R4,071 million of its total allocated budget of R15,893 million for Goods and Services. It realised a saving of R11,822 million or 74 percent of its total allocation. The programme is responsible for monitoring and supporting municipalities. The saving realised was as a result of municipal interventions and secondments of officials to municipalities that ended during the 2021/2022 financial year as well as measures implemented to curb the spread of COVID-19 pandemic.</p>				
TRADITIONAL INSTITUTIONAL MANAGEMENT	21,907	18,508	3,399	18%
<p>The programme has spent R 18,508 million or 84,5% of its final appropriation of R 21,907 million as at 31 March 2022. The programme has spent 100% of its transfer payment of R1,400 million made to the Traditional Council. Spending on goods and service was only 37,6 percent of its total allocation of R2,608 million and it realised a saving of R1,628 million. Due to the COVID-19 pandemic the department introduced measures to curb the spread of it and as a result savings were realised on personnel-related expenditure such as travel and accommodation, training and development etc.</p>				

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2022**

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current payments				
Compensation of employees	292,275	277,177	15,098	5%
Goods and services	89,824	58,335	31,489	35%
Transfers and subsidies				
Non-profit institutions	1,400	1,400	-	100%
Households	585,213	512,985	-	12%
Payments for capital assets				
Machinery and equipment	7,202	5,748	1,454	20%
Intangible assets	459	459	-	100%
Payments for financial assets		452	-452	

Vacant positions could not be filled on time before the end of the financial year. This is due to delays in recruitment and selection processes. Underspending was mainly as a result of the COVID-19 pandemic which resulted to the introduction of COVID-19 protocols and subsequent curtailing of activities within the department to ensure compliance to disaster management regulations. Most effected was travel and other personnel-related expenditure. The underspending on capital assets with R1,454 million can be attributed to over estimation of costs of procuring and replacement of computer equipment to enable staff to work remotely.

4.3 Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
EPWP INTEGRATED GRANT FOR MUNIC	2,037	2,037	-	0%
HUMAN SETTLEMENTS DEVEL GRANT	374,104	374,080	24	0%
INFORM SETTLE UPGR PART GRNT PROV	136,709	136,709	-	0%
PROVINCIAL EMERGEN HOUSING GRANT	69,123	-	69,123	100%

The final appropriation for transfers and subsidies was R512,985 million or 88 percent. Treasury approved a roll over for the 2020/21 financial year. An additional R60 million in respect of ISUP was received through a special adjustment. These funds were spent on housing projects as per the approved business plan.

**STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2022**

	Note	2021/22 R'000	2020/21 R'000
REVENUE			
Annual appropriation	<u>1</u>	974,933	941,049
Departmental revenue	<u>2</u>	27	34
TOTAL REVENUE		974,960	941,083
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>4</u>	277,177	279,736
Goods and services	<u>5</u>	58,335	52,269
Total current expenditure		335,512	332,005
Transfers and subsidies			
Transfers and subsidies	<u>7</u>	516,090	408,598
Total transfers and subsidies		516,090	408,598
Expenditure for capital assets			
Tangible assets	<u>8</u>	5 748	5,227
Intangible assets	<u>8</u>	459	-
Total expenditure for capital assets		6,207	5,227
Unauthorised expenditure approved without funding	<u>9</u>		
Payments for financial assets	<u>6</u>	452	535
TOTAL EXPENDITURE		858,261	746,365
SURPLUS/(DEFICIT) FOR THE YEAR		116,699	194,718
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		116,672	194,684
Annual appropriation		47,549	3,214
Conditional grants		69,123	191,470
Departmental revenue and NRF Receipts	<u>14</u>	27	34
SURPLUS/(DEFICIT) FOR THE YEAR		116,699	194,718

**STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2022**

	<i>Note</i>	2021/22 R'000	2020/21 R'000
ASSETS			
Current assets		116,711	197,340
Unauthorised expenditure	<u>9</u>	11,713	11,713
Cash and cash equivalents	<u>10</u>	35,768	185,128
Prepayments and advances	<u>11</u>	-	-
Receivables	<u>12</u>	69,230	499
Non-current assets		322	295
Receivables	<u>12</u>	322	295
TOTAL ASSETS		117,033	197,635
LIABILITIES			
Current liabilities		116,985	197,579
Voted funds to be surrendered to the Revenue Fund	<u>13</u>	116,672	194,684
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>14</u>	306	109
Payables	<u>15</u>	7	2,760
Aid assistance unutilised	<u>3</u>	-	26
Non-current liabilities			
Payables	<u>16</u>	22	31
TOTAL LIABILITIES		117,007	197,610
NET ASSETS		26	25
	<i>Note</i>	2021/22 R'000	2020/21 R'000
Represented by:			
Recoverable revenue		26	25
TOTAL		26	25

**STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2022**

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Recoverable revenue		25	102
Opening balance		1	(77)
Transfers:			
Irrecoverable amounts written off	<u>6.1</u>	(452)	
Debts revised			
Debts recovered (included in departmental receipts)		-	(77)
Debts raised		453	-
Closing balance		26	25
TOTAL		26	25

**CASH FLOW STATEMENT
for the year ended 31 March 2022**

	Note	2021/22 R'000	2020/21 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		975,656	941,742
Annual appropriated funds received	<u>1.1</u>	974,933	941,049
Departmental revenue received	<u>2</u>	723	692
Interest received	<u>2.2</u>	-	1
Net (increase)/decrease in working capital		(71,484)	121,470
Surrendered to Revenue Fund & RDP Fund/Donor		(195,210)	(3,806)
Aid Assistance unutilised		(26)	-
Current payments		(335,512)	(332,005)
Payments for financial assets		(452)	(535)
Transfers and subsidies paid		(516,090)	(408,598)
Net cash flow available from operating activities	<u>17</u>	(143,118)	318,268
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<u>8</u>	(6,207)	(5,227)
(Increase)/decrease in non-current receivables	<u>12</u>	(27)	478
Net cash flows from investing activities		(6,234)	(4,749)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		1	(77)
Increase/(decrease) in non-current payables		(9)	25
Net cash flows from financing activities		(8)	(52)
Net increase/(decrease) in cash and cash equivalents		(149,360)	313,467
Cash and cash equivalents at beginning of period		185,128	(128,339)
Cash and cash equivalents at end of period	<u>18</u>	35,768	185,128

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

Summary of significant accounting policies	
<p>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.</p> <p>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.</p> <p>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.</p>	
1	<p>Basis of preparation</p> <p>The financial statements have been prepared in accordance with the Modified Cash Standard.</p>
2	<p>Going concern</p> <p>The financial statements have been prepared on a going concern basis.</p>
3	<p>Presentation currency</p> <p>Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p>
4	<p>Rounding</p> <p>Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
5	<p>Foreign currency translation</p> <p>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.</p>
6	<p>Comparative information</p>
6.1	<p>Prior period comparative information</p> <p>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.</p>
6.2	<p>Current year comparison with budget</p> <p>A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p>
7	<p>Revenue</p>
7.1	<p>Appropriated funds</p> <p>Appropriated funds comprise of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).</p> <p>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.</p> <p>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.</p>
7.2	<p>Departmental revenue</p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

7.3	<p>Accrued departmental revenue</p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> • 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. <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p> <p>Write-offs are made according to the department's debt write-off policy.</p>
8	Expenditure
8.1	Compensation of employees
8.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
8.1.2	<p>Social contributions</p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>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.</p>
8.2	<p>Other expenditure</p> <p>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.</p>
8.3	<p>Accruals and payables not recognised</p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.</p>
8.4	Leases
8.4.1	<p>Operating leases</p> <p>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.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
8.4.2	<p>Finance leases</p> <p>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.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> • 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	<p>Aid assistance received</p> <p>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.</p> <p>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.</p>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

9.2	<p>Aid assistance paid</p> <p>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.</p>
10	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>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.</p>
11	<p>Prepayments and advances</p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p> <p><Indicate when prepayments and advances are expensed and under what circumstances.></p>
12	<p>Loans and receivables</p> <p>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.</p>
13	<p>Investments</p> <p>Investments are recognised in the statement of financial position at cost.</p>
14	<p>Financial assets</p>
14.1	<p>Financial assets (not covered elsewhere)</p> <p>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.</p> <p>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.</p>
14.2	<p>Impairment of financial assets</p> <p>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.</p>
15	<p>Payables</p> <p>Payables recognised in the statement of financial position are recognised at cost.</p>
16	<p>Capital Assets</p>
16.1	<p>Immovable capital assets</p> <p>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.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p> <p>Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.</p>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

16.2	<p>Movable capital assets</p> <p>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.</p> <p>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.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p>
16.3	<p>Intangible assets</p> <p>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.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>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.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p>
16.4	<p>Project Costs: Work-in-progress</p> <p>Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.</p> <p>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.</p> <p>Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.</p>
17	<p>Provisions and Contingents</p>
17.1	<p>Provisions</p> <p>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.</p>
17.2	<p>Contingent liabilities</p> <p>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.</p>
17.3	<p>Contingent assets</p> <p>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.</p>
17.4	<p>Capital commitments</p> <p>Capital commitments are recorded at cost in the notes to the financial statements.</p>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

18	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> • 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. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
19	<p>Fruitless and wasteful expenditure</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables or written off.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
20	<p>Irregular expenditure</p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed after its assessment. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is reduced from the note when it is either condoned by the relevant authority, transferred to receivables for recovery, not condoned and removed or written-off.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
21	<p>Changes in accounting estimates and errors</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>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.</p>
22	<p>Events after the reporting date</p> <p>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.</p>
23	<p>Principal-Agent arrangements</p> <p>The department was party to a principal-agent arrangement for the construction of houses. In terms of the arrangement the department is the principal and is responsible for building of houses for beneficiaries. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.</p>
24	<p>Departures from the MCS requirements</p> <p>Management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard except that it has departed from a particular requirement to achieve fair presentation; and the requirement from which the department has departed, the nature of the departure and the reason for departure.</p>
25	<p>Capitalisation reserve</p> <p>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.</p>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

26	<p>Recoverable revenue</p> <p>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.</p>
27	<p>Related party transactions</p> <p>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.</p> <p>The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.</p>
28	<p>Inventories (Effective from date determined in a Treasury Instruction)</p> <p>At the date of acquisition, inventories are recognised at cost in the statement of financial performance.</p> <p>Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.</p> <p>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.</p> <p>The cost of inventories is assigned by using the weighted average cost basis.</p>
29	<p>Public-Private Partnerships</p> <p>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.</p> <p>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.</p>
30	<p>Employee benefits</p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.</p>
31	<p>Transfer of functions</p> <p>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.</p> <p>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.</p>
32	<p>Mergers</p> <p>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.</p> <p>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.</p>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

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:

	Final Appropriation	2021/22 Actual Funds Received	Funds not requested/ not received	Final Appropriation	2020/21 Appropriation received	Funds not requested /not received
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	173,250	173,250	-	-	144,663	144,663
Human Settlements	635,812	635,812	-	-	644,160	644,160
Cooperative Governance	144,940	144,940	-	-	132,874	132,874
Traditional Affairs	20,931	20,931	-	-	19,352	19,352
Total	974,933	974,933	-	-	941,049	941,049

1.2 Conditional grants

	Note	2021/22 R'000	2020/21 R'000
Total grants received	32	581,973	596,713

2. Departmental revenue

	Note	2021/22 R'000	2020/21 R'000
Sales of goods and services other than capital assets	2.1	442	439
Interest, dividends and rent on land	2.2	-	1
Transactions in financial assets and liabilities	2.3	281	253
Total revenue collected		723	693
Less: Own revenue included in appropriation		696	659
Departmental revenue collected		27	34

2.1 Sales of goods and services other than capital assets

	Note	2021/22 R'000	2020/21 R'000
Sales of goods and services produced by the department	2	442	439
Sales by market establishment		112	101
Other sales		330	338
Total		442	439

2.2 Interest, dividends and rent on land

	Note	2021/22 R'000	2020/21 R'000
Interest	2	-	1
Total		-	1

2.3 Transactions in financial assets and liabilities

	Note	2021/22 R'000	2020/21 R'000
Loans and advances	2	-	-
Receivables		4	80
Other Receipts including Recoverable Revenue		277	173
Total		281	253

for the year ended 31 March 2022

3. Aid assistance	<i>Note</i>	2021/22 R'000	2020/21 R'000
Opening Balance		26	26
Prior period error		-	-
As restated		26	26
Paid during the year		(26)	-
Closing Balance		-	26
3.1 Analysis of balance by source			
	<i>Note</i>	2021/22 R'000	2020/21 R'000
Aid assistance from other sources		-	26
Closing balance	3	-	26
3.2 Analysis of balance			
	<i>Note</i>	2021/22 R'000	2020/21 R'000
Aid assistance unutilised		-	26
Closing balance	3	-	26
3.3 Donations received in-kind (not included in the main note)			
	<i>Note</i>	2021/22 R'000	2020/21 R'000
<i>Computer hardware - Laptops</i>		-	27
Audio Visual		-	17
Total		-	44
4. Compensation of employees			
4.1 Salaries and Wages			
	<i>Note</i>	2021/22 R'000	2020/21 R'000
Basic salary		186,669	196,476
Performance award		1,538	2,653
Service Based		182	76
Compensative/circumstantial		4,491	2,116
Periodic payments		475	280
Other non-pensionable allowances		45,365	39,223
Total		238,720	240,824
4.2 Social contributions			
	<i>Note</i>	2021/22 R'000	2020/21 R'000
Employer contributions			
Pension		22,013	22,816
Medical		16,381	16,030
UIF		2	3
Bargaining council		61	63
Total		38,457	38,912
Total compensation of employees		277,177	279,736
Average number of employees		578	634

for the year ended 31 March 2022

5. Goods and services

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Administrative fees		371	718
Advertising		375	4
Minor assets	5.1	535	393
Bursaries (employees)		768	580
Catering		359	284
Communication		741	1,462
Computer services	5.2	3,525	3,313
Consultants: Business and advisory services	5.9	113	677
Infrastructure and planning services		14	-
Legal services		854	3,346
Contractors		645	855
Agency and support / outsourced services		-	249
Entertainment		65	32
Audit cost – external	5.3	6,483	5,255
Fleet services		2,102	1,531
Inventory	5.4	186	30
Consumables	5.5	1,888	2,396
Housing		-	-
Operating leases		18,913	13,561
Property payments	5.6	13,326	13,140
Rental and hiring		-	1
Transport provided as part of the departmental activities		-	-
Travel and subsistence	5.7	5,511	3,566
Venues and facilities		415	13
Training and development		109	-
Other operating expenditure	5.8	1,037	863
Total		58,335	52,269

5.1 Minor assets

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Tangible assets	5	535	393
Machinery and equipment		535	393
Total		535	393

5.2 Computer services

	<i>Note</i>	2021/22 R'000	2020/21 R'000
SITA computer services	5	3,525	3,209
External computer service providers		-	104
Total		3,525	3,313

5.3 Audit cost – External

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Regularity audits	5	6,483	5,255
Total		6,483	5,255

5.4 Inventory

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Clothing material and accessories	5	12	30
Other supplies	5.4.1	174	-
Total		186	30

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

5.4.1 Other supplies

	Note 5.4	2021/22 R'000	2020/21 R'000
Other assets for distribution			
Other		174	-
Total		174	-

5.5 Consumables

	Note 5	2021/22 R'000	2020/21 R'000
Consumable supplies		707	1,605
Uniform and clothing		153	143
Household supplies		512	1,297
Building material and supplies		30	-
Communication accessories		-	-
IT consumables		3	14
Other consumables		9	151
Stationery, printing and office supplies		1,181	791
Total		1,888	2,396

5.6 Property payments

	Note 5	2021/22 R'000	2020/21 R'000
Municipal services		1,780	1,881
Property management fees			
Property maintenance and repairs			
Other		11,546	11,259
Total		13,326	13,140

5.7 Travel and subsistence

	Note 5	2021/22 R'000	2020/21 R'000
Local		5,511	3,566
Total		5,511	3,566

5.8 Other operating expenditure

	Note 5	2021/22 R'000	2020/21 R'000
Resettlement costs		-	518
Other		1,037	345
Total		1,037	863

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

Name of Commission / Committee	No. of members	Note 5	2021/22 R'000	2020/21 R'000
Risk Management Committee/Rental				
Housing Tribunal Committee			86	-
Total			86	-

6. Payments for financial assets

	Note	2021/22 R'000	2020/21 R'000
Debts written off	6.1	452	535
Total		452	535

for the year ended 31 March 2022

6.1 Debts written off

Nature of debts written off	Note 6	2021/22 R'000	2020/21 R'000
Salary and tax debt		452	535
Total		452	535
Total debt written off		452	535

7. Transfers and subsidies

	Note	2021/22 R'000	2020/21 R'000
Non-profit institutions	Annexure 1F	1,400	1,341
Households	Annexure 1G	514,690	407,257
Total		516,090	408,598

The total transfers made to implementing agents for the implementation of housing projects unspent at year-end amounts to R24 million for Bigen Africa.

8. Expenditure for capital assets

	Note	2021/22 R'000	2020/21 R'000
Tangible assets		5,748	5,227
Buildings and other fixed structures	30	-	19
Machinery and equipment	28	5,748	5,208
Intangible assets		459	-
Software	29	459	-
Total		6,207	5,227

8.1 Analysis of funds utilised to acquire capital assets – 2021/22

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	5,748	-	5,748
Machinery and equipment	5,748	-	5,748
Intangible assets	459	-	459
Software	459	-	459
Total	6,207	-	6,207

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

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	5,227	-	5,227
Buildings and other fixed structures	19	-	19
Machinery and equipment	5,208	-	5,208
Total	5,227	-	5,227

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

8.3 Finance lease expenditure included in Expenditure for capital assets	Note	2021/22 R'000	2020/21 R'000
Tangible assets		3,910	4,961
Machinery and equipment		3,910	4,961
Total		3,910	4,961
9. Unauthorised expenditure			
9.1 Reconciliation of unauthorised expenditure	Note	2021/22 R'000	2020/21 R'000
Opening balance		11,713	133,279
Less: Amounts approved by Parliament/Legislature with funding		-	(121,566)
Closing balance		11,713	11,713
Analysis of closing balance			
Unauthorised expenditure awaiting authorisation		11,713	11,713
Total		11,713	11,713
9.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification		2021/22 R'000	2020/21 R'000
Capital			
Current		9,038	9,038
Transfers and subsidies		2,675	2,675
Total		11,713	11,713
9.3 Analysis of unauthorised expenditure awaiting authorisation per type		2021/22 R'000	2020/21 R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote		11,713	11,713
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division			
Total		11,713	11,713
10. Cash and cash equivalents	Note	2021/22 R'000	2020/21 R'000
Consolidated Paymaster General Account		35,761	185,123
Cash on hand		7	5
Total		35,768	185,128
11. Prepayments and advance	Note	2021/22 R'000	2020/21 R'000
Staff advances			
Travel and subsistence			-
Prepayments (Not expensed)	11.2		
Advances paid (Not expensed)	11.1		
SOCPEN advances			
Total			-

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

11.1 Prepayments (Expensed)

<i>Note</i>	Amount as at 1 April 2021	Less: Received in the current year	Add or Less: Other	Add: Current Year prepayments	Amount as at 31 March 2022
	R'000	R'000	R'000	R'000	R'000
Transfers and subsidies	-	-	-	32,000	32,000
Capital assets					
Other					
Total	-	-	-	32,000	32,000

Bigen Africa is the implementing agent for Lerato Park CRU's. R32 million was transferred to Bigen Africa in the 2021/2022 financial year. Based on transfers made during the financial year an amount of R24 million was unspent as at year-end.

12. Receivables

	<i>Note</i>	2021/22			2020/21		
		Current R'000	Non- current R'000	Total R'000	Current R'000	Non- current R'000	Total R'000
Claims recoverable	12.1	69,123	38	69,161	44	40	84
Recoverable expenditure	12.2	101	265	366	447	238	685
Staff debt	12.4	6	19	25	8	17	25
Total		69,230	322	69,552	499	295	794

12.1 Claims recoverable

	<i>Note</i> 12	2021/22 R'000	2020/21 R'000
Provincial departments		69,161	84
Total		69,161	84

12.2 Recoverable expenditure (disallowance accounts)

	<i>Note</i> 12	2021/22 R'000	2020/21 R'000
Sal Tax Debt		31	91
Sal Reversal Control		99	369
Sal ACB Recalls		9	39
Sal Income Tax		183	183
Claims Rec			
Pension Rec		44	-
Sal Pension Fund		-	3
Total		366	685

12.3 Staff debt

	<i>Note</i> 12	2021/22 R'000	2020/21 R'000
Staff Debt e.g. bursary debt		25	25
Total		25	25

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

13. Voted funds to be surrendered to the Revenue Fund

	Note	2021/22 R'000	2020/21 R'000
Opening balance		194,684	3,182
Transfer from statement of financial performance (as restated)		116,672	194,684
Paid during the year		(194,684)	(3,182)
Closing balance		116,672	194,684

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

	Note	2021/22 R'000	2020/21 R'000
Opening balance		109	40
Transfer from Statement of Financial Performance (as restated)		27	34
Own revenue included in appropriation		696	659
Paid during the year		(526)	(624)
Closing balance		306	109

15. Payables – current

	Note	2021/22 R'000	2020/21 R'000
Clearing accounts	15.1	7	2,760
Total		7	2,760

15.1 Clearing accounts

	Note	2021/22 R'000	2020/21 R'000
Description	15		
Sal ACB Recalls		-	10
Claims Recoverable		-	2,683
Sal Income Tax		-	55
Sal Reversal Acc		7	12
Total		7	2,760

16. Payables – non-current

	Note	2021/22			Total R'000	2020/21 Total R'000
		One to two years R'000	Two to three years R'000	More than three years R'000		
Other payables	16.1	-	-	22	22	31
Total		-	-	22	22	31

16.1 Other payables

	Note	2021/22 R'000	2020/21 R'000
Income Tax	16	13	6
Claims Rec		9	20
Sal Tax Debt		-	5
Total		22	31

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

17. Net cash flow available from operating activities

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Net surplus/(deficit) as per Statement of Financial Performance		116,699	194,718
Add back non cash/cash movements not deemed operating activities		(259,817)	123,550
(Increase)/decrease in receivables		(68,731)	(132)
(Increase)/decrease in prepayments and advances		-	5
(Increase)/decrease in other current assets		-	121,566
Increase/(decrease) in payables – current		(2,753)	31
Expenditure on capital assets		6,207	5,227
Surrenders to Revenue Fund		(195,210)	(3,806)
Own revenue included in appropriation		696	659
Other non-cash items		(26)	-
Net cash flow generated by operating activities		(143,118)	318,268

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

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Consolidated Paymaster General account		35,761	185,123
Cash on hand		7	5
Total		35,768	185,128

19. Contingent liabilities and contingent assets

19.1 Contingent liabilities

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Liable to			
Nature			
Housing loan guarantees	<i>Annex 3A</i>	50	50
Claims against the department	<i>Annex 3B</i>	145	10,270
Intergovernmental payables (unconfirmed balances)	<i>Annex 5</i>	604	445
Total		799	10,765

19.2 Contingent assets

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Nature of contingent asset			
Wiets Transport		400	400
Total		400	400

The matter was forwarded to the Office of the Premier - Chief State Law Advisor for the recovery of the R400 000 from Wiets Transport.
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

20. Accruals and payables not recognised

20.1 Accruals

			2021/22 R'000	2020/21 R'000
	30 Days	30+ Days	Total	Total
Listed by economic classification				
Goods and services	2,354	112	2,466	2,075
Total	2,354	112	2,466	2,075
		<i>Note</i>	2021/22 R'000	2020/21 R'000
Listed by programme level				
Administration			2,326	1,861
Human Settlements			55	17
Cooperative Governance			23	188
Traditional Institutional Management			62	9
Total			2,466	2,075

Accruals arise as a result of services rendered as at the 31 March 2022 but invoices were not yet received.

20.2 Payables not recognised

			2021/22 R'000	2020/21 R'000
	30 Days	30+ Days	Total	Total
Listed by economic classification				
Goods and services	292	10,921	11,213	636
Interest and rent on land				
Transfers and subsidies	3,360		3,360	375
Capital assets				
Other				
Total	3,652	10,921	14,573	1,011
		<i>Note</i>	2021/22 R'000	2020/21 R'000
Listed by programme level				
Administration			11,135	636
Human Settlements			3,381	375
Co-Operative Governance			40	-
Traditional Institutional Management			17	-
Total			14,573	1,011

21. Employee benefits

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Leave entitlement		19,332	23,824
Service bonus		7,257	7,678
Performance awards		1,461	1,409
Capped leave		1,728	2,209
Other		104	62
Total		29,882	35,182

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

22. Lease commitments

22.1 Operating leases

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

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

Operating leases include office buildings.
The contract of Ocean Echo has been terminated by 30 November 2021.
Frances Baard Region occupies a new building (Chapel Chambers) since 01 December 2021 (Term: 9 years and 11 months)
Umbra (Upington): 31 July 2022
ANND (Springbok): 30 September 2022
Sequeira (De Aar): 30 September 2022
Telkom is on a month to month contract for the usage of lines for outgoing calls.

22.2 Finance leases **

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

2020/21	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year				3,599	3,599
Later than 1 year and not later than 5 years				262	262
Total lease commitments				3,861	3,861

16 Machines have been upgraded (Minolta). Contracts with Xerox and Nashua has been ended. All other machines are still in contract, the upgraded ones new start dates is 01 June 2022.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

23. Irregular expenditure

23.1 Reconciliation of irregular expenditure

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Opening balance		983,745	963,257
Add: Irregular expenditure – relating to prior year		-	4,242
Add: Irregular expenditure – relating to current year		16,605	16,246
Closing balance		1,000,350	983,745
Analysis of closing balance			
Current year		16,605	16,246
Prior years		983,745	967,499
Total		1,000,350	983,745

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

Incident	Disciplinary steps taken/criminal proceedings	2021/22 R'000
Lease contracts expired/Non-compliance with SCM		16,605
Total		16,605

Details irregular expenditure under assessment (not included in the main note)

Incident	Disciplinary steps taken/criminal proceedings	2021/22 R'000
Pofadder Individuals Namakwaland - Luchan & Allouise		167
Total		167

24. Fruitless and wasteful expenditure

24.1 Reconciliation of fruitless and wasteful expenditure

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Opening balance		66,041	64,191
Fruitless and wasteful expenditure – relating to prior year		-	-
Fruitless and wasteful expenditure – relating to current year		33	1,850
Closing balance		66,074	66,041

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

Incident	Disciplinary steps taken/criminal proceedings	2021/22 R'000
Accommodation bookings cancelled on Short notice		33
Total		33

24.3 Details of fruitless and wasteful expenditures under investigation (not included in the main note)

Incident	2021/22 R'000
Ga-Segonyana Bankhara Bodulong 151	3,311
Sol Plaatje Lerato Park CRU's	32,319
Ivory Park 1175 - Sol Plaatje	5,673
Total	41,303

The Department will do a detailed investigation to determine the full extent of the Fruitless and Wasteful expenditure in respect of the Human Settlements projects.
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

25. Related party transactions

Payments made	Note	2021/22 R'000	2020/21 R'000
Goods and services		168	281
Total		168	281

The Housing Fund was setup as a conduit for national housing funding and to hold all housing assets in the Province. There has been a national decision to de-established the Housing Fund in all Provinces; however, the legislative changes to the National Housing Act have not yet been enacted to allow for the de-establishment of the Northern Cape Housing Development Fund. The department is responsible for the payment of Audit Fees.

26. Key management personnel

	No. of Individuals	2021/22 R'000	2020/21 R'000
Political office bearers (provide detail below)	1	1,980	1,963
Officials:			
CFO and above	4	5,134	7,292
Levels 13	5	5,407	5,578
Family members of key management personnel	1	538	503
Total		13,059	15,336

27. Provisions

	Note	2021/22 R'000	2020/21 R'000
Housing Retention fees		25,695	6,492
Total		25,695	6,492

Retention money is set aside as security for the due completion of work and to enable a fund to be available to rectify defects which have not been rectified by the contractor. As per the departments business practice all retention money is released when the contractor is practical completed and the retention amounts of projects are withheld as payments are made to the supplier as per the percentage retention per contract. There is an existent uncertainty about the timing of the retention outflows as management expects all retention amounts to be refunded to the supplier on practical completion of the project based on past experience.

27.1 Reconciliation of movement in provisions – 2021/22

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

Reconciliation of movement in provisions – 2020/21

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

28. Movable Tangible Capital Assets

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

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

28.1 Movement for 2020/21

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

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	32,103	240	292	-	32,635
Transport assets	7,672	-	-	-	7,672
Computer equipment	12,534	55	27	-	12,616
Furniture and office equipment	9,813	-	185	-	9,998
Other machinery and equipment	2,084	185	80	-	2,349
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	32,103	240	292	-	32,635

28.1.1 Prior period error

	Note	2020/21 R'000
Nature of prior period error		
Relating to 2020/21 [affecting the opening balance]		240
Donations received		55
Donations received		185
Total prior period errors		240

28.2 Minor assets

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

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	810	-	6,996	-	7,806
Additions	-	-	-	529	-	529
Disposals	-	-	-	205	-	205
TOTAL MINOR ASSETS	-	810	-	7,320	-	8,130
	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Number of minor assets at cost	-	442	-	3,891	-	4,333
TOTAL NUMBER OF MINOR ASSETS	-	442	-	3,891	-	4,333

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

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

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	810	-	6,579	-	7,389
Prior period error	-	-	-	14	-	14
Additions	-	-	-	403	-	403
TOTAL MINOR ASSETS	-	810	-	6,996	-	7,806

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Number of minor assets at cost	-	-	-	3,891	-	-
TOTAL MINOR ASSETS	-	-	-	3,891	-	-

28.2.1 Prior period error

	Note	2020/21 R'000
Nature of prior period error		
Relating to 2020/21 [affecting the opening balance]		14
Donations received		14
Total		14

29. Intangible Capital Assets

	Opening balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	1,362	459	-	1,821
TOTAL INTANGIBLE CAPITAL ASSETS	1,362	459	-	1,821

29.1 Movement for 2020/21

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

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

30. Immovable Tangible Capital Assets

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

30.1 Movement for 2020/21

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 20YY

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	3,345	-	19	-	3,364
Other fixed structures	3,345	-	19	-	3,364
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	3,345	-	19	-	3,364

31. Principal-agent arrangements

31.1 Department acting as the principal

	2021/22 R'000	2020/21 R'000
Bigen Africa		
Management Fees	1,308	1,918
Cash Resources as 31 March 2022	24,211	8,900
Housing Development Agency		
Cash Resources as 31 March 2022	38,292	164,000
Housing Development Agency Management fees	2,034	
Total	65,845	174,818

The Housing Development Agency ('HDA) and Bigen Africa entered into an agreement with the Department of CoGHSTA for the implementation of the subsidised housing scheme. Bigen Africa and 'HDA is acting as agents and is responsible for implementing housing projects and undertaking transactions on behalf of the department. Agency fees are paid to them in this regard. The only resources under the custodianship of the agencies was the cash that was paid by the department for project implementation. The remaining balance inclusive of interest amounts to R38 million (2021: R164 million). An amount of R126 million was spent in the 2021/2022 financial year. The remaining balance inclusive of interest amounts to R24 million (2021: R8.9million). The department transferred R32 million to Bigen Africa in the 2021/2022 financial year. An amount of R8,7 million was spent in the 2021/2022 financial year.

Upon suspension or termination of this Agreement and subject to the obligation of Bigen Africa to reduce expenditure to a minimum, COGHSTA shall pay Bigen Africa all amounts which are due to Bigen Africa, the contractors and sub-consultants up to the date of termination or suspension, less amounts previously paid to Bigen Africa, contractors and sub-consultants, as well as reasonable costs incidental to the termination of the services to be delivered by Bigen Africa, the contractors and sub-consultants.

32. Prior period errors

	Note	Amount before error correction 2020/21 R'000	Prior period error 2020/21 R'000	Restated Amount 2020/21 R'000
Assets:				
<i>(E.g. Receivables, Investments, Accrued departmental revenue, Movable tangible capital assets, etc.)</i>				
Computer equipment donation	39.1.1	12,616	55	12,671
Computer equipment donation	39.1.1	2,349	185	2,534
Machinery & equipment donation	39.2.1	6,982	14	6,996
Net effect		21,947	254	22,201

Donations received prior year and disclosed after receiving in new financial year.

	Note	Amount before error correction 2020/21 R'000	Prior period error 2020/21 R'000	Restated Amount 2020/21 R'000
Other:				
<i>(E.g. Irregular expenditure, Fruitless and wasteful expenditure, etc.)</i>				
BIGEN		1,918	8,900	10,818
Housing Development Agency		-	164,000	164,000
Net effect		1,918	172,900	174,818

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

33. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF GRANT	GRANT ALLOCATION					SPENT				2020/21	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjust-ments	Other Adjust-ments	Total Available	Amount received by department	Amount spent by department	Under / (Over spending)	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Human Settlement Development Grant	374,104	-	-	-	374,104	374,104	374,080	24	100%	519,888	400,517
Consolidation support grant(EPWP)	2,037	-	-	-	2,037	2,037	2,037	-	100%	2,000	1,999
Title Deeds Restoration Grant	-	-	-	-	-	-	-	-	-	3,940	3,940
Informal Settlement Upgr part Grnt prov	136,709	-	-	-	136,709	136,709	136,709	-	100%	-	-
Prov Emergency Grant	69,123	-	-	-	69,123	69,123	-	69123	100%	70,885	-
TOTAL	581,973	-	-	-	581,973	581,973	512,826	69,147	-	596,713	406,456

34. BROAD BASED BLACK ECONOMIC EMPOWERMENT PERFORMANCE

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

35. COVID-19 Response Expenditure

	Note Annexure 11	2021/22 R'000	2020/21 R'000
Compensation of employees			
Goods and services			918
Transfers and subsidies		-	14,342
Total		-	15,260

The department did not incur COVID-19 expenditure in the 2021/2022 financial year.

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
 for the year ended 31 March 2022**

ANNEXURE 1F

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	TRANSFER ALLOCATION				EXPENDITURE		2020/21
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Final Appropriation
NON-PROFIT INSTITUTIONS	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Pocket Money Households (Trad Affairs)	1,400	-	-	1,400	1,400	100%	1,341
	1,400	-	-	1,400	1,400	100%	1,341
TOTAL	1,400	-	-	1,400	1,400	100%	1,341

The Department on an annual basis transfers funds to the House of Traditional Leaders.

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

ANNEXURE 1G

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2020/21
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
EMPL S/BEN:LEAVE GRATUITY	-	-	-	-	1,733	-	--
DONATIONS&GIFTS(CASH)	-	-	-	-	131	-	--
TITLE DEEDS RESTORATION GRANT	-	-	-	-	-	-	3,940
CONSOLIDATION SUPPORT(HOUSING)	2,037	-	-	2,037	2,037	100%	2,000
HUMAN SETTLEMENT REDEV PRO	579,936	-	-	579,936	510,789	100%	519,888
TOTAL	581,973	-	-	581,973	514,690	-	525,828

Donations include financial assistance provided to individuals and organisations.

ANNEXURE 1H

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2021/22	2020/21
		R'000	R'000
Received in kind			
Computer hardware - Laptops		-	27
Audio Visual		-	17
Subtotal		-	44
TOTAL		-	44

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

ANNEXURE 1J

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2021/22 R'000	2020/21 R'000
Made in kind		
Donations and Promotional Items	196	61
TOTAL	196	61

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2022– LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2021	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2022	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2022
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ABSA	Housing	50	50	-	-	-	50	-	-
	TOTAL	50	50	-	-	-	50	-	-

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2022

Nature of Liability	Opening Balance 1 April 2021	Liabilities incurred during the year	Liabilities paid/cancelled/reduce d during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2022
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
LIMMS	10,120	-	10,120	-	-
JJ Liebenberg	150	-	150	-	-
Defensor Security	-	36,000	36,000	-	-
Pemberley Fleet	-	145	-	-	145
TOTAL	10,270	36,145	46,270	-	145

ANNEXURE 5

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2021/22	
							Payment date up to six (6) working days before year end	Amount
	31/03/2022	31/03/2021	31/03/2022	31/03/2021	31/03/2022	31/03/2021		R'000
	R'000	R'000	R'000	R'000	R'000	R'000		
DEPARTMENTS								
Dept of Justice & Con Dev	-	-	327	168	327	168		
Dept Sport Arts and Culture	-	-	277	277	277	277		
TOTAL	-	-	604	445	604	445		
TOTAL INTERGOVERNMENT PAYABLES	-	-	604	445	604	445		

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

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

**ANNEXURE 6
INVENTORIES**

Inventories for the year ended 31 March 2022

Insert major category of inventory	TOTAL			
R'000	R'000	R'000	R'000	R'000
Opening balance			1,605,484	1,605,484
Add: Additions/Purchases – Cash			623,956	623,956
(Less): Issues			(2,071)	(2,071)
Closing balance			2,227,369	2,227,369

Inventories for the year ended 31 March 2021

Insert major category of inventory	TOTAL			
R'000	R'000	R'000	R'000	R'000
Opening balance			1,307,715	1,307,715
Add: Additions/Purchases – Cash			349,165	349,165
(Less): Issues			(51,396)	(51,396)
Closing balance			1,605,484	1,605,484

ANNEXURE 10

DEPARTMENT OF HUMAN SETTLEMENTS HOUSING RELATED EXPENDITURE CLASSIFICATION

	2021/22 R'000	2020/21 R'000
Inventories		
Goods and Services	512,985	404,457
TOTAL	512,985	404,457

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

ANNEXURE 11

COVID-19 RESPONSE EXPENDITURE

Per quarter and in total

Expenditure per economic classification	2021/22					2020/21
	Q1	Q2	Q3	Q4	Total	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees						
Goods and services	-	-	-	-	-	918
CONS SUPPLIES	-	-	-	-	-	832
MINOR ASSETS	-	-	-	-	-	37
	-	-	-	-	-	49
Transfers and subsidies	-	-	-	-	-	14,342
HOUSEHOLDS: TRANSFERS CASH	-	-	-	-	-	14,342
TOTAL COVID-19 RESPONSE EXPENDITURE	-	-	-	-	-	15,260

PART F

HOUSING FUND

FINANCIALS



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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Northern Cape Housing Development Fund set out on pages **128 to 136**, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, the statement of changes in net assets for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Northern Cape Housing Development Fund as at 31 March 2022, and its financial performance for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Housing Fund Act of South Africa (Act No.107 of 1997).

Basis for opinion

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

Material uncertainty related to going concern

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

EMPHASIS OF MATTER

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

Restatement of corresponding figures

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

Responsibilities of the accounting officer for the financial statements

10. The accounting officer, is responsible for the preparation and fair presentation of the financial statements in accordance with the Generally Recognised Accounting Practice (GRAP) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

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

PERFORMANCE INFORMATION REPORTING

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

AUDIT OF COMPLIANCE WITH LEGISLATION

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

OTHER INFORMATION

16. The Northern Cape Housing Development Fund accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements and the auditor's report.
17. My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
18. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

INTERNAL CONTROL DEFICIENCIES

19. I considered internal control relevant to my audit of the financial statements; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for unqualified opinion included in this report.
20. Leadership did not exercise oversight responsibility to ensure that effective internal control procedures are developed and implemented that will enable the entity to produce accurate and complete annual financial statements reporting.

Auditor General

Kimberley
29 July 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure - Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional skepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected programme and on the department's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control;
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer;
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Department of Co-operative Governance, Human Settlements and Traditional Affairs to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern;
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

2. ANNUAL FINANCIAL STATEMENTS

NORTHERN CAPE HOUSING DEVELOPMENT FUND Annual Financial Statements for the year ended 31 March 2021

ACCOUNTING OFFICER'S RESPONSIBILITIES

The Accounting Officer is required by the Public Municipal Finance Act, to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is his responsibility to ensure that the financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended.

The financial statements are prepared in accordance with the Standards of Generally recognized Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The going concern basis has been adopted for the in preparing the annual financial statements. Based on forecasts and available cash resources for the year up to 31 March 2022, the accounting officer has no reason to believe that the entity will not be a going concern. The annual financial statements support the viability of the entity.

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

The annual financial statements have been audited by the independent external auditing firm, Auditor General of South Africa, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the accounting officer and committees. The accounting officer believes that the representations made to the independent external auditors during the audit were valid appropriate. The external auditor's report is presented on pages **125 to 127**.

The financial statements set out on pages **128 to 136**, which have been prepared on the going concern basis, were approved by the on 29 July 2022 and were signed on its behalf by:

Approval of financial statements



Mr. B.S Lenkoe
Accounting Officer
Northern Cape Department of Cooperative Governance, Human Settlements and Traditional Affairs
31 July 2022

ACCOUNTING OFFICER'S REPORT

The Accounting Officer has pleasure in submitting his report on the financial statements for the year ended 31 March 2022.

1. Review of financial results and activities

Main business and operations

The principal activity of the fund is housing development; n major changes were made to the nature of the operations during the financial ending 31 March 2022.

The financial statements have been prepared in accordance with the Standards of Generally Recognized Accounting Practice. The accounting policies have been applied consistently compared to the prior year.

The fund generated a surplus for the year ended 31 March 2022 of R 427 558 (2021: R - 46 065). Revenue decreased from R 280 890 in the prior year to R 167 654.

Full details of the financial position, results of operations of the fund are set out in these financial statements.

2. Events after the reporting period

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

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

3. Going concern

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

The Accounting Officer has satisfied himself that the fund is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Accounting Officer is not aware of any new material changes that may adversely impact the fund. The Accounting Officer is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the fund.

4. Accounting Officer

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

5. Independent Auditors

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

NORTHERN CAPE HOUSING DEVELOPMENT FUND

Annual Financial Statements for the year ended 31 March 2022

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

Figures in Rand	Note(s)	2022	2021
ASSETS			
Current Assets			
Inventory	1	11,646,000	11,046,000
Total Assets		11,646,000	11,046,000
NET ASSETS AND LIABILITIES			
Net Assets			
Retained earnings		11,278,868	10,851,310
Liabilities			
Current Liabilities			
Trade and other payables	2	367,132	194,690
Total Equity And Liabilities		11,646,000	11,046,000

STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 MARCH 2022

Figures in Rand	Note(s)	2022	2021
Revenue			
Services in kind	4	167,654	280,890
Total Revenue		167,654	280,890
Total Expenditure			
Audit Fees	5	(167,654)	(233,740)
Consulting Fees	6	-	(47,150)
Rates and Taxes		(172,442)	(46,065)
Operating deficit			
Fair value adjustments		600,000	-
Surplus for year		427,558	(46,065)

STATEMENT OF CHANGES IN NET ASSETS AS AT 31 MARCH 2022

Figures in Rand	Retained Income
Opening balance as previously reported	10,526,437
Prior period error	324,873
Restated Balance as at 1 April 2021	10,581,310
Surplus for the year	427,558
Balance as at 31 March 2022	11,278,868

ACCOUNTING POLICIES

1. General information

The Housing fund was setup as a conduit for national housing funding and to hold all housing assets in the province. With the introduction of the housing conditional grant, the Department received funding appropriated into the budget of the Department through budgeting processes. This meant there was no longer a need for the existence of a Housing fund to receive funding for housing.

2. Basis of preparation and summary of significant accounting policies.

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board. The financial statements have been prepared in South African Rand.

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

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated.

2.1 Inventories

Definition

Inventories are assets:

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

Recognition

Inventories are recognized as an asset when

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

Measurement

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

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

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

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

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

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

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

2.2 Revenue

Revenue recognition

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

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

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

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

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

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

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

Measurement

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

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

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

Services in kind

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

Conditional grants and receipts

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

2.3 Related Parties

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

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

2.4 Significant judgements and sources of estimation uncertainty

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

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

2.5 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and

the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

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

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

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

2.6 Accounting policies, changes in accounting estimates and errors

Definitions

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- (a) was available when financial statements for those periods were authorised for issue; and
- (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Recognition

A change in an accounting policy and of recognising the effect of a change in an accounting estimate, respectively, are:

- (a) applying the new accounting policy to transactions, other events and conditions occurring after the date as at which the policy is changed; and
- (b) recognising the effect of the change in the accounting estimate in the current and future periods affected by the change.

An entity shall correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by:

- (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

A prior period error shall be corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	Note(s)	2022	2021
1. Inventories: Properties held for devolution			
Inventories comprise:			
Properties for devolution		11,646,000	11,046,000
		11,646,000	11,046,000
A register containing information on the properties owned by the Fund is available at the Fund's registered address.			
The fund is currently in the process of transferring the above-mentioned properties to the various local authorities through a devolution process.			
2. Payables from non-exchange transactions			
Municipal Rates and transfer costs		367,132	194,690
		367,132	194,690
3. Related Parties			
NC COGHSTA - Services in Kind		167,654	280,890
		167,654	280,890
The Housing Fund's operations and management decisions are controlled by the Northern Cape Department of Cooperative Governance, Human Settlements and Traditional Affairs.			
The Department, which is a related party, paid rates and taxes and property transfer fees, audit fees on behalf of the fund. This payment is treated as income in the accounting records of the housing fund.			
4. Revenue from non-exchange transactions			
NC COGHSTA - Services in Kind		167,654	280,890
		167,654	280,890
The Department, which is a related party, paid rates and taxes and property transfer fees, audit fees on behalf of the fund. This payment is treated as income in the accounting records of the housing fund.			
5. Audit Fees			
Audit Fees		167,654	233,740
		167,654	233,740
6. Consulting Fees			
Consulting Fees - Preparation of AFS		-	47,150
		-	47,150

7. Going Concern

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

The ability of the fund to continue as a going concern is dependent on several factors in the midst economic climate at the time. There has been a decision taken to de-establish the Housing Fund in all provinces, however, legislative changes to the National Housing Act, 1997 (Act No 107 of 1997) have not yet been enacted to allow for the de-establishment of the Northern Cape Housing Fund. It is probable that the Fund will transfer all remaining properties to local authorities during the 2022/2023 financial year.

8. Financial risk factors

The fund's financial instruments consist mainly of trade and other receivables and other payables. All financial instruments are recognized at fair value. Trade receivables and payables financial instruments approximate their fair value due to the short-term nature of these instruments. The fair value together with the carrying amounts have been determined by using available market information and are presented in the Statement of Financial Position as detailed below:

Financial Liabilities

Trade Payables	367,132	194,690
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9. Prior Period Error

- During the current financial year additional information has been obtained indicating changes in valuation of properties held as inventory and the accompanying property rates and taxes. Correction for previous year have been made as follows:

Increase in Inventories: Held for devolution	250,000
Increase in Accumulated Surplus Opening Balance	(250,000)
- During the current financial year, additional information was obtained which indicated that property rates and taxes were overcharged in the previous year. Correction was made retrospectively as follows:

Decrease in Trade Payables	74,873
Increase in Accumulated surplus: Opening Balance	(74,873)



PR 147/2022

ISBN: 978-0-621-50363-0