

# COGHSTA

Cooperative Governance  
Human Settlements & Tradition Affairs



## ANNUAL REPORT

2016/2017

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# PART A

## GENERAL INFORMATION



Military Veterans Housing

## 1. DEPARTMENT GENERAL INFORMATION

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## 2. LIST OF ABBREVIATIONS/ACRONYMS

<b>AGSA</b>	Auditor General of South Africa
<b>AO</b>	Accounting Officer
<b>APP</b>	Annual Performance Plan
<b>BBBEE</b>	Broad Based Black Economic Empowerment
<b>BNG</b>	Breaking New Grounds
<b>COGHSTA</b>	Cooperative Governance, Human Settlements & Traditional Affairs
<b>COGTA</b>	Cooperative Governance & Traditional Affairs
<b>CDW</b>	Community Development Worker
<b>CFO</b>	Chief Financial Officer
<b>DEDAT</b>	Department Economic Development & Tourism
<b>DHS</b>	Department of Human Settlements
<b>DMPT</b>	District Municipal Planning Tribunal
<b>DPME</b>	Department of Planning, Monitoring and Evaluation
<b>DRDLR</b>	Department of Rural Development and Land Reform
<b>EPWP</b>	Expanded Public Works Programme
<b>EU</b>	European Union
<b>EXCO</b>	Executive Committee
<b>FMCM</b>	Financial Management Capability Maturity Model
<b>FMPI</b>	Framework for Managing Programme Performance Information
<b>GIAMA</b>	Government Immovable Asset Management Act
<b>HDI</b>	Historically Disadvantaged Individuals
<b>HOA</b>	Home Owners Allowance
<b>HOD</b>	Head of Department
<b>HSDG</b>	Human Settlements Development Grant
<b>HR</b>	Human Resources
<b>HSS</b>	Housing Subsidy System
<b>LED</b>	Local Economic Development
<b>LGMIM</b>	Local Government Management Improvement Model
<b>LOGIS</b>	Local Government Information System
<b>MBA</b>	Master's in Business Administration
<b>MBL</b>	Master's in Business Leadership
<b>MEC</b>	Member of Executive Council
<b>MOU</b>	Memorandum of Understanding
<b>MPAT</b>	Management Performance Assessment Tool
<b>MPRA</b>	Municipal Property Rates Act
<b>MSA</b>	Municipal Systems Act
<b>MTEF</b>	Medium Term Expenditure Framework
<b>MTSF</b>	Medium Term Strategic Framework
<b>NPA</b>	National Prosecuting Authority
<b>NYDA</b>	National Youth Development Agency
<b>OHS</b>	Occupational Health and Safety
<b>PFMA</b>	Public Finance Management Act
<b>PHTL</b>	Provincial House of Traditional Leaders
<b>PMDC</b>	Provincial Disaster Management Centre
<b>PT</b>	Provincial Treasury
<b>PSCBC</b>	Public Service Co-ordinating Bargaining Council
<b>RDP</b>	Reconstruction and Development Programme
<b>SASSA</b>	South African Social Security Agency
<b>SCM</b>	Supply Chain Management
<b>SDIP</b>	Service Delivery Improvement Plan

<b>SITA</b>	State Information Technology Agency
<b>SLP</b>	Social Labour Plan
<b>SMME</b>	Small Medium and Micro Enterprises
<b>SP</b>	Strategic Plan
<b>TR</b>	Treasury Regulations



### 3. FOREWORD BY THE MEC

The Department of Cooperative Governance, Human Settlements and Traditional Affairs is mandated to improve the livelihood of our people through provision of sustainable human settlement, support to municipalities to be effective and efficient in the delivery of much needed services and good governance in traditional communities. The capabilities, experience and skilled workforce combined with the mixture of long serving and innovative management team together with the cooperation of stakeholders sets the department on a firm developmental trajectory.



The restoration of dignity to the masses has resulted in 3 041 title deeds being handed over to beneficiaries. The Title Deeds Restoration Project is a deliberate program to affirm ownership of houses through title deeds. Provision of sustainable human settlements remains a priority that derives its existence from the Freedom Charter Clause, which states, "All shall have houses, comfort and security". In the year under review, the Department managed to:

- The delivery of 38 houses to Military Veterans;
- 1344 BNG houses built out of which 698 are women headed households;
- 2109 Households provided with basic infrastructure & services, and
- Issued 3 222 title deeds to households.

The Annual Report is the ultimate accounting tool that takes stock of work done and progress made on achieving key priority targets. The Annual Report presents a transparent opportunity for the public and stakeholders to engage. The participatory democracy guaranteed by the constitution compels the compilation of the annual report for public scrutiny.

The motive force in delivering on our mandate is the people who have bestowed their trust in an ANC-led government as a leader of society and the only organisation which can deliver a better life for all.

Mr. Alvin Botes  
MEC of the Department of Cooperative Governance, Human Settlements and Traditional Affairs

Date: 31 May 2017

## 4. REPORT OF THE ACCOUNTING OFFICER

### 4.1 Overview of the operations of the Department

Change happens every day and organisations should prepare themselves for this challenge using strategic management, implementing policies, rolling out programmes and projects as well as adhering to constitutional laws and good governance principles.

It is therefore prudent that government departments should always be keen on change in the interest of deepening service delivery against all odds.

The trend of rendering services under stringent budget constraints has increased rapidly over the past few years. This phenomenon is largely due to the paradigm shift in the performance of national and global economies, among other factors.

This approach of delivering services despite lack of adequate resources at the Department of Cooperative Governance, Human Settlements & Traditional Affairs has become more familiar today as the number of people expecting houses and basic services continue to increase, as opposed to the past when the demand for services was lower.

The Department has a stable political and long-serving management team with a record of creativity, improved client focus, capable and sustainable municipal support and monitoring, professional team of experts that continues to accelerate delivery of human settlements with basic services within communities, municipal monitoring and support, as well as overall support and sustainability of traditional leadership institutions in the Province.

#### Programme 1: Administration

Over the past few years, the Department recorded poor performance with regard to MPAT scores. However, following an internal turn-around focus in the improvement of management tools and systems, strategic and performance management, compliance with internal controls and policies, as well as sound working relationship with Provincial Treasury (Internal Audit), Office of the Premier, and other national and provincial sister departments during 2016/17, the Department's MPAT 1.6 results improved notably from 2.4 to 3.0. As a result, the Department is now ranked sixth, together with Provincial Treasury and Department of Education.

Organisations can have tangible resources like financial, physical and technological resources to develop, organize and deliver services to its customers, but the strategic objectives of an organization cannot be realised in the absence of intellectual property, knowledge and skills of its employees. True to the word, although the Department lost some of its key and scarce skilled employees across programmes, those remaining continued to create core competencies and competitive advantage. Furthermore, the departmental workforce has been the cornerstone behind the deployment of resources through a complex network of processes and skills that determined efficiency and effectiveness, and ensured the transformation of the inputs into outputs during the 2016/17 period.

Thus far, the Department revised its organisational structure in order to reposition itself in line with the government's developmental trajectory. Consultations and research-driven evidence have been gathered in that regard to support the process of organisational change in pursuance of higher organisational performance levels. Despite improved performance in the number of houses built and services rendered, the Department still requires skilled personnel and knowledgeable personnel to address housing delivery backlogs and services, monitor and support 31 municipalities to improve their audit outcomes and functionality. Such skilled and knowledgeable personnel is also required to render overall administrative



support to all recognised traditional leadership institutions and the identified Khoi-San leadership representatives serving in the Provincial House of Traditional Leaders.

The Department relied and continues to rely on its capable and professional staff to render financial and general support to its core-programmes namely, Cooperative Governance, Human Settlements and Traditional Affairs. The Department's capability in the areas of financial management, budget management, records management, fleet management as well as strategic and performance management have been instrumental in supporting core-service delivery programmes to discharge their mandates.

However, inadequate financial, human and physical resources are largely to blame for the reduction of the number of housing units completed between 2015/16 and 2016/17. During 2015/16, the Department built 1664 housing units against the target of 1181, as opposed to 1449 against the target of 1373 during 2016/17. The aforementioned factors hinder the Department from reducing housing backlogs and meeting high demands for basic services.

Furthermore, it prevents the Department from turning informal settlements into formal settlements with basic services akin to affirming the fundamental human rights of citizenry.

#### **Programme 2: Human Settlements**

The key objectives of the Department during 2016/17 were, among others, the following:

- Upgrading of informal settlements through provision of bulk services to communities (water and sanitation)
- Restoring dignity of citizens by handing over title deeds and transferring houses to beneficiaries in such a way that they would give them dignity and allow them access to economic opportunities (rent out houses, build back rooms and secure loans from banks, etc.)
- Provision of houses to military veterans
- Implementation of the Social and Rental Housing Programme by providing houses to low and medium income earners
- Implementation of the FLISP (Finance-Linked Individual Subsidy Programme), which allows for provision of houses to the gap market. This programme involves provision of houses to beneficiaries who do not qualify for government subsidy or bond. For this category of people, the Department pays the deposit for people falling on a sliding scale of between R 87, 000 to R 20, 000.
- Rendering of town planning and implementation of bulk services (water & sanitation) and construction of top structures

For some time now, Programme 2 - as Human Settlements is often called - has been rocked by budget and human capital challenges culminating in failure by the Department to respond favourably to the 2014-2019 MTSF Outcome 8 service delivery targets, growing housing needs and service delivery backlogs. That was because the Department lost its critical professional workforce like quantity surveyors, town planners, engineers and building inspectors, largely due to resignations, transfers and retirement.

During 2016/17, the Department grappled with a delay in the delivery of houses because service providers took long to receive building materials from other provinces. The service providers and suppliers have charged additional costs over and above the cost of materials ordered or services rendered because of long distances between the Northern Cape towns. Moreover, inadequate quantum was not sufficient to cater for rural areas.

Political mandates, vastness of the Province, lack of reliability by service providers, inaccessibility of certain areas and reduced funding have been identified as key causal factors behind the Department struggling to achieve its service delivery targets during 2016/17.

The challenges were compounded by the fact that in 2016/17 the Department received a Human Settlements Development Grant allocation of R374 929 699.12 as opposed to R480 408 000.00 during 2015/16.



Nonetheless, the Programme was still able to achieve the following:

- Town planning completed - 2913 erven
- Sites completed (services rendered) - 2109
- Housing units completed - 1449
- Registered title deeds - 3222

### **Programme 3: Cooperative Governance**

In view of the fact that the Province still had dysfunctional municipalities, in 2016/17 the Department focused its energies on the eight (8) municipalities with disclaimer audit opinions and six (6) struggling local municipalities that required intervention in terms of the Back-to-Basics Programme.

In 2015/16, some of the fourteen struggling local municipalities' audit outcomes improved rapidly. Whereas some municipalities moved from disclaimer to qualified audit opinions, Richtersveld local municipality moved from qualified, with six matters of emphasis to qualified, with four matters of emphasis. Dikgatlong improved its audit outcome from disclaimer to qualified audit opinion.

Nonetheless, the majority of the struggling municipalities remained challenged as far as managing their budgets, producing annual reports and disclosing financial statements, was concerned. Contrary to 2014/15 where only 25 municipalities submitted their annual performance reports, all 31 municipalities submitted their annual statements in 2015/2016.

With regard to the development and consultation of the municipal Integrated Development Programmes (IDPs) of municipalities in the spirit of promoting and deepening participatory democracy, the Department worked hand in hand with the municipalities and their constituent communities towards the development of compliant IDPs. All 31 municipalities of the province adhered to the requirements as far as IDPs are concerned. The municipalities were guided to incorporate their SDBIPs into the IDPs in order to comply with the requirements of the MFMA in terms of service delivery targets for top management, by ward and through linkage with the budgets. In that regard, SDBIPs of municipalities comprised measurable clear-cut outputs and targets linked to the allocated budget.

During 2016/17, the Department was confronted with service delivery protests from disgruntled communities in all five districts. Various communities have raised and petitioned the provincial government to expedite delivery of services such as water, electricity, sanitation, roads, land, as well as eradication of corruption and maladministration across municipalities. However, the Department was able to deal with community grievances forthrightly and swiftly, by intervening and engaging aggrieved parties.

In terms of building and strengthening capacity of municipalities to be able to perform their responsibilities efficiently and effectively, the Department was quick to intervene in those municipalities which had vacant senior management positions such as municipal managers, chief financial officers, directors of community services, corporate services, and technical services, among others, by seconding its qualified and competent staff to fill those vacant positions and ensure that municipal performance improved and formal recruitment process to fill such vacant positions was underway.

Furthermore, following the municipal elections that took place in 2016, the Department was able to advise the municipalities to be constituted legally, induction of newly elected councillors was completed on time and various training programmes were instituted. Moreover, the Department assisted municipalities with the election of wards committees.

The Department has also supported municipalities to develop participatory ward level service improvement plans (covering service delivery quality and reliability, clearing of curb-sides & vacant land, road quality), as well as design mechanisms for municipalities to make project and delivery information available and transparent, for the purpose of capacitating communities to hold municipalities accountable.



The Department has also assisted municipalities to improve own revenues by putting in place measures to improve property valuation rating and levying of user charges. The aim has always been to help municipalities with development of revenue improvement plans. The Department has supported municipalities to develop; implement and monitor action plans to address previous audit outcomes with a view to achieving unqualified audit outcome without matters. Furthermore, the Department put systems in place to help monitor in-year financial reports and address deficiencies in a manner that will seek to help municipalities to improve their audit outcomes.

Nonetheless, the Department acknowledges that municipalities should continue to receive support and intervention that will turn their state of performance, finance, governance and service delivery capability. Equally, deployment of adequate resources is critical for municipalities to deliver quality services to the needy on time. That would require deployment of skilled and knowledgeable managers and qualified and competent staff at all levels.

#### **Programme 4: Traditional Affairs**

In promoting Traditional Affairs as recognised by Chapter 12 of the RSA Constitution of 1996, the Department provided overall financial and administrative support to all recognised traditional leadership institutions during 2016/17, despite limited resources, as follows:

- Both Provincial and Local Houses of Traditional Leaders fulfilled their mandates as prescribed by the Traditional Leadership Governance & Houses of Traditional Leaders Act, No.2 of 2007. This happened despite the fact that engagements between the two aforementioned Houses did not take place as per the 2016/17 Annual Performance Plan.
- All eight (8) recognised traditional councils successfully convened on a monthly basis as per Act No.2 of the Northern Cape.
- Six genealogies of acting headmen were updated in 2016/17, despite the fact that the Traditional Affairs Directorate is short of a team of experienced anthropologists.
- The Department was successful in attending to 20 traditional leadership disputes, claims and complaints, which largely involved investigations.
- Four capacity-building workshops were conducted to increase skills and knowledge of traditional leaders, members of Houses and support staff in the areas of water usage, administration of justice, business management: wholesale training for women and youth, as well as minute taking.

The Premier of the Province was instrumental in engaging and interacting with the institution of traditional leadership and the representatives of the Khoi-San communities, as well as opening the Provincial House during 2016/17.

The MEC responsible for the Department of COGHSTA, with the support of his departmental executive management team, made it possible for the Provincial House to participate fully in the activities of the National House of Traditional Leaders, national and provincial government departments and civic society group, etc.

## 4.2 Overview of Performance Information

### Programme 1: Administration

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
<b>Corporate Services</b>			
Human Capital Management	12	11	91.67
General Support Services	5	5	100
Legal Services	2	1	50
Planning, Performance Monitoring & Evaluation	5	5	100
<b>Total</b>	<b>24</b>	<b>22</b>	<b>91.67</b>
<b>Office of the CFO</b>			
Financial Administration	8	8	100
Supply Chain Management	6	6	100
Risk	2	0	0
<b>Total</b>	<b>16</b>	<b>14</b>	<b>87.5</b>

### % of Indicators achieved

Office of the CFO

87,50%

Corporate Services

91,67%

### Programme 2: Human Settlements

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Human Settlement Needs, Planning and Research	8	6	75
Human Settlement Development	6	4	66.67
Human Settlement Asset Management	4	3	75
<b>Total</b>	<b>18</b>	<b>13</b>	<b>72.2</b>

### % of Indicators achieved

HS Assets

75,00%

HS Development

66,67%

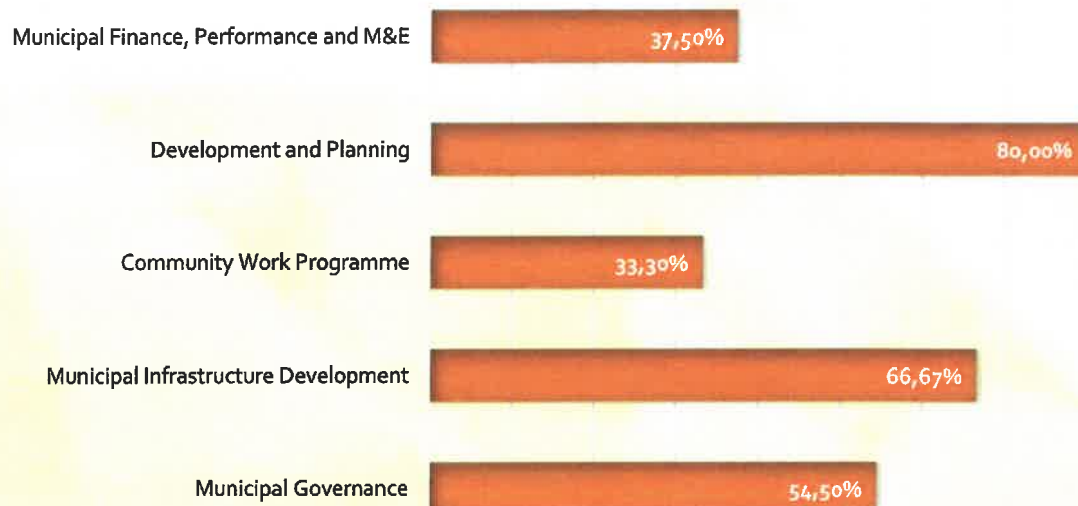
HS Needs

75,00%

**Programme 3: Cooperative Governance**

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Municipal Governance	11	6	54.5
Municipal Infrastructure Development	3	2	66.67
Community Work Programme	3	1	33.3
Development and Planning	5	4	80
Municipal Finance and Municipal Performance, Monitoring and Evaluation	8	3	37.5
<b>Total</b>	<b>30</b>	<b>16</b>	<b>53.3</b>

### % of Indicators achieved



**Programme 4: Traditional Affairs**

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Traditional Affairs	9	7	77.78
<b>Total</b>	<b>9</b>	<b>7</b>	<b>77.78</b>

### % of Indicators achieved



## 4.3 Overview of the financial results of the Department

### 4.3.1 Departmental receipts

Departmental receipts	2015/2016			2016/2017		
	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	396	424	-28	417	433	-16
Interest, dividends and rent on land	24	40	-16	25	0	0
Sale of capital assets	0	0	0	0	0	0
Financial transactions in assets and liabilities	81	744	-663	85	213	-128
<b>Total</b>	<b>501</b>	<b>1208</b>	<b>-707</b>	<b>527</b>	<b>646</b>	<b>-144</b>

### 4.3.2 Determination of tariffs

Tariffs utilised within the Department is as prescribed by National Treasury i.e. Persal – service rent commission garnishees 5%, insurance, 2,5% and parking R30,00. There are no free services to be reported for this period under review.

### 4.3.3 Over – collection

The major revenue sources of the Department, which is the sale of goods and services other than capital assets and financial transactions in assets and liabilities, contributes 79 percent and 16 percent of the total budget of the Department respectively. The department at year-end has collected 122 per cent of the budget. The collection from financial transactions in assets and liabilities are Departmental receipts, which include recoverable revenue. The Department mainly recovers bursaries from staff against this item.

### 4.3.4 Programme Expenditure

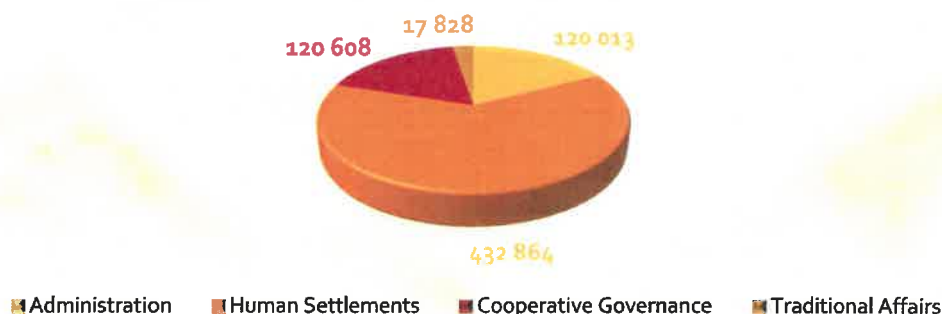
	2015/2016			2016/2017		
	Final appropriation	Actual Expenditure	(Over)/Under Expenditure	Final appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	115 518	117 113	(1 595)	120 013	120 013	-
Human Settlements	551 039	545 586	5 453	441 342	432 864	8 478
Cooperative Governance	129 618	128 114	1 504	124 625	120 608	4 017
Traditional Affairs	20 297	20 297	-	20 016	17 828	2 188
<b>Total</b>	<b>816 472</b>	<b>811 110</b>	<b>5 362</b>	<b>705 996</b>	<b>691 313</b>	<b>14 683</b>

The chart below gives a picture of the overall expenditure per programme for the 2016/2017 financial year.

The overall expenditure of the Department amounts to R 691 313 m, which represents 98% of the total departmental budget for 2016/17 financial year. Saving attributed mainly to conditional grants, the Title Deeds Restoration project, as well transfers to municipalities. Rollover requests have been submitted for these savings.



## ACTUAL EXPENDITURE



### 4.3.5 Virements/roll overs

Programme	Virements Over/ under R'000	Variance R'000	Over/ under %	Reasons for Virements	Remedial steps
Administration	15 036	0	100%	Off set over expenditure under Programme 1	
Human Settlements	(5 113)	8 478	98%	Off set over expenditure under Programme 1	
Cooperative Governance	(9 923)	4 017	96%	Off set over expenditure under Programme	
Traditional Institutional Management	0	2 188	89%		
<b>Totals</b>	<b>0</b>	<b>14 683</b>			

### 4.4 Future plans of the Department

The Department of Cooperative Governance, Human Settlements & Traditional Affairs will implement all policies and plans such as the new National Housing Code, 2009, which is aimed at simplifying the implementation of housing projects by being less prescriptive, while providing clear guidelines. The Housing Code, furthermore, sets out the underlying Principles, Guidelines, Norms and Standards, which apply to Government's various Housing Assistance Programmes, which were introduced since 1994 and subsequently updated. The most important part of the Housing Code relevant to informal settlements is Part 3: Upgrading Informal Settlements. Part 2 of the Housing Code is setting out the Policy Context for the upgrading of informal settlements. It states that upgrading will take place on a progressive basis in a phased development approach that is flexible, needs-orientated, optimised use of existing land and infrastructure; and facilitates community participation in all aspects of development.

In addition, Comprehensive Plan for Sustainable Human Settlements (BNG) (2004) remains an important document that gives effect to the National Human Department's mandate in terms of the provision of adequate housing to all, with reference to Section 26 of the Constitution. This plan endeavours to improve the quality of housing and housing environments by integrating communities and settlements, while retaining the Basic Principles of the Housing White Paper. Simply, the Plan provides for a shift in focus from providing housing to creating sustainable human settlements.

Furthermore, Outcome 8: Medium Term Strategic Framework 2014-2019 singles out unemployment which is a factor in the growing rate of informal settlements and increased demand for services, as a challenge. Creating partnerships with other key public sector and private sector stakeholders that put measures to achieve integrated and sustainable human settlements capable of creating conditions for economic development through business development and employment creation, remains a key strategy.

As part of the Back-to-Basics Approach, which it has adopted since its inception in 2014, the Department of Cooperative Governance, Human Settlements & Traditional Affairs has prioritized its support to dysfunctional local municipalities, which include Kgatelopele, Phokwane, Magareng, Dikgatlong, Renosterberg, Tsantsabane, Siyathemba and Ga-Segonyana. These local municipalities face a plethora of challenges that lead disclaimer audit outcome, as follows:

- Disputes around appointment of municipal manager
- Municipalities operate with acting municipal managers for too long
- Municipalities struggle to collect revenue despite availability of two mines
- Changes in mayoral position
- Resignation and suspension of senior managers
- Failure to complete AFS due to unbundling and classification of assets

In order to turn around the dilemmas facing the dysfunctional local municipalities, COGHSTA and Provincial Treasury have come up with the following interventions:

- COGHSTA officials were seconded to local municipalities with vacant municipal positions
- The Department has assisted in the filling of CFO positions
- The Mayors were duly elected and sworn in
- Provincial Treasury is assisting some municipalities which failed to complete their Annual Final Statements
- Appointment of a Financial Recovery Planner to assist in turning municipal finances around
- Appointment of a service provider to assist with Revenue Enhancement strategy towards collection of revenue

These interventions have already started to show success as follows:

- Ward Councillors held community engagements, albeit not frequently
- A Provincial and District Public forums have been established to monitor the performance and support municipalities with the implementation of the public participation process in municipalities
- The Hopetown Water Treatment Works completed at a cost of R31 277 699, with 13 594 beneficiaries from the community of Hopetown and Steynville
- The Strydenburg Groundwater Project was completed in December 2015 at a cost of R13 780 673 and a total number of 3485 beneficiaries of the community
- Council meetings were held at least quarterly as required by law
- COGHSTA has intervened in the irregular appointment of senior managers in a number of municipalities
- Municipalities are increasingly improving their audit outcomes and the appointment of qualified and competent senior managers. Section 106 investigations are conducted where it is necessary.
- A MOU has been approved by the Executive Council to transfer the Municipal Finance from COGHSTA to Provincial Treasury

The Province is also following the Back to Basics Ten Point Plan targeted at municipalities that received disclaimers namely Namakwa, John Taolo Gaetsewe and Pixley ka Seme to clean audits and targeted support with the appointment of senior managers at municipal level.

The Provincial Government continues to hold formal engagements with the leaders of the Khoi-San groupings on matters affecting service delivery and future possibilities of future inclusion of Khoi-San leaders into formal leadership structures. Finally, the department assists traditional councils with financial management issues, auditing of books and ensuring good governance.

#### **4.5 Public Private Partnerships**

The process of constructing an office block at the departmental premises has been kept on hold. The reason for the cancellation was based on funding challenges faced by the department over the past financial year.

#### 4.6 Discontinued activities / activities to be discontinued

##### Programme 1: Administration

List activities discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
Improved adherence to delegation principles	Covered in MPAT reporting processes.	None	None
Number of Employee Health & Wellness Programmes implemented	Replaced with: Development of the EHW 4 Pillar Plans	None	None
Number of departmental programmes supported with legal advice		None	None
Number of external stakeholders assisted with legal support		None	None
Executive Council and Makgotla reports submitted	Covered in normal reporting processes.	None	None
Information Communication Technology status reports submitted	Replaced with: Reviewed and implemented ICT Strategy	None	None
Number of reports on Occupational Health and Safety Compliance compiled	Covered in the EHW 4 Pillar Plans	None	None

##### Programme 2: Human Settlements

List activities discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
Number of municipalities capacitated and supported with regards to Human Settlements development planning	Replaced with: Number of municipalities supported with the development of sector plans	None	None
Number of serviced sites to be completed	<p>Replaced with:</p> <p>Number of households in informal settlements provided with access to basic infrastructure and services (individual and shared)</p> <p>Number of households in new development provided with basic infrastructure and services</p> <p>Number of households provided with access to basic infrastructure and services under all programmes (excluding informal settlements and new developments)</p>	None	None

##### Programme 3: Cooperative Governance

List activities discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
Report on functional provincial anti-corruption technical working groups developed (Sub-outcome 3, Action 8)	Customised indicator removed by the sector at National level	None	None

List activities discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
Number of functional coordinating structures for infrastructure development and service delivery	Customised indicator removed by the sector at National level	None	None
Number of municipalities assessed against service delivery benchmarks	Customised indicator removed by the sector at National level	None	None

**Programme 4: Traditional Affairs**

List activities discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
Number of Traditional Councils reconstituted in terms of applicable legislation, Section 3 (2) of the Traditional Governance Framework Act of 2003			
Programme of support to the Provincial House of traditional Leaders in compliance with Act No. 2 of the Northern Cape			
Number of Commission on Traditional Leadership Disputes and Claims cases researched and processed			
Record of engagement sessions between traditional Council and communities as per Section 4 (3) (b) of the Framework Act of 2003			
Number of initiatives by the Provincial House in promoting social development of traditional communities and the Provincial social development plan in cooperation with the National House of Traditional Leaders			
Number of personnel of Traditional Councils trained in administration and financial management practices			
Number of signed and implemented Partnership agreements allocating roles and functions to Traditional Council or traditional leaders in respect of Section 20 of the Traditional Leadership Governance Framework Act of 2003			
Number and nature of Partnership agreements entered into between the institution of Traditional leadership and non-governmental organization			
Existence and implementation of a national programme of support to land use management and other land issues			



List activities discontinued	Reasons for discontinuance	Effect on the operations of, and service delivery by the department	Financial implications of each discontinued activity
Improved financial accountability by Traditional Councils with uniform norms and standards for financial management within Traditional Councils approved	<u>Replaced with:</u> Improved financial accountability of traditional councils	None	None

#### 4.7 Supply chain management

The Department did not have any unsolicited bid proposals.

The Department has an approved SCM policy, Treasury regulations and procedures in place to manage SCM processes and systems in order to prevent irregular expenditure.

Procurement of all Human Settlements projects has now being centralized and municipalities are not allowed to do any procurement. The department had a number of challenges on irregular expenditure in the past, hence the decision to do procurement for all housing projects. This will avoid the reoccurrence of irregular expenditure that happened at municipal level over the past number of years. The current years' irregular expenditure on supply chain processes of projects yielded positive results and there has been a reduction in irregularities.

#### 4.8 Gifts and Donations received in kind from non-related parties

The Department has a gift register which keeps record of all disclosed gifts.

#### 4.9 Exemptions and deviations received from the National Treasury

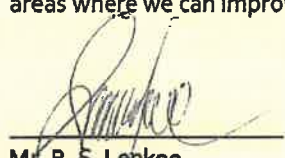
No exemptions and deviations received from National Treasury.

#### 4.10 Events after the reporting date

No events to report on after the reporting date. The submitted financial statements recorded the departmental state of affairs.

#### 4.11 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.

  
Mr. B. S. Lenkoe  
Accounting Officer

Department of Cooperative Governance, Human Settlements & Traditional Affairs

Date: 31 May 2017

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

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

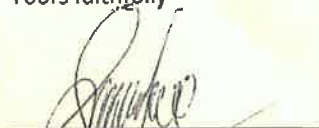
All information and amounts disclosed throughout the annual report are consistent.

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 judgments 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 2017.

Yours faithfully



Name: Mr. B. S. Lenkoe  
Accounting Officer

Department of Cooperative Governance, Human Settlements & Traditional Affairs

Date: 31 May 2017

## 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 mandates 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 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 Leadership and Governance Framework Act (Act No 41 of 2003)
- National House of Traditional Leaders Act (Act No 10 of 1997)
- Northern Cape Traditional Leadership Governance and Houses of Traditional Leaders Act (Act No 2 of 2007)
- Housing Act (Act No 107 of 2005)

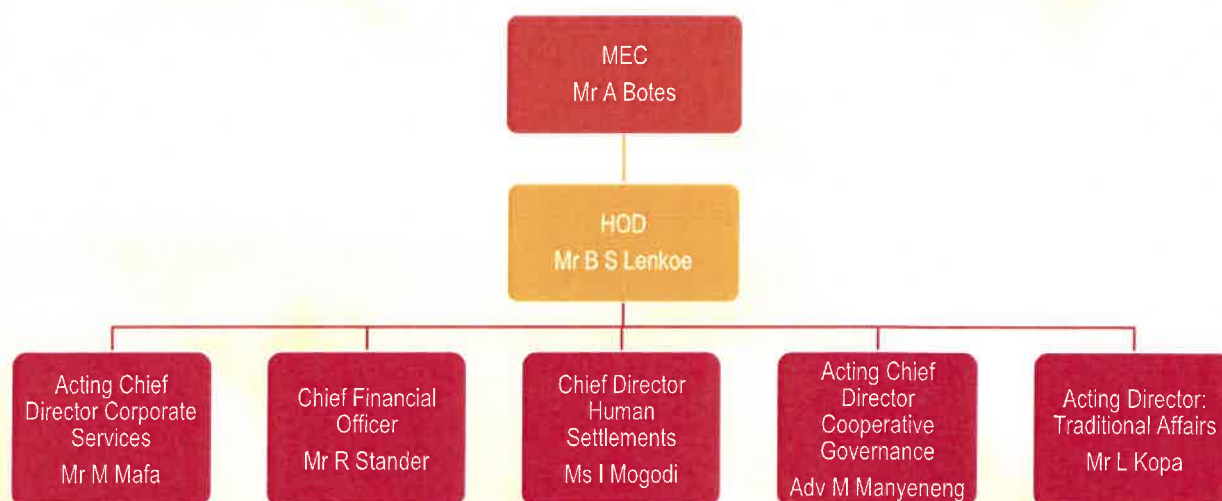
## **7.3 Policy Mandates**

- 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 (FMPPI), 2007



- National Disaster Management Framework, 2005
- National CDW Master Plan,
- Municipal Infrastructure Grant Framework, 2004
- Traditional Affairs Bill
- White Paper on Traditional Leadership, 2003

## 8. ORGANISATIONAL STRUCTURE



## 9. ENTITIES REPORTING TO THE MEC

The Department of Cooperative Governance, Human Settlements and Traditional Affairs does not have public entities reporting to it.

# PART B

## PERFORMANCE INFORMATION



Lerato Park (Phase 2): Media Briefing

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

## 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

### 2.1 Service Delivery Environment

#### Corporate Services

We were not able to fill vacant funded posts due to the cost containment measures issued by Treasury. The process of filling a position is cumbersome. All other administrative functions and support to line functions have been carried out as normal. Human Resource functions are carried out at Provincial and Regional Offices as per service delivery model and HR delegations. The process of matching, placement and transfer of staff was finalised.

The new system for the verification of performance evidence for each Programme and its indicators posed some challenges during the first quarter, but most of the problems were sorted out and the process forward was without any further major challenges. There has been a marked improvement from Programmes with regards to meeting deadlines for reporting, which in return assisted the Department in reaching its deadlines for submission of reports to the Office of the Premier and the Portfolio Committee.

Additional fleet is required to address or deal with the shortage of vehicles. Vehicles accumulated kilometres very quickly due to shortage of vehicles. The Fleet Management Entity is still to deliver 21 replacement vehicles after delivering only 9. The utilization of the 21 old vehicles is not cost effective. Service and maintenance of vehicles was implemented as required. The Transport policy was reviewed and has to be signed by the HOD.

Records Management unit has been struggling with the issue of space for storage of records, due to high influx of records being transferred to the departmental archives. This is done to promote sound records management and preservation of archival records, in terms of retrievals and tracking. The following units transferred records to departmental archives:-

- Corporate Services
- Security Management
- Regional Office – (Namakwa)
- Cooperative Governance

It is imperative that staff adheres to the provision of the Northern Cape Provincial Archives Act in order to discontinue mushrooming of mini registries. The Unit is struggling in terms of rendering an effective messenger (transport) system due to vehicle shortages.

The Communications Unit has started with the establishment of a website. The department is unable to host the site for now because of lack of IT infrastructure and only has a link with the Office of the Premier. Branding is still a challenge especially during Provincial exhibitions. Funding for the website needs to be prioritized by all Chief Directorates in the department.

#### Human Settlements

The service delivery environment is challenging because of the lack of adequate resources to service the needs of the programme. The centralisation of the implementation of Human settlements programmes is

not well received by all municipalities and thus hampering the service delivery in those affected municipalities.

It is business as usual. There is still a heavy workload on title deeds. A second staff member was assigned to them. A final business plan for 2017/18 was submitted on 17 February 2017.

Our expenditure continued to pick up in the fourth quarter. The expenditure for the year was R368 135 301-01 or 98.19%.

Grant management support is continuously provided. The housing registry and housing assets are professionally managed.

We did not reach our annual target of 8 173 title deeds registered, we only managed 3 222.

No progress on the housing inventory.

#### **Cooperative Governance**

The performance of the directorate is mostly dependent on the compliance of municipalities with certain legislations. The Free Basic Services (FBS) unit is required to assess the indigent policies of the municipalities in line with the national FBS policy framework and advise municipalities accordingly with regards to compliance and thereafter monitor the implementation of the policies through assessment and analysis of monthly reports that municipalities are supposed to submit. A limited capacity at municipal level and change of FBS official is a serious challenge, as progress cannot be tracked.

The unit of Municipal governance and public participation has been shifting funds from various votes just to ensure that there is sufficient budget to deliver services of monitoring and supporting municipalities. The available budget will not carry us through the remainder of the financial year. Public participation is now utilising the budget of Traditional Affairs just to ensure that services delivery does not come to a halt.

Further, the work of the Development and planning unit is solely to provide support to municipalities in relation to planning. The challenge is that majority of municipalities do not have planning units or professional planners to manage the planning function. Majority of municipalities has not budgeted for planning function and the review and compilation of SDF cost lot of money. The post of the office manager has been created with effect from 01 July 2016 in the office of the Chief Director to enhance the level of coordination and reporting both internally and externally.

Support and monitoring is performed on the basis of travel programmes being approved by the Programme Manager and the Acting Head of Department to ensure that only very critical operations are undertaken from Head Office. The Regional offices are being utilised to bridge the gap of support and monitoring that ordinarily would be performed by personnel from the Head Office.

The Department has continued to implement a cost containment measure across all Programmes due to the challenges experienced with cash flow. Although the decision was necessary to ensure sound financial management, it did not have an adverse effect on the delivery of services in the form of inadequate support and monitoring to municipalities. More municipalities were supported than in the previous financial year as it is evident from the report and/or tables below.

The FBS unit is required to assess the indigent policies of the municipalities in line with the national FBS policy framework and advise municipalities accordingly with regards to compliance and thereafter monitor the implementation of the policies through assessment and analysis of monthly reports that municipalities are supposed to submit. Limited capacities at municipal level and change of FBS official are a serious challenge as progress cannot be tracked.



### **Traditional Affairs**

Service delivery is influenced by external factors such as cooperation between SALGA, traditional leaders and local municipalities in fully implementing legislation affecting traditional communities. Other factors such as the review and the amendment of various pieces of legislation will assist traditional communities to fully participate and support local initiatives such as the development of IDPs. There is good working relationship between several government and private sector and parastatals working with traditional leadership. However, we need to have more formalised engagements so that we can also monitor the effectiveness of service delivery to traditional communities.

#### **2.1.1 Population distribution**

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 372 889 km<sup>2</sup> and has a population of 1 193 780<sup>1</sup>, the least populous of South Africa's provinces. The Province is divided into five district municipalities, which are sub-divided into 26 local municipalities.

The spread of population across the Province reflects high proportion of population that is urbanized - Frances Baard District, which is home to Kimberley, the provincial capital - accounts for 32.5% of the whole population of Province. It is followed by ZF Mgcawu district, which accounts for 21.2% of the population of the Province. The third largest district is John Taolo Gaetsewe District, which accounts for 20.3% followed by Pixley-ka-Seme District that accounts for 16.4%. Namakwa District is the smallest in the Province - it accounts for 9.7% of the whole population of the Province.

#### **2.2 Service Delivery Improvement Plan**

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

##### **Main services and standards**

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Provision of quality housing units	Communities	1 664 beneficiaries had access to housing units National Housing Registration Builders Council	1 373 housing units National Housing Registration Builders Council	1 449 housing units completed
Provision of Title Deeds	Communities	3 602 Title Deeds registered through a Conveyancer and issued	8 173 Title Deeds to be registered through a Conveyancer	3 222 Title Deeds Issued
Housing Consumer Education	Communities	4 474 beneficiaries attended Housing Consumer Education. Compliance with the Housing Consumer Education modules as stipulated by the National Department of Human Settlements	3 500 consumers to attend training sessions. Compliance with the Housing Consumer Education modules as stipulated by the National Department of Human Settlements	4 945 residents exposed to training sessions

##### **Batho Pele arrangements with beneficiaries (Consultation access etc.)**

Current/actual arrangements	Desired arrangements	Actual achievements
The Department (CDWs) in partnership with Municipalities consultation with potential beneficiaries.	Municipalities/communities involvement to ensure uniform communication.	Successful engagement of the department (CDWs) in conjunction with municipalities and Conveyancer in ensuring that communities (beneficiaries) were involved.

<sup>1</sup> Community Survey 2016, Statistical release P0301 / Statistics South Africa

Current/actual arrangements	Desired arrangements	Actual achievements
Outreach programmes of the Executive Council Programmes.	Involvement of Service Delivery Improvement Team in the respective regions and Public Participation Forum.	The involvement of SDIP Team, Public Participation Forum and CDWs assist in the site visits.

#### **Service delivery information tool**

Current/actual arrangements	Desired arrangements	Actual achievements
The Department, in partnership with Municipalities, had consultation with potential beneficiaries through sessions and individual households.	CDW Mentors to strengthen their relationships in order to benefit the communities with latest information on any development earmarked for their areas.	Successful engagement of the department and municipalities in ensuring that communities (beneficiaries) were involved. Quarterly meetings of the Public Participation Forum and Service Delivery Improvement Team,

#### **Complaints mechanism**

Current/actual arrangements	Desired arrangements	Actual achievements
The Department in partnership with Municipalities consultation with potential beneficiaries.	Municipalities/communities involvement	Successful engagement of the department and municipalities in ensuring that communities (beneficiaries) were involved.
Direct interaction with regional offices and CDWs.	Formal Complaints Management Systems	Department has an approved Policy for implementation which was extensively consulted.

## **2.3 Organisational environment**

### **Corporate Services**

**Human Resources** – Not much has changed in the organisational environment within the sub-programme. The review of the organisational structure has been finalised, supported by the Head of the department and recommended by the Executive Authority.

**Policy, Planning, Monitoring and Evaluation** – The lateral transfers of two Assistant Directors as well as a Personal Assistant to the Senior Manager, have capacitated the unit and this has nearly doubled the staff compliment of the whole unit. The unit still operates effectively and efficiently with the allocated 6 officials regardless of all the deadlines and heavy workload.

**General Support Service** – In the proposed organisational structure Human Settlements and HR registries will resort under the central departmental registry. This will make it even more imperative to fill the position of Head of Registry. We managed to carry on with our disposal programme since last year, for creating enough storage space to accommodate records from all our Regional offices based on their requests from time to time. Records Management challenges are still hampering the smooth operation of the unit, e.g. Disposal Programme not fully implemented, staff shortage, mini-registries/files in offices, classification of records according to the filing system, storage of records, inspections including all regions. We are unable to fully implement the disposal programme due to shortage of staff, though we envisaged prioritizing this issue so that enough space is available before we can move more records to departmental Archives. Classification and appraisal of records can only be achieved if a Records Manager is available to implement the process and approval be obtained from the Provincial Archives.

The Communications personnel have been utilizing personal equipment and programs/ software for official duties that are in total contravention of IT Policy and security policies. A resolution has been taken that all communication information at their disposal be handed in and forwarded to IT (soft copies) for archiving and hard copies to Registry.

### **Human Settlements**

The fact that the organisational structure has not been reviewed in a number of years is a challenge and the moratorium of the filling of vacancies. The Chief Directorate is the core function of the department's service delivery however, the vacancies do affect the delivery outputs of the programme. Although critical posts

have been identified, they have still not been filled, which places significant pressure on the capacity to implement, monitor and manage the human settlement grant for all 31 Municipalities.

Staff in the title deed unit is finding it difficult to cope with the increase in the workload due to the vacancy that exists in the unit and the requirement to eradicate the backlog within the MTSF.

The sub-programme Housing Development experiences challenges in delivery since it consists of only four officials functioning in three demanding and complicated environments with various vacancies not filled. The built-environment requires hands-on approach and requires a lot of time in the field, to ensure compliance, monitoring progress, evaluate and assess delivery on site and verification of completed work. In our effort to meet our mandate, it is essential that critical posts be filled with immediate effect.

No provision has yet been made for staff to manage the inventory. The critical vacancy of Assistant Director: Asset Management is still vacant. Positions of Chief Town Planner, Assistant Manager: Infrastructure and Assistant Manager: M&E are still vacant.

#### **Cooperative Governance**

**Municipal Infrastructure Development** – The directorate has experienced a few challenges with regards to shortage of staff due to death and lateral transfers. The performance of the directorate is mostly depended on the compliance of municipalities. The non-submission of required documentation with regards to free basic services delivery by municipality is still a challenge and impact negatively on the performance of the directorate as we cannot structure our plans accordingly

**Community Work Programme** – A Senior Manager heads The Sub-Programme, and three officials seconded from the Infrastructure Sub-Programme. There is no Personal Assistant or Secretary to provide administrative support to the Senior Manager and Unit. Out of the three officials, only two are able to travel throughout the Province. And, these have been allocated Districts, which is very difficult and tiresome for them to travel throughout, looking at the vast distances they have to travel throughout the Province. Hoping that this issue of capacity will be addressed in the future. The Sub-Programme does have an operational budget, although not adequate for purposes of implementing the Programme. This should be addressed in the 2017/18 year.

**Municipal Governance** – The Municipal Compliance Unit has two vacant posts of Assistant Director and Senior Admin Officer. The Admin Officer was seconded to the MEC's office until 30<sup>th</sup> September 2016. Few other vacancies under municipal governance and public participation have an impact on the failure to achieve some of the targets. The lack of support on the co-ordination of Back to Basics and IGR will eventually result in poor performance of the two targets. There is certainly an acute need to utilise available human resources that are in the Chief Directorate to address this challenge.

**Municipal Finance** – Municipal Finance had operated with limited staff, i.e. with one Manager responsible for overseeing 32 Municipalities, with two officials. The municipal finance function was transferred to Department of Treasury with effect from 01 July 2016. Hence all surplus officials were absorbed in the department post relocation of the function to IDP. From 1 July 2016 the Municipal Governance Directorate inherited the Municipal Performance, Monitoring and Evaluation sub-directorate and this caused a reshuffling of responsibilities to ensure that we achieve the targets set for the 2016/17 financial year.

All the managerial posts under the Development and Planning directorate are filled. However, there are legacy labour relations matters in the IDP Unit that are compromising the effectiveness and productiveness of the unit. The unit has requested for the intervention of Labour Relations unit to address the matters.

The effect of the cost containment has included a moratorium on appointment of officials externally. The situation will invariably affect the performance of the Programme.

The absorption of officials from within the department and the Chief Directorate is continuing albeit it has not yielded positive results on performance and it is creating unintended consequences since it decreases staff in other units and/or directorates. The major labour matter affecting movement of staff has been



resolved. The efforts of all affected employees have been redirected for the effective and efficient achievement of the objectives.

#### **Traditional Affairs**

The non-filling of the post of Director Traditional Affairs is a concern. The rotation of Acting Directors causes instability and inconsistency. The finalization of the proposed organogram will go a long way in identifying strategic positions to be created which will strengthen administrative and other support to traditional councils.

### **2.4 Key policy developments and legislative changes**

#### **Corporate Services**

A Service Level Agreement (SLA) has been signed with the NCFMTE for Transport. Transport Circular 1/2016 on the Insurance of Subsidised Vehicles was circulated to all staff. Changes in the National policy for subsidised transport will be incorporated into the Provincial policy

PAIA & PAJA has been transferred from Monitoring and Evaluation to Legal Services. Two Bills were drafted and sent to the office of the Chief State Law Advisor.

The Reviewing of the Communications Strategy has been sent for alignment with the Provincial Communications Strategy. The Communications Policy will be reviewed and incorporated with the branding guidelines of the Province and the Social Media policy which will be finalized after been presented at the Cabinet Lekgotla end of March 2017.

Some changes were effected in the National Policy on Subsidised Transport.

#### **Cooperative Governance**

The Local Government Management Improvement Model (LGMIM) project has been piloted in the following municipalities namely; Sol Plaatje, Joe Morolong, Siyathemba, Kai! Garib, Khai-Ma and the following municipalities, viz: Gamagara, Thembelihle, Kareeberg, !Kheis and Umsobomvu Local Municipalities (LM) have been orientated on LGMIM and full training will commence in the third quarter. The PMS unit is critical in facilitating the full implementation of the LGMIM in all listed LM. Already there are discussions between COGHSTA and OTP (Planning, monitoring and evaluation unit) to put strategies in place to enhance performance information and reporting at municipal level. In addition COGHSTA has made inputs on the provincial M&E Framework with the aim of incorporating municipalities and progress report will be given in the next quarter.

#### **Human Settlements**

The approval of the housing allocation policy and the effect of the DoRA section 13 which now includes the Human Settlements Grant.

The Inventory Policy was approved in Quarter 4.

#### **Traditional Affairs**

Traditional and Khoisan Leadership Bill - This Bill makes provision for the recognition of Khoisan Leadership structures and their communities. It will broaden the scope of the Directorate, as it will render support to all recognized Khoisan leadership structures. The finalization of the Initiation Bill, which is in line with the National Customary Initiation bill, will regulate initiation schools and ensure effective monitoring thereof in the Northern Cape. The finalization of the Traditional Courts Bill will ensure the effective functioning of traditional courts. SPLUMA – Although traditional leaders rejected this Act, they will have to be capacitated to understand the Act, as it is about coordinated development and not about taking away their land.



### 3. STRATEGIC OUTCOME ORIENTED GOALS

<b>PROGRAMME 1: ADMINISTRATION</b>	
Strategic Outcome Oriented Goal	An efficient, effective and development-oriented department
<b>PROGRAMME 2: HUMAN SETTLEMENTS</b>	
Strategic Outcome Oriented Goal	Sustainable Human Settlements and Improved Quality of Household Life
<b>PROGRAMME 3: COOPERATIVE GOVERNANCE</b>	
Strategic Outcome Oriented Goal	Responsive, accountable, effective and efficient developmental local government system
<b>PROGRAMME 4: TRADITIONAL AFFAIRS</b>	
Strategic Outcome Oriented Goal	An efficient and effective institution of traditional leadership that enhances sustainable development and service delivery within traditional communities

#### 3.1 Progress on Outcome 8 for the MTSF

Since August 2014 on Outcome 8: Human Settlements, the department (COGHSTA) has been confronted with various problems that continue to hinder the achievement of the 2014-2019 MTSF delivery targets, as follows:

**Inadequate Budget** - Allocation of inadequate budget has not been commensurate with the Human Settlements 2014-2019 MTSF service delivery targets, culminating in the programme underperforming. Inadequate budget has made it impossible for the Department to increase the number of houses it built in the Province. The increase in the subsidy quantum, has also resulted in a decrease in the number of houses built.

**Inability to fill critical vacant positions** - Since August 2014, the department lost some of its critical professional staff members with scarce skills through resignation, transfer and retirement. Those officials who left the department include town planners, quantity surveyors and engineers with the result that there is lack of capacity in the Department.

**Reliability of professional service providers** - The department observed that some service providers have failed to deliver services as specified in the terms of the contract, making it impossible for the department to report its performance against planned target at a particular period. Service providers have time and again stated that they were unable to deliver on their commitments due to lack of building materials and other utilities in the Province making them dependent on other provinces to supply these materials.

**The vastness of the Province** - The department has incurred additional costs over and above the cost of materials ordered or services rendered on account of long distances between the Northern Cape towns. These long distances have prompted the service providers to charge additional costs in order to pay for long distances where services were rendered. This problem is aggravated by the fact that the quantum is not adequate to cover rural areas.

**The state of the Human Settlements Development Grant (HSDG)** - In the 2014/15 the department received R374 832 000. During 2015/16, an allocation of R380 408 000 with an additional R100m funding was received, and R374 929 000 in the current financial year 2016/17.

**State of the roads in the Province** - Poor state of the roads has prevented delivery of services in certain areas that require such services. Owing to poor state of roads, service providers have been impeded from rendering

services in those areas that are inaccessible. As a result, people have not been able to access services intended to reach them.

#### **Impact of challenges on the NDP goals of reducing unemployment, poverty and inequality**

The inadequate funding in the form of the Human Settlements Development Grant has negatively affected the department's potential to create employment opportunities and reduce poverty and minimize inequality.

This happened against the backdrop of the HSDG requirements dictating that 30% of the grant must be allocated to women and youth. Furthermore, the department would not be able to provide training in pursuance of the Youth Brigade Programme. According to the Youth Brigade Programme, the department has an obligation to train 200 youth in construction in partnership with the National Youth Development Agency (NYDA) and the NHBRC so as to create exit opportunities for them.

#### **Underlying factors that contribute to these key problems**

Vastness of the province, ageing infrastructure, lack of reliability by service providers, inaccessibility of certain areas and limited equitable share to service the grant have been identified as key causal factors behind the department struggling to achieve its service delivery targets as articulated in the Strategic Plan 2015/2020 and successive 2015/16 and 2016/17 Annual Performance Plans.

#### **MTSF Key Priorities being implemented to address the identified challenges**

According to the Delivery Agreement signed between the national Minister of the Department of Human Settlements and the MEC of COGHSTA, the MTSF 2014-2019 service delivery targets included:

- Upgrading of informal settlements through provision of basic services to communities (water and sanitation)
- Restoring dignity of citizens by handing over title deeds and transferring houses to beneficiaries in such a way that they would give them dignity and allow them access to economic opportunities (rent out houses, build back rooms and secure loans from banks, etc.)
- Provision of houses to military veterans
- Implementation of the Social and Rental Housing Programme by providing houses to low and medium income earners
- Implementation of the FLISP (Finance-Linked Individual Subsidy Programme), which allows for provision of houses to the gap market. This programme involves provision of houses to beneficiaries who do not qualify for government subsidy or bond. For this category of people, the department pays deposit for people falling on a sliding scale of between R 87, 000 to R 20, 000.
- Rendering of town planning and implementation of basic services (water & sanitation) and construction of top structures

#### **Summary of commitments made in the MTSF 2014-2019**

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

#### **Key Achievements over the MTSF 2014/15- 2016/2017**

MTSF Delivery	2014/15	2015/16	2016/17	Total
Houses	2 130	1 664	1 285	5 079
Services	2 334	660	652	3 646
Title deeds	648	3 602	1 866	6 116
Consumer Education	3 039	4 615	3 001	10 723
Upgrading of informal settlements	2 334	660	-	2 994
Land acquisition	2	0	1	3

- Houses under all programmes indicated significant improvement year on year. For 2014 the performance was 2130 against target of 1735, in 2015, it was 1664 against target of 1181 and up till 3rd quarter of 2016 performance was 1253 against target of 1022.

- Delays caused by service delivery protests, poor performance of contractors and slow supply chain management processes was some challenges experience with under the performance noted of serviced sites under all programmes. The performance was 2334 against the target of 2948 for 2014, 660 against target of 2345 in 2015.
- A good performance was observed with title deeds issued to new homeowners in the subsidy submarket on occupation (new interim title deed for informal settlements up till first quarter of 2016. A decrease could be seen from 2nd till 3rd quarter of 2016.)
- Over performance was noted with consumers human settlement education programme on a year on year basis. Target achieved for 2015 was 4615 against 2500 and in 2016 up till the 3rd quarter it was 3001 against target of 2625.
- Under achievement was noted year on year for the upgrading of informal settlements. The performance noted for the years were an output of 2334 against the target of 2948 for 2014 and 660 against target of 2345 in 2015.

### 3.2 Progress on Outcome 9 for the MTSF

In order to achieve the vision of the National Development Plan, a number of immediate barriers, constraints and challenges need to be addressed. More than R1 billion per annum is spent nationally on municipal support and capacity building. There are large numbers of credible municipal strategies, policies, guidelines and programmes available to facilitate support, monitoring and interventions within the local sphere. In addition, municipalities are governed through a complex yet robust legislative and regulatory framework. Despite all of this, in a number of instances, municipal performance is far from optimal.

Municipalities operate in a complex environment and municipal performance is impacted at four levels: the organisational, supporting environment and wider macro-socio-economic context. The priority issues within each of the four levels that are negatively impacting on municipal performance are reflected in the table below:

Institutional Capacity	Enabling Environment	Macro Context
<ul style="list-style-type: none"> <li>- Weak political leadership</li> <li>- Technical skills gaps and lack of relevant competencies</li> <li>- High staff turnover and vacancy levels</li> <li>- Weak understanding of policies</li> <li>- Political deployments not always competent appointments</li> <li>- Lack of career progression</li> <li>- Poor attitudes &amp; values of staff</li> <li>- Lack of professionalism &amp; regulation thereof by professional bodies &amp; government</li> <li>- Corruption at all levels with no consequences</li> <li>- Unclear administrative/political interface</li> <li>- Weak strategy – focus on compliance</li> <li>- Weak financial management and low budget spend</li> <li>- Organisational instability, including review of 57 contracts linked to political term of office</li> <li>- Lack of oversight and accountability</li> <li>- Lack of legal compliance or regulatory support</li> <li>- Weak municipal systems</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of central co-ordination support, information and M&amp;E</li> <li>- Financial viability of municipalities</li> <li>- Bulk infrastructure gaps</li> <li>- Lack of clarity re decentralisation of powers and functions and role of the districts</li> <li>- Role of DCOG unclear</li> <li>- Lack of planning alignment amongst the 3 spheres – IDP not taken seriously by other spheres</li> <li>- Local government financing system</li> <li>- Unstable political environment</li> <li>- Inconsistent, incoherent and complex local government legislative environment</li> <li>- Lack of customised support to municipalities, and support not impactful</li> </ul>	<ul style="list-style-type: none"> <li>- Huge pressures of poverty, unemployment and inequality</li> <li>- Huge service delivery backlogs</li> <li>- Weak public participation</li> <li>- Huge social issues, such as crime, drug abuse, gender-based violence</li> <li>- Weak revenue base of municipalities with low levels of affordability</li> <li>- Political dynamics, including coalitions resulting in inertia</li> <li>- Pressures of in-migration and urbanisation</li> <li>- Weak education system</li> </ul>



Responding to the issues above will require a proactive approach to managing the intergovernmental system, in order to address specific weaknesses in collaboration and capacity support. National and provincial departments and entities impacting on local government will have to cooperate better and act with greater synergy in providing oversight and support to the local sphere. Moreover, provincial departments of local government will need to improve the way they monitor and support local government.

Decisive leadership and a cohesive plan is crucial, as is a coherent approach to the following constraints:

- Since 2004, the level of public trust in local government has steadily declined. Municipalities for their part have not always endeavoured to be more efficient and effective, to prioritise, maintain and sustain services (including basic services) to all in support of social and economic development, or to curtail the wasting of funds on non-priority expenditure and to collect all revenue due.
- Poor governance and accountability are also of major concern, with communities often feeling alienated and disconnected from decision-making processes. Much of this stems from undue political interference in operations, weak political leadership, and poor communication with communities, lack of transparency and accountability and weak and ineffective platforms for public participation. Governments' approach to citizen participation has too often become formulaic and symbolic. Unsurprisingly, this does little to improve citizens' confidence. Public confidence and trust in local government will have to be consciously rebuilt. Municipalities will need to pay greater attention to engaging citizens in their own spaces as well as ensuring that engagement in IDP processes is deliberative, with citizens actively involved in identifying and resolving trade-offs.
- The low confidence by citizens is also partly because community expectations often exceed the administrative and financial capabilities of many municipalities. Amongst the categories and types of municipalities (from metropolitan municipalities through to small mainly rural municipalities), there is significant variation in capacities and socio-economic context, which has a direct impact on municipalities' ability to carry out their full mandate. The NDP specifies that we need to make better use of the scope for differentiation. In this regard practical actions are needed, such as to mediate agreements between district and local municipalities where there is duplication or conflict over the allocation of responsibilities and resources. There is also a need to develop different modalities for the delivery of services in less well-resourced municipalities, to name just two important issues.
- While a coherent yet flexible approach to differentiation should help to mitigate some of the effects of uneven capacity, a range of other factors will have to be simultaneously attended to for our local government system to become more effective and efficient. These include shortage of skills, undue political influence in the recruitment of senior managers, absence of a positive and focused role for provinces in building municipal capacity, intergovernmental collaboration problems, and lack of capacity to sustain service delivery through own revenue in the context of high levels of poverty and unemployment.

The sub-outcomes spread across the different chapters of the National Development Plan that are particularly important to addressing the constraints above, improving local government performance, ensuring quality service delivery and ultimately putting the local government sector on a positive path to achieving the vision are as follows:

- a) Members of society have sustainable and reliable access to basic services.
- b) Intergovernmental and democratic governance arrangements for a functional system of cooperative governance strengthened.
- c) Democratic, effective, capable and well-governed municipal institutions.
- d) Sound financial management.
- e) Local public employment programmes expanded through the Community Work Programme (CWP).



## 4. PERFORMANCE INFORMATION BY PROGRAMME

### 4.1 Programme 1: Administration

#### Purpose

The purpose of programme 1 is to put in place mechanisms and structures that can support the department in developing capacity and professional ethos by providing support to all programmes.

#### Description

Programme 1 renders strategic services in relation to planning, performance information reporting, Information Technology, financial management and human resources to all programmes of the department.

Programme is divided into the following two chief directorates:

Corporate Services  
Office of the CFO

#### Sub-programmes

The Corporate Services Chief Directorate consists of the following sub-programmes:

- Human Capital Management
- Legal Services
- Planning, Performance Monitoring & Evaluation
- General Support Services

The Office of the CFO is responsible for the financial management of the department and consists of the following sub-programmes:

- Financial Management
- Supply Chain Management

#### Strategic objectives, performance indicators, planned targets and actual achievements

##### Corporate Services

We have been struggling to fill vacant funded post in this quarter due to the cost containment measures issued by Treasury. The process of filling a position is cumbersome. All other administrative functions and support to line functions have been carried out as normal. Human Resource functions are carried out at Provincial and Regional Office as per service delivery model and HR delegations. The process of matching, placement and transfer of staff was finalised in this quarter. All Human Capital Management Plans and reports were submitted on time. The first draft service delivery model (SDM) was developed after consultation with all programmes. This has been circulated for further inputs/consultation and amendment. This will form part of the final consultation with DPSA. 58 officials were trained in 9 interventions; 21 officials received bursaries to study in 2017; 1 intern obtained permanent employment in the Department as a Personal Assistant for the Senior Manager: Housing Administration.

The PPME Unit facilitated a strategic planning session and as a result the Strategic Plan was amended and a first draft of the APP 201/ 2018 was already done. Due to non-alignment issues between the Strategic Plan and the APP, both these documents will be reviewed this year and taken through the process of re-tabling in an effort to improve our MPAT scores as well as management practices. The Annual Report for 2015 2016 was tabled on time to the Provincial Legislature, Provincial Treasury as well as the Office of the Premier. The final MPAT results were released and the Department has improved from MPAT 1.5 average of 2.4 to an average of 3 for MPAT 1.6. The Department showed the most improvement compared to other departments with regards to MPAT results.

Incidents of misuse of state vehicles and accident reports were minimised. Some of the old fleet has been replaced. The Transport Policy was reviewed. Tracking devices were installed in all vehicles to monitor use. Inspections were done after and before use of vehicles. Disciplinary action was taken against misuse, fraud and/or violation of traffic laws.

Records were transferred from the regional office in Namakwa to the Provincial Office for disposal measuring 18 linear meters of shelving/storage space. Separation of archival records from ephemeral records and listing of files done.

The appointment of the Chief Registry Clerk will relieve the workload within the unit. Re-filing and opening of new files, creating a new database for easy access and retrieval method. Transferral and disposal of financial records from Office of the CFO was done.

The Facebook page of the Department is operational. The Department has been provided with a link on the Provincial Website. All media/community queries have been attended and responded to timeously. All departmental, provincial events and activities have been supported and attended. The Events Calendar for the new financial year was also developed

10 long outstanding cases were resolved during the second quarter and two bills were drafted.

#### Strategic objectives

Strategic Objective	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
<b>Chief Directorate: Corporate Services</b>					
A stable political-administrative interface in the next five years	1	1	1		
A department that is a career of choice in the next five years	1	1	1		
	1 SP	1 SP	1 SP		
	1 APP	1 APP	1 APP		
An effective and economical support to the programmes of the department in the next five years	5	1	1		
Minimize litigation by adhering to applicable legislation to all programs of the department in the next five years	New	1	1		
<b>Chief Directorate: Financial Management</b>					
Sound financial management of department in the next 5 years	1	1	1		
Procurement systems and plans that deliver value for money in the next 5 years	2	1	1		
Sound financial support to programmes of the department in the next 5 years	New	1	1		

## Performance indicators

Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
<b>Chief Directorate: Corporate Services</b>					
<b>Sub-Programme: Human Capital Management</b>					
Approved organisational structure	0	1	0	-1	Awaiting final approval from DPSA
Approved human resource plan	1	1	1		
Number of Persal activity verification reports submitted	4	4	4		
Number of conditions of employment reports submitted	2	4	4		
Number of recruitment reports submitted	2	4	4		
Number of grievances resolved	18	12	19 <sup>2</sup>	+7	More grievances received than anticipated
Number of disciplinary cases finalized	14	12	20 <sup>3</sup>	+8	More disciplinary cases received than anticipated.
Development of the EHW 4 pillar implementation plans	New	4	4		
Development of gender and job access implementation plans	New	2	2		
An approved workplace skills plan submitted	1	1	1		
Workplace skills plan implemented	New	1	1		
EPMDS implemented	New	1	1		
<b>Sub-Programme: General Support Services</b>					
An approved communication strategy	1	1	1		
Reviewed and implemented communication strategy	New	1	1		
Reviewed and implemented ICT strategy	New	1	1		
Number of reports on fleet management submitted	4	4	4		
Number of reports on the implementation of approved records management policy	4	4	4		
<b>Sub-Programme: Legal Services</b>					
Legal compliance improvement plan completed	New	1	0	-1	Plan still under review.
Litigation cases resolved	New	9	18	+9	Long outstanding cases were finalised/closed.
<b>Sub-Programme: Policy, Planning, Monitoring &amp; Evaluation</b>					
An annual performance plan submitted	1	1	1		
Number of quarterly performance reports submitted	4	4	4		
Annual performance report submitted	1	1	1		
Reviewed monitoring and evaluation framework	2	1	1		
Annual compliance with MPAT	1	1	1		

<sup>2</sup> 3 Cases erroneously not reported during the year.

<sup>3</sup> 21 Cases received - only 20 finalised. Erroneously reported 21 during the year.



Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
<b>Chief Directorate: Financial Management</b>					
<b>Sub-Programme: Financial Administration</b>					
Annual budget submitted	1	1	1		
Adjusted budget submitted	1	1	1		
In-year monitoring reports submitted	12	12	12		
Annual financial statements submitted	1	1	1		
Number of interim financial statements submitted	4	4	4		
Number of fund requisitions submitted	4	12	12		
Number of certificate of compliance submitted	12	12	12		
Number of Instruction Note 34 reports submitted	12	12	12		
<b>Sub-Programme: Supply Chain Management</b>					
Approved contract management strategy	0	1	1		
Approved supply chain management plan	0	1	1		
Number of supply chain management reports submitted	12	12	12		
Number of quarterly integrated risk management reports compiled	4	4	4		
Number of annual tax reconciliations submitted	New	1	1		
Number of bi-annual tax reconciliations submitted	New	2	2		
<b>Sub-Programme: Risk</b>					
Number of anti-fraud and corruption reports compiled	2	4	3	-1	Report not submitted due to vacancy in unit.
Submission of Audit Action Plans	New	4	3	-1	Report submitted late.

#### Strategy to overcome areas of under performance

The Programme achieved most of their indicators. Instances of underperformance relates to:

- the approval of the organisational structure - still awaiting approval by DPSA;
- the completion of the legal compliance improvement plan - still under review; and
- the lack of capacity in the Risk unit - Unit recently capacitated by appointing an acting Manager.

#### Changes to planned targets

There were no changes to planned targets.

#### Linking performance with budgets

Please refer to the organisational environment and service delivery environment as well as the appropriation statement for further information.



### Chief Directorate expenditure

Sub- Programme Name	2015/2016			2016/2017		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
<b>Office of the MEC</b>						
Office of the MEC	12 218	9 235	2 983	13 084	10 140	2 944
<b>Corporate Services</b>						
Human Capital Management						
Legal Services						
Planning, Performance Monitoring & Evaluation						
General Support Services						
Financial Management						
Supply Chain Management						
<b>Total</b>	<b>115 518</b>	<b>117 113</b>	<b>(1 595)</b>	<b>110 9 734</b>	<b>120 013</b>	<b>0</b>

#### 4.2 Programme 2: Human Settlements Purpose

The purpose of this programme is to develop sustainable human settlements in the Northern Cape within the context of transforming our cities, towns and rural areas by building cohesive, sustainable and caring communities with closer access to work and social amenities.

#### Description

Housing (human settlements) is a Schedule 4 A function in the Constitution of the Republic of South Africa (hereafter referred to as the Constitution), which means that it is a concurrent function shared by national and provincial government. Programme 2 derives its mandate from that Schedule of the Constitution.

The reality of housing delivery is, however, that it is an integrated function performed by all three spheres of government, which each performs specific roles. The National Housing Code sets out the key functions of provincial government in housing, which includes, but is not limited to:

- Determining policy and legislation;
- Coordinating housing development in the province;
- Intervention;
- Multi-year planning of national and provincial housing programmes;
- Accreditation; and
- Monitoring accredited municipalities.

#### Sub-Programmes

There are three (3) sub-programmes within the Chief Directorate, namely:

- Human Settlements Needs, Planning and Research
- Human Settlements Development
- Human Settlements Asset Management

#### Strategic objectives, performance indicators, planned targets and actual achievements

Most of the targets were achieved and in most instances overachieved. However, the Programme failed to meet its targets with regards to the housing sector plans, Finance Linked Individual Subsidies (FLISP) and title deeds. Key interventions will be introduced to improve performance in the last quarter.

## Strategic objectives

Strategic Objective	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
<b>Sub-Programme: Housing Needs, Planning &amp; Research</b>					
Enhanced institutional capability for effective coordination of spatial investment decisions in the next five years	New	3 500	4 945	+1 445	Target was exceeded due to the intensification of the HCE training Programme as well as awareness and marketing thereof.
To integrate the work of sector departments involved in Human Settlements development informed by municipal IDPs	8	8	1	-7	Delays in the procurement of service providers and the lack of internal capacity by municipalities to compile the document. Municipalities also lack the financial resources to appoint service providers. Vigorous engagements with municipalities to finalise the compilation of the document. The National Department of Human Settlements will be engaged for assistance.
<b>Sub-Programme: Housing Development</b>					
Adequate housing and improved quality living environment in the next five years	2 324	1 537 <sup>4</sup>	2 101	+564	Exceeded delivery of sites and top structures due to improved planning.
<b>Sub-Programme: Housing Asset Management</b>					
Transfer of property in the next five years	New	8 173	3 222	-4 951	Backlog at Cape Town Deeds Office Difficulties in tracing beneficiaries Municipal Managers failing to sign transfer documents timeously
Provide human settlements with grant management support, coordinate and manage housing registry and human settlements assets and property management in an economical, efficient and effective manner in the next five years	3 602 <sup>5</sup>	1	1		

<sup>4</sup> This target is calculated by adding the number of housing units completed to the number of households in new development provided with basic infrastructure and services.

<sup>5</sup> This figures reflects the actual number of title deeds transferred during 2015/2016. In the 2016/2017 financial year a new strategic objective were added specifically for the transfer of property.

### Performance indicators

Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
<b>Sub-Programme: Housing Needs, Planning &amp; Research</b>					
Multi-Year Housing Development Plan approved	1	1	1		
Number of existing informal settlements upgrading plans developed	New	1	1		
Number of policy guidelines approved	1	1	1		
Number of reports on monitoring and evaluation conducted on accredited municipalities	New	1	1		
Number of municipalities supported with development of credible project pipelines	New	20	20		
Number of local municipalities capacitated through accredited training courses	6	3	1	-2	Although 8 municipalities were capacitated in total, only 1 of the targeted municipalities was achieved. Emthanjeni and //Khara Hais/Mier (Dawid Kruiper) were targeted and invited to the training as per the TID, however both failed to attend for reasons best known to them. The Department therefore extended the training to other municipalities.
Number of consumers exposed to consumer education		3 500	4 945	+1 445	
- Subsidy market		3 000	4 213	+1 213	
- Affordable market		500	732	+232	
Number of municipalities supported with the development of sector plans	New	8	1	-7	Delays in the procurement of service providers and the lack of internal capacity by municipalities to compile the document. Municipalities also lack the financial resources to appoint service providers, grant funds can no longer be utilized to fund sector plans.
<b>Sub-Programme: Housing Development</b>					
Number of households in informal settlements upgraded to phase 2	New	2 625	2 696	+71	Additional sites acquired through local municipalities.
Number of households in informal settlements provided with access to basic infrastructure and services (individual and shared)	New	3 020	1 447	-1 573	Commencement of procurement was slow and contractors were only established in February 2017.
Number of households in new development provided with basic infrastructure and services	New	300	652	+352	Funding diverted to provide VIP and septic tanks installation.
Number of housing units completed under all programmes		1 373 <sup>6</sup>	1 449	+76	Reflect on reasons below.

<sup>6</sup> This target was captured wrong in the APP as 1 233 - sub-indicators did not add-up. The annual target was subsequently changed to 1 373.



Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
- Community Residential Units		140	56	-84	Contractor struggling to meet contractual obligations.
- Integrated Residential Development Programme (IRDP)		1 153	1 344	+191	Promised Land project exceeded its target.
- Military Veterans		50	38	-12	Work in progress on 8 sites. Verification process for successful beneficiaries still underway.
- Finance Linked Individual Subsidy Programme (FLISP)		30	11	-19	The programme is dependent on successful applications.
Number of sites planned and surveyed under all programmes in new developments	New	3 038	2 913	-125	Some areas were not suitable for development, due to soil conditions (dolomite).
Number of households provided with access to basic infrastructure and services under all programmes (excluding informal settlements and new developments)	New	10	10		
<b>Sub-Programme: Housing Asset Management</b>					
Number of title deeds issued to households	3 602	8 173	3 222	-4 951	Backlog at Cape Town Deeds Office; difficulties in tracing beneficiaries; and Municipal Managers failing to sign transfer documents timeously
Number of local municipalities assisted with acquisition of land	0	1	1		
Number of conditional grant business plans submitted	1	1	1		
Number of monthly conditional grant reports submitted to national human settlements and other stakeholders	12	12	12		

### Strategy to overcome areas of under performance

#### Housing Needs, Planning & Research

The Department will engage with the targeted municipalities to ensure that they are duly capacitated through accredited training courses. The Department will also roll out a toolkit, which was developed by the National Department of Human Settlements, which empowers municipalities to be in a position to internally develop housing sector plans. In addition, the Department will also enhance its support to municipalities by deploying officials to support municipalities in the development of these housing sector plans.

#### Housing Development

The Department will have consultative engagement sessions with stakeholders to fast-track development and to ensure that deliverable targets for town planning, basic infrastructure and top structure construction are met. The Department will also expedite beneficiary administration on the Housing Subsidy System to identify beneficiaries who qualify for BNG housing.

#### Housing Assets

In an attempt to increase the number of title deeds registered, the Department will increase the number of conveyancers appointed to the panel of conveyancers. Since the transfer of the Northern Cape Title Deeds from Cape Town to Kimberley has been completed, the Department expects that there will be fewer backlogs and faster processing of transfers. The Department will do an audit of the approximately 24 000 backlog. In addition, Ministerial task team members have been appointed to assist Provinces in addressing this matter.



### Changes to planned targets

One target was changed - "Number of housing units completed under all programmes". This target was captured wrong in the APP as 1 233. The sub-indicator targets did not add-up - the 140 CRU units were not added to the overall target. The annual target was subsequently changed to 1 373.

### Linking performance with budgets

Please refer to the organisational environment and service delivery environment as well as the appropriation statement for further information.

### Sub-programme expenditure

Sub- Programme Name	2015/2016			2016/2017		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Human Settlement Needs, Planning and Research	26 957	37 405	(10 448)	32 439	32 439	(279)
Human Settlement Development	514 577	486 861	27 716	395 502	367 779	27 723
Human Settlement Asset Management	9 505	21 320	(11 815)	13 680	32 646	(18 966)
<b>Total</b>	<b>551 039</b>	<b>545 586</b>	<b>5 453</b>	<b>441 621</b>	<b>432 864</b>	<b>8 478</b>

## 4.3 Programme 3: Cooperative Governance

### Purpose

The purpose of Programme 3 is to strengthen the capacity of municipalities in the province to perform their functions.

### Description

This programme is responsible for oversight, support, monitoring and coordination of municipalities.

### Sub-Programmes

The programme consists of the following five sub-programmes:

- Municipal Governance
- Municipal Infrastructure Development
- Community Work Programme
- Development and Planning
- Municipal Finance and Municipal Performance, Monitoring & Evaluation

### Strategic objectives, performance indicators, planned targets and actual achievements

During 2016/2017 the Programme supported, monitored, assisted and/or guided numerous municipalities with various matters. However, in some instances, no support was given to the targeted municipalities, since the targeted municipalities did not respond to the engagements initiated by COGHSTA to assist them.

The Gender Policy Framework document was obtained from another province and the reason for its unavailability was that COGTA embargoed it from circulation. It was then distributed widely to municipalities and Regional offices to ensure that all municipalities implement its contents and have urged municipal managers to ensure that it is presented to their municipal councils. We have also understood it to be complementing the implementation of the Employment Equity Act, No. 55 of 1998 and to that end have

requested the Department of Labour for co-operation and/or collaboration to ensure maximum compliance by municipalities in this regard.

The process of amalgamation of //Khara Hais and Mier Local Municipalities was finalised.

The Municipal Finance function was transferred with effect from 01 July 2016 through an EXCO resolution to Provincial Treasury in order to improve the monitoring and evaluation of compliance with MFMA. An MOU was implemented and the transitional arrangements put in place was that officially the Municipal Finance function will be transferred to the PT in the 2017/2018 financial year and jointly we will report up to end of 16/17 financial year. All the officials of Municipal Finance function were matched and placed internally after completion of the consultation process and only the function was transferred to PT.

There was a process undertaken by the Directorate Development and Planning in repositioning the IDP Unit with reference to critical role played by sector departments in the achievement of credible IDPs at municipal level. Strategies were put in place to bring the sector departments to the IDP engagements, to ensure the proper assessment of IDPs. Thirty one (31) municipalities were supported with various operations of the implementation of SPLUMA e.g. Land Use Management Schemes, Spatial Development Frameworks, repeal of the NC Planning and Development Act and drafting of the Northern Cape SPLUM Bill for promulgation and also analysis of the capacity of planning units of all municipalities.

The approved organogram for Disaster Management makes provision for the Assistant Director: Fire Services Coordination. This position was never filled even though requests have been made by the Unit to fill the position. The position is part of the post that has been submitted to Provincial Treasury to be considered for advertisement. All district disaster management centres have been supported with the appointment of Heads of Centre – Pixley-ka-Seme District only has an acting Head. This has ensured the effectiveness and functionality of the Centres. District Disaster Management Committees of all districts took place.

The LED function is also a shared function between Departments of Economic Development and Tourism (DEDAT) and COGHSTA, because it is a customised indicator from DCOG. Hence the reports were generated by DEDAT as the custodian of this function and forwarded to COGHSTA for cognisance. But as COGHSTA, there is a need to develop an activity plan in support of the LED functions at Municipal level and will report accordingly. The Director of CWP planned a meeting between the two departments to circumvent duplication of functions but strengthen our performance in the best interest of SMMEs in the Province.

Municipalities were assisted with a variety of challenges namely, grading for staff and councillors, permanent and contract positions of managers accountable to the municipal manager, correction of advertisements legitimacy of appointments. All municipalities implement the CDW programme and CDWs are all performing their functions at their respective municipalities and wards.

## Strategic objectives

Strategic Objective	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
<b>Sub-Programme: Municipal Governance</b>					
	5 functional District IGR fora	5 functional District IGR fora	4	-1	Pixley-ka-Seme was found to be non-functional
	New	31 municipalities with functional governance structures	31		
	198 functional ward committees	204 functional ward committees	9	-195	Delay in re-establishment of ward committees following Local Government Elections.
<b>Sub-Programme: Municipal Infrastructure Development</b>					
	97,4% of households with access to basic water	97% of households with access to basic water	94% <sup>7</sup>	-3%	Ageing infrastructure. Insufficient funding for both bulk and reticulation. Increase in households.
	86% of households with access to basic sanitation	83% of households with access to basic sanitation	86% <sup>8</sup>	+3%	Ageing infrastructure. Insufficient funding for both bulk and reticulation. Increase in households.
	88% of households with access to basic electricity	90% of households with access to basic electricity	89.4% <sup>9</sup>	-0.6%	Ageing infrastructure. Insufficient funding for both bulk and reticulation. Increase in households.
	64% of households with access to basic refuse removal	70% of households with access to basic refuse removal	65% <sup>10</sup>	-5%	No or insufficient waste infrastructure in most rural municipalities, therefore waste services are not provided. Limited budget for waste services.
<b>Sub-Programme: Community Work Programme</b>					
	New	18 municipalities (LED)	13	-5	Due to capacity constraints (vacancies, extended leave, etc.) in the Sub Programme: REDS of the Department of Economic Development
	New	8 municipalities (Red Tape)	19	+11	In partnership with SALGA, Red Tape Reduction training was rolled out to councillors from 16 different municipalities
	New	20 municipalities (CWP)	24	+4	Community Work Programme was rolled out to more municipalities by dividing the distribution of participants amongst more municipalities

<sup>7</sup> Calculated on the total number of households in the Province as per Stats SA Community Survey 2016 - 353 709.

<sup>8</sup> Calculated on the total number of households in the Province as per Stats SA Community Survey 2016 - 353 709.

<sup>9</sup> Calculated on the total number of households in the Province as per Stats SA Community Survey 2016 - 353 709.

<sup>10</sup> Calculated on the total number of households in the Province as per Stats SA Community Survey 2016 - 353 709.

Strategic Objective	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
<b>Sub-Programme: Development and Planning</b>					
Municipalities with development planning capacity and credible sector plans in the next five years	32 municipalities with legally compliant IDPs	31 municipalities	31		
<b>Sub-Programme: Municipal Finance and Municipal Performance, Monitoring &amp; Evaluation</b>					
	22	31 with sound financial management	31		
	New	31 with PMS in place	24	-7	

### Performance indicators

Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
<b>Sub-Programme: Municipal Governance</b>					
Number of municipalities supported to comply with MSA regulations (Sub-outcome 3, Action 6)	14	14	13	-1	Although 26 municipalities were supported in total, only 13 of the targeted municipalities were supported. The reason for supporting municipalities that were not targeted is that the requirement to comply with the MSA regulations applies to all municipalities where there are vacancies of senior managers.
Number of capacity building interventions conducted in municipalities (Sub-outcome 3)	17	8	20	+12	The following reasons are the basis for the increased capacity building interventions: <ul style="list-style-type: none"> <li>• Due to numerous requests for secondment, the department assisted with secondment of officials as part of capacity building intervention;</li> <li>• The unplanned CPMD training for senior managers;</li> <li>• Numerous interventions from Districts; and</li> <li>• Departmental support plans to municipalities.</li> </ul>
Number of municipalities supported to roll-out the gender policy framework	0	8	31	+23	The gender policy framework was rolled-out to ALL 31 municipalities in support of the implementation of the Employment Equity Act in municipalities.



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Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Number of District Municipalities with functional IGR structures	New	5	4	-1	Although all 5 districts were found to be functional in Qrt 1, only 4 were functional in Qrt 2, 3 in Qrt 3 and 3 again in Qrt 4. The average therefore amounts to only 4 being functional. Pixley-ka-Seme was found non-functional in Qrt 3 and Qrt 4 - no activities.
Report on implementation of Back to Basics support plans by municipalities (Sub-outcome 1)	New	4	4		
Number of municipal reports on cases investigated on the determination of boundaries in municipalities	New	4	4		
Number of municipalities monitored and supported with good governance	New	10	31	+21	Despite only 10 municipalities being targeted, and achieved, ALL 31 municipalities were supported with good governance.
Number of municipalities supported and monitored with the implementation of the CDWP	New	26	26		
Number of ward committees supported on implementation of ward operational plans (Sub-outcome 2)	4	8	7	-1	Two ward operational plans submitted in draft format were not counted towards the actual achievement.
Number of municipalities supported on the development of ward level database with community concerns and remedial actions produced (Sub-outcome 2)	16	8	2	-6	Although 9 municipalities were supported in total, only 2 of the targeted municipalities were supported. The reason for supporting municipalities that were not targeted is that some of the targeted municipalities did not attend the support workshops.
Report on the number of community report back meetings convened by Councillors in each ward (Sub-outcome 2)	4	4	3	-1	No meetings were conducted in Quarter 2 due to Local Government Elections.
<b>Sub-Programme: Municipal Infrastructure Development</b>					
Number of municipalities supported with service delivery programmes	19	26	26		
Number of municipalities supported to implement indigent policies (Sub-outcome 1)	8	14 <sup>21</sup>	4	-8	Although 7 municipalities were supported in total, only 4 of the targeted municipalities were supported. The Department could only support municipalities that confirmed availability before the cost containment moratorium was implemented.
Number of households benefiting from the provision of free basic services	New	80 h/holds	823	+743	The high number is due to the following:

<sup>21</sup> The target erroneously included 2 district municipalities - district municipalities do not implement indigent policies, and the target should therefore only be 12.

Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
					<ul style="list-style-type: none"> <li>More municipalities starting to report on a monthly basis and the assessment of their reports done accordingly;</li> <li>Municipalities having an indigent registration drive in the beginning of their financial year;</li> <li>There was a high volume of indigent registrations at municipalities for the quarter</li> </ul>
<b>Sub-Programme: Community Work Programme</b>					
Number of municipalities supported to implement Local Economic Development projects in line with updated LED strategies (Sub-outcome 4)	New	18 <sup>12</sup>	13	-5	Due to capacity constraints (vacancies, extended leave, etc.) in the Sub Programme: REDS of the Department of Economic Development
Number of municipalities supported to implement the Red Tape reduction programme (Sub-outcome 4)	New	8	19	+11	In partnership with SALGA, Red Tape Reduction training was rolled out to councillors from 16 different municipalities
Number of work opportunities created through the CWP in municipalities	New	17 000	15 179	-1 821	Deviation is due to the following: <ul style="list-style-type: none"> <li>Competing programmes of Government with different wages, e.g. EPWP high wages &amp; CWP low wages;</li> <li>Municipalities do not enroll sufficient participants;</li> <li>The registration process at COGTA is very slow since the MIS is outsourced.</li> <li>Initial MIS report was populated incorrectly.</li> </ul>
<b>Sub-Programme: Development and Planning</b>					
Number of municipalities supported with development of legally compliant IDP (Sub-outcome 1)	32	31	31		
Number of municipalities supported with the implementation of SPLUMA	22	31	31		
Number of municipalities supported with functional municipal disaster management centres	5	5	5		
Provincial Fire Brigade Services established by target date	0	1	0	-1	Moratorium on the filling of vacancies hampered the appointment of an Assistant-Director for the Provincial Fire Brigade Services.

<sup>12</sup> The 27 DISTRICT municipalities specified in the TID refers to the National target. In the Northern Cape Province, only John Taolo Gaetsewe forms part of the national priority. The provincial target however refers to local and district municipalities. Department of Economic Development reported per district, on local municipalities.

Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Number of reports on data obtained for GIS outputs	New	4	4		
<b>Sub-Programme: Municipal Finance and Municipal Performance, Monitoring &amp; Evaluation</b>					
Number of municipalities guided to comply with MPRA by target date (Sub-outcome 3)	10	8	1	-7	Although 8 municipalities were guided in total, only 1 of the targeted municipalities was guided. The Department supported non-targeted municipalities due to disputes and specific requests for support received. No requests received from targeted municipalities.
Number of municipalities supported to improve revenue management and debt collection (Sub-outcome 3)	8	11	9	-3	Although 19 municipalities were supported in total, only 9 of the targeted municipalities were supported. Since ALL municipalities must comply with the MSA and MFMA concerning revenue management and debt collection, and must have effective systems in place, some of the targeted municipalities did not respond to the request for support and other municipalities were supported instead.
Number of municipalities with functional audit committees	16	14	6	-7	Although 17 municipalities have functional audit committees, only 6 of the targeted municipalities complied. ALL municipalities must have functional audit committees. Some of the targeted municipalities do not have functional audit committees, hence no information could be provided. Subsequently other municipalities were included in the scope.
Number of municipalities monitored on implementation of audit response plan based on the 2014/15 audit outcomes monitored (Sub-outcome 3)	13	14	3	-11	Although 9 municipalities were monitored in total, only 3 of the targeted municipalities were monitored. The targeted municipalities did not respond to the Department's request to submit audit response plans, hence, the response plans of those municipalities that have submitted were monitored.
Number of reports produced on the extent to which municipalities comply with the implementation of the Anti-corruption measures (Sub-outcome 3)	New	4	4		
Number of reports on fraud, corruption and maladministration cases reported and investigated (Sub-outcome 3)	4	4	4		



Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Number of municipalities supported to institutionalize performance management system (PMS)	17	10	24	+14	In addition to the support of the identified municipalities, support was also extended to 14 other municipalities.
Number of municipal performance reports compiled as per the requirements of Section 47 of the MSA	1	1	0	-1	Although the Section 47 report has been compiled, it has neither been approved nor tabled as per the requirements of Section 47 of the MSA.

#### Strategy to overcome areas of under performance

In respect of cost containment and the moratorium on the appointment of personnel there is very little that the Chief Directorate can do since the cost containment measure affect the whole fiscus of the country and invariably will affect the appointment of new personnel.

Challenges on FBS will be escalated to the attention of the Head of Department so that he can engage with Municipal Managers on this. More engagements will be arranged with municipalities to take stock of challenges and reasons why they are not complying with requests or legislative requirements. Collaboration effort between national COGTA and Province in order to deal with assistance to municipalities with updating of indigent registers is underway.

The Disaster Management unit is dependent on Human Resources Unit and process of Provincial Treasury on filling of vacant posts.

#### Changes to planned targets

There were no changes to planned targets.

#### Linking performance with budgets

Please refer to the organisational environment and service delivery environment as well as the appropriation statement for further information.

#### Sub-programme expenditure

Sub- Programme Name	2015/2016			2016/2017		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
<b>Local Governance</b>						
Municipal Finance						
Municipal Compliance & Public Participation						
<b>Development &amp; Planning</b>						
Development & Planning						
Municipal Infrastructure Development						
<b>Total</b>	<b>129 618</b>	<b>128 114</b>	<b>1 504</b>	<b>124 625</b>	<b>120 608</b>	<b>4 017</b>



#### **4.4 Programme 4: Traditional Affairs**

##### **Purpose**

The purpose of Programme 4 is to manage and support traditional leadership institutions. Traditional Affairs Directorate coordinates governance within traditional institutions through implementation of appropriate policies, systems and regulatory frameworks, enhancement of organisational efficiency and effectiveness, establishment of capacity development systems and partnership models, undertaking research and development on related matters as well as monitoring and evaluation of performance of traditional structures.

##### **Description**

The focus of the programme is to give support to traditional leadership structures in the province. All the eight recognized traditional leaders are based at John Taolo Gaetsewe district. There are two houses of traditional leaders, namely John Taolo Gaetsewe Local House of Traditional Leaders and Provincial House of Traditional Leaders, which is based in Kimberley. Traditional Leaders serve as the custodians of traditions, customs and culture of their constituent communities and communal land. Traditional councils are responsible for the overall leadership and management of affairs of individual areas of jurisdiction under traditional leaders. Traditional councils are by law constituted by sixty percent of the councillors appointed by the senior traditional leader and forty percent elected councillors by the community to represent them in these structures. Financial administration of any funds donated or allocated to the respective traditional councils is the responsibility of such a council and their administrative staffs keeps records of all transactions in this regard. The Directorate is responsible for the overall management of these funds. The mandate of the Provincial and Local Houses of Traditional Leaders is to advise the Provincial Government on customary law, traditions, customs and culture, as well as preserve and promote indigenous knowledge systems and heritage. With the Khoi-San representatives co-opted and participating fully in the Provincial House of Traditional Leaders since 1 April 2000, the Northern Cape has recorded a historic milestone equal to none.

##### **Sub-programmes**

- Traditional Leadership and Institutional Support
- Secretariat of Houses of Traditional Leaders and Management
- Community Development, Partnership and Capacity Building
- Research, Policy and Legislation Development

##### **Strategic objectives, performance indicators, planned targets and actual achievements**

The Directorate identified all the acting Headmanship positions. Traditional leaders were requested to meet the relevant royal families and identify the rightful incumbents in order to minimize disputes. Convened a meeting with the Provincial Police Commissioner in order to request intervention in instances where SAPS was reluctant to assist traditional leaders when lodging complaints. This resulted in the arrest of some of the perpetrators. The directorate is experiencing an increase in the number of claims for elevation of status, leadership disputes as well as claims on fraudulent activities in traditional council areas. The quick turnaround time in responding to these issues will hopefully result in a decrease of the number of complaints. A task-team (consisting of National and Provincial officials) was formed to deal with complex cases to also limit the litigations as it has a serious impact on the budget of the Directorate. The partnership with WRSeta has exceeded our expectation as the number of learnerships issued is 138 and it seems that the students are very excited and committed to better themselves, which will result in uplifting the community. Although the services to the Khoisan communities are not part of the indicators of the directorate, several community members came to the office for assistance with regards to the submission of leadership claims and progress with regards to the enactment of the Bill.

The Directorate and the Department of Traditional Affairs (DTA) met with the JTG District Municipality to establish a working relationship in monitoring the participation of traditional leaders in the Municipal council. This is to ensure that traditional leaders communicate the development needs in the district. This programme will be rolled-out to the Local Municipalities to ensure participate meaningful in these structures. A mechanism will be put in place to monitor the participation. In preparing the reconstitution of traditional councils that is set to take place during the 2017/18 financial year, the directorate started to review all the acting traditional leadership positions. Traditional leaders responded positively and the directorate reviewed three of these positions during this quarter. It is also expected that it will minimize disputes. Even with the non-filling of the post of Director, the staff really worked hard in achieving all its key performance indicators and overachieved in some of the indicators.

The Directorate established a working relationship with the Department of Justice (DOJ). DOJ has committed to have at least one capacity building session with traditional leaders in a quarter.

### Strategic objectives

Strategic Objective	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Build good governance and sound administration within the institution of traditional leadership and its stakeholders in the next five years	8	8	8		

### Performance indicators

Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
<b>Sub-Programme: Traditional Leadership and Institutional Support</b>					
Improved financial accountability of traditional councils	0	1	1		
Number of traditional councils supported on administration and financial management	23	8	8		
<b>Sub-Programme: Secretariat of Houses of Traditional Leaders and Management</b>					
Number of activities of the Provincial House of Traditional Leaders in compliance with Act 2 of 2007	New	9	14	+5	The increase in activities was mainly because of disputes/complaints lodged at the Local House and the additional Chairperson's Forum meetings arranged by the NTHL.
Number of engagement sessions between the Provincial and Local Houses of Traditional Leaders	1	4	0	-4	No quorum. Executive committed to ensure engagements do take place in new financial year.
Number of structured engagements between ward councils and traditional councils in promoting participatory democracy and development of traditional communities	0	4	4		
<b>Sub-Programme: Community Development, Partnership and Capacity Building</b>					
Number of initiatives to promote social development of traditional communities	12	4	5	+1	Traditional leaders in consultation with Anglo American handed over

Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
					mobile clinics in some areas to ensure sustainable development and bringing services to local communities. The Local House, after receiving a sponsorship of 120 blankets, handed it out to disabled people in the JTG area.
Capacity building programmes provided to the institution of Traditional Leadership	4	4	4		
<b>Sub-Programme: Research, Policy and Legislation Development</b>					
Number and nature of dispute or claims referred to the directorate that arises between or within traditional communities or other customary institutions on a matter arising from the implementation of Act 2 of 2007	8	8	20	+12	More disputes were received than anticipated. The directorate also engaged on a programme to ensure that Royal Councils are constituted in preparation for the coming reconstitution of the traditional councils.
Community authorities disestablished as per Section 28(5) of Act 41 of 2003	0	1	0	-1	We have also consulted with OTP legal section for the issuing of the gazette for disestablishment. Some issues had to be clarified and The directorate requested a meeting with the Department of Rural Development and Land reform to clarify the issues. The meeting has not yet materialized.

#### Strategy to overcome areas of under performance

The secretariat of the both Houses were requested to ensure that the annual plan is adopted in a formal meeting of the Mancom and Provincial House and traditional leaders commit themselves to the plan and honour their commitments. The matter was reported at the Sitting of the Provincial House on 23 June 2016 because it has a negative impact in the performance indicators of the Directorate. The Secretary has proposed to finalise the Year Planner of the Houses to ensure that it is complied with.

#### Changes to planned targets

There were no changes to planned targets.

#### Linking performance with budgets

Please refer to the organisational environment and service delivery environment as well as the appropriation statement for further information.



### Sub-programme expenditure

Sub- Programme Name	2015/2016			2016/2017		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Traditional Affairs	20 297	20 296	1	20 016	17 828	2 188
<b>Total</b>	<b>20 297</b>	<b>20 296</b>	<b>1</b>	<b>20 016</b>	<b>17 828</b>	<b>2 188</b>

## 5. TRANSFER PAYMENTS

### 5.1 Transfer payments to public entities

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
		R14 650 000	R14 650 000	21,2877ha of land acquired
		R11 1250 000	R11 1250 000	Sol Plaatje Snake Park 1660 P3 – installed.
		R2 078 000	R2 078 000	Gamagara Sesheng 1265 P1 – pre-planning
		R1 500 000	R1 500 000	Gamagara Olifantshoek 1000 P1 – engineering designs
		R1 100 000	R1 100 000	Gamagara Debeng 1100 P1 – pre-planning

### 5.2 Transfer payments to all organisations other than public entities

Human Settlements Chief Directorate has made no transfer payments to any organisations.

The table below reflects the transfer payments made for the period 1 April 2016 to 31 March 2017.

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
N/A					

Refer to Annexure 1A of the Annual Financial Statements

The table below reflects the transfer payments budgeted for in the period 1 April 2016 to 31 March 2017, but the Department made no transfer payments.

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

## 6. CONDITIONAL GRANTS

### 6.1 Conditional grants and earmarked funds paid

The table below describes each of the conditional grants and earmarked funds paid by the department.

#### Conditional Grant: Disaster Management Grant

Department which transferred the grant	Cooperative Governance, Human Settlements and Traditional Affairs
Purpose of the grant	To enhance municipalities' capacity to deal with disasters and fire incidents
Expected outputs of the grant	Improve response time to deal with disasters, to enhance functionality of disaster units in municipality's emergency. Reduce domestic and veld fire incidents



Department which transferred the grant	Cooperative Governance, Human Settlements and Traditional Affairs
Actual outputs achieved	Reviewing of the disaster management plans, education, training and awareness campaign plans, disaster management and fire services equipment for DDC
Amount per amended DORA	R 5 750 000
Amount received (R'000)	R5 750 000
Reasons if amount as per DORA was not received	None
Amount spent by the department (R'000)	R5 750 000
Reasons for the funds unspent by the entity	None
Reasons for deviations on performance	None
Measures taken to improve performance	Writing letters signed by the HOD to encourage municipalities to adhere to DORA and also to increase their spending capacity
Monitoring mechanism by the receiving department	Submission of business plans, expenditure reports to substantiate the request and invoices as proof of expenditure

## 6.2 Conditional grants and earmarked funds received

The table/s below details the conditional grants and ear marked funds received during for the period 1 April 2016 to 31 March 2017.

### Conditional Grant 1: Human Settlements Development Grant

Department which transferred the grant	Human Settlements
Purpose of the grant	To provide funding for the creation of sustainable human settlements
Expected outputs of the grant	Number of serviced sites to be completed. Number of housing units completed. Number of title deeds issued or properties transferred.
Actual outputs achieved	Sites serviced 2109 Houses Built 1449
Amount per amended DORA	R374 930
Amount received (R'000)	R374 930
Reasons if amount as per DORA was not received	None
Amount spent by the department (R'000)	R365 954
Reasons for the funds unspent by the entity	Invoices received after the cut-off date.
Monitoring mechanism by the receiving department	A compliance certificate signed by Municipal Manager.

### Conditional Grant 2: Extended Public Works Programme

Department which transferred the grant	Public Works
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	222 Work opportunities
Amount per amended DORA	R2 000 000
Amount received (R'000)	R2 000 000
Reasons if amount as per DORA was not received	None
Amount spent by the department (R'000)	R2 000 000
Reasons for the funds unspent by the entity	None
Monitoring mechanism by the receiving department	Submission of monthly labour stats by all contracts

## 7. DONOR FUNDS

### 7.1 Donor Funds Received

The Department has not received any donor funding during the 2016/2017 financial year.

## **8. CAPITAL INVESTMENT**

### **8.1 Capital investment, maintenance and asset management plan**

The Department has not capital investments, maintenance and asset management plan.

# PART C

## GOVERNANCE



Opening of the Provincial House of Traditional Leaders

## **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.

For 2016/2017 financial year the department's Risk Management unit facilitated and implemented governance documents relating to Risk Management such as the Risk Management Policy, Risk Management Strategy and Risk Management Implementation Plan approved by the Accounting Officer.

The unit conducted the 2016/2017 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 inside 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 back 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 Supply Chain Management Unit are required to declare any interest on the Declaration of Financial Disclosure forms. Senior Managers are subjected to the same process. 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

Recommendation	Department's response
<b>BUDGET</b>	
Engage the Department of Agriculture, Land Reform and Rural Development to assist on or around farms where possible land can be sourced for human settlement development. In addition, the Department should liaise with other departments to assist with funding for the acquisition of land.	The Department is utilizing the services of the Housing Development Agency (human settlements entity - established in terms of the Housing Development Agency Act No. 23 of 2008 - tasked with the acquisition, holding and release of land for human settlements development) to acquire suitable land. To date, the Department has acquired two pieces of land for the Sol Plaatje and //Kara Hais municipalities through the HDA. The Department is also part of the Vesting Committee that is responsible for the identification and transfer (disposal) of state land. The Department has benefitted from this process and assisted municipalities with the transfer of state land and properties.

Recommendation	Department's response																																								
Capacitate female Middle Management with accredited training programmes and ensure that 50/50 gender representation is addressed on the developing organogram.	<p>The following table gives an indication of planned training for female employees:</p> <table><tr><th rowspan="2">Occupational categories</th><th colspan="4">Female</th><th rowspan="2">Total</th></tr><tr><th>A</th><th>C</th><th>I</th><th>W</th></tr><tr><td>Legislators, Senior officials and Managers</td><td>6</td><td>1</td><td>1</td><td>1</td><td>9</td></tr><tr><td>Professionals</td><td>25</td><td>18</td><td>0</td><td>7</td><td>50</td></tr><tr><td>Technicians and associated professionals</td><td>58</td><td>22</td><td>0</td><td>0</td><td>80</td></tr><tr><td>Employees with Disabilities</td><td>1</td><td>0</td><td>0</td><td>0</td><td>1</td></tr><tr><td>Total</td><td>90</td><td>41</td><td>1</td><td>8</td><td>140</td></tr></table>	Occupational categories	Female				Total	A	C	I	W	Legislators, Senior officials and Managers	6	1	1	1	9	Professionals	25	18	0	7	50	Technicians and associated professionals	58	22	0	0	80	Employees with Disabilities	1	0	0	0	1	Total	90	41	1	8	140
Occupational categories	Female				Total																																				
	A	C	I	W																																					
Legislators, Senior officials and Managers	6	1	1	1	9																																				
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Technicians and associated professionals	58	22	0	0	80																																				
Employees with Disabilities	1	0	0	0	1																																				
Total	90	41	1	8	140																																				
Utilize institutions like the McGregor Museum to do the scientific genealogical and anthropological study in order to gauge the history of all traditional leadership including the Khoisan to address all areas of traditional leadership.	The Department takes note of this recommendation and will further investigate the feasibility thereof.																																								
Ensure that Regional Offices have clearly defined roles and responsibilities and use the offices to its full capacity.	The Department takes note of this recommendation and will adhere to this during the reviewing process of the organogram.																																								
Assist municipalities with workable audit recovery plans and monitor implementation thereof.	The Department takes note of this recommendation. This has been taken into consideration with the APP of the Department and will adhere to this by reporting on this per quarter.																																								
1 <sup>st</sup> Quarter																																									
Adequately plan and implement targets to ensure that funds are spent optimally.	The Department takes note of the recommendation and will in future adhere to it.																																								
Ensure that Housing Development targets are implemented to guarantee delivery of houses to beneficiaries, especially the Military Veterans.	The Department takes note of the recommendation and will ensure in future that implementation of houses is guaranteed, especially for Military Veterans.																																								
Ensure that adequate capacitating takes place to ensure the imperative rollout of the Gender Policy Framework at municipalities.	The Department has developed the necessary capacity amongst the existing officials and has commenced discussions with the Department of Labour to collaborate with the Employment Equity Act Unit and have requested municipal compliance information (Employment Equity Reporting and development of Employment Equity Plans) on the implementation of the Employment Equity Act. The information will be used to assist municipalities (especially those with vacant senior manager posts) to implement the Rolling-Out of the Gender Policy Framework. In addition to focusing on municipalities with vacant posts, emphasis will be placed on the municipalities targeted for the B2B 10 Point Plan. Given the importance of the project, it will be spearheaded by the Director: Municipal Governance.																																								
Always follow-up on engagements with targeted municipalities in respect of the improvement of revenue management and debt collection.	The Department takes note of the recommendation and will in future adhere to it.																																								
Speed up the process of filling critical vacant funded posts.	The Department takes note of this recommendation and will try to adhere to it by the end of the financial year.																																								
2 <sup>nd</sup> Quarter																																									
Have a strategic workshop with all coordinators and managers of the Community Work Programme to ensure synergy and optimal functionality of the programme.	The department will ensure that a workshop and monthly engagement sessions are held.																																								
Together with the Regional Managers put a plan in place to ensure that departmental interventions at municipalities yield desired results and are monitored.	The Regional Heads/Offices will be engaged to ensure that where there are interventions by the department in municipalities in their jurisdiction they find priority in terms of monitoring and reporting. Monthly meetings will be scheduled with municipalities where there are interventions in place to monitor implementation of their objectives and intervention strategies.																																								
Urgently ensure that the Gender Policy Framework is implemented at municipalities.	A workshop will be held during this quarter (Q1) to provide support to municipalities on the implementation of the Gender Policy Framework and the Employment Equity Act.																																								
Put systems in place to ensure that all ward committees are functional in order to assist communities.	The department will continue to support municipalities with the development and operationalization of the Ward Operational Plans. Ward Councillors will also be monitored on holding Ward Committee meetings and reporting back to communities.																																								

Recommendation	Department's response																											
Ensure that sector departments are in alignment with the IDP and budgeting processes at municipalities.	<table><tr><th>Action</th><th>By When</th><th>By Whom</th></tr><tr><td>Municipalities adopt draft IDPs</td><td>31 March 2017</td><td>Municipalities</td></tr><tr><td>Municipalities send draft IDPs to COGHSTA</td><td>10 April 2017</td><td>Municipalities</td></tr><tr><td>COGHSTA Disseminate draft IDPs to Sector Departments for assessment</td><td>18 April 2017</td><td>COGHSTA IDP Unit</td></tr><tr><td>Provincial IDP Support Task Team</td><td>18 April 2017</td><td>COGHSTA &amp; Sector Departments</td></tr><tr><td>Assessment of draft IDP by Sector Departments for alignment</td><td>18 April 2017 to 18 May 2017</td><td>Sector Departments</td></tr><tr><td>Provincial IDP Engagement &amp; Analysis week</td><td>18 May</td><td>COGHSTA, Sector Departments &amp; Municipalities</td></tr><tr><td>MEC Comments</td><td>28 May 2018</td><td>COGHSTA IDP Unit</td></tr><tr><td>Final adoption of IDP by Municipalities.</td><td>30 June 2017</td><td>Municipalities</td></tr></table> <p>Some municipalities are currently finalizing the process of adopting their draft IDPs at the same time they send the draft IDPs to the Department. The department then assesses compliance with municipal systems act and further sends the draft to sector department for the assessment of the KPA and their line functional content.</p> <p>Two provincial meetings will take place to assist with the alignment and quality assurance of Municipal IDP documents. Provincial Support Task Team Meeting where all sector department will report on the outcomes of the individual municipal IDP and Provincial IDP engagement week where Municipalities will be presenting their draft IDP and sector departments will be presenting their assessment for consideration by municipalities. The recommendations of Provincial IDP Engagements will be communicated to municipalities in a form of MEC IDP comments. Municipalities will then be expected to consider MEC comments before the final adoption of their IDPs</p>	Action	By When	By Whom	Municipalities adopt draft IDPs	31 March 2017	Municipalities	Municipalities send draft IDPs to COGHSTA	10 April 2017	Municipalities	COGHSTA Disseminate draft IDPs to Sector Departments for assessment	18 April 2017	COGHSTA IDP Unit	Provincial IDP Support Task Team	18 April 2017	COGHSTA & Sector Departments	Assessment of draft IDP by Sector Departments for alignment	18 April 2017 to 18 May 2017	Sector Departments	Provincial IDP Engagement & Analysis week	18 May	COGHSTA, Sector Departments & Municipalities	MEC Comments	28 May 2018	COGHSTA IDP Unit	Final adoption of IDP by Municipalities.	30 June 2017	Municipalities
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MEC Comments	28 May 2018	COGHSTA IDP Unit																										
Final adoption of IDP by Municipalities.	30 June 2017	Municipalities																										
At all times, optimally spend the appropriated budget during a quarter.	The Department takes note of the recommendation and will adhere to it.																											
<b>3<sup>rd</sup> Quarter</b>																												
Ensure recruitment of suitably qualified s56 and s57 Managers at municipalities as well as skills transfer by seconded officials in order to lessen the burden on the Department's resources.	The Department has ensured that suitably qualified official are appointed at municipalities and where there are shortcomings observed in the appointment process the municipalities are requested to rescind their decision and re-advertise the post. All seconded officials are required to provide support to staff that do not have skills to ensure that upon their departure there is no vacuum.																											
Put mechanisms in place to ensure proper monitoring of reported information.	The template as prescribed by the Office of the Premier for Quarterly Performance Reporting differs from what the Portfolio Committee expects the Department to report on especially concerning the financial information. The Department has now resolved to rather include the financial information e.g. economic classification breakdown as expected by the Portfolio Committee into the information submitted to OTP to align the reporting and avoid confusion in future.																											



Recommendation	Department's response
In collaboration with all stakeholders, expedite the filling of vacancies at the Provincial and Local House of Traditional Leaders.	Kindly note that the Bi-elections for the Local House of Traditional Leaders are scheduled to take place on 17 May 2017 in Kuruman.
Always report on the implementation of Committee Resolutions during quarterly report presentations.	The Department takes note of the recommendation and will report on the implementation of resolutions during quarterly report presentations in future.
Ensure that adequate planning takes place during strategic planning sessions and develop Key Performance Areas that will ensure strategic focus and efficiency.	The Department has made major changes to its APP for 2017 2018 to address all these concerns. It has included Strategic Objective Indicators for each Strategic Objective to ensure strategic focus and efficiency.

## 8. SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
1.	Supply chain management policies and processes	The supply chain management policies and processes must be strengthened and enforced. Where officials are found disregard laws and regulations, consequence management must be enforced.	The department is in the process of establishing a financial misconduct committee to investigate unauthorised, irregular, fruitless and wasteful expenditure. This committee will make recommendations to the Accounting Officer for further action.	Yes
2.	Conditional grant transfers	The Accounting Officer must ensure conditional grant transferred to municipalities are used effectively, efficiently and for the purposes for which they were granted to enhance service delivery.	The Accounting Officer takes note of the recommendation and will adhere to it.	Yes
3.	Annual Financial Statements	Proper and accurate financial statements submitted for auditing must be in line with the requirements of Section 40 (1) (a) and (b) of the PFMA.	The department has put checks and balances in place to ensure annual financial statements are proper and accurate. Interim financial statements are reviewed on quarterly basis before submission to Provincial Treasury	Yes
4.	Performance Agreements	Given the importance of completed performance agreements by management by Accounting Officer must ensure all comply.	The Accounting Office takes note of the recommendation and will ensure that all SMS members comply by signing performance agreements.	Yes

## 9. PRIOR MODIFICATIONS TO AUDIT REPORTS

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

## 10. INTERNAL CONTROL UNIT

A need to assess the control environment within the Department was realised because of the reoccurring findings from the Auditor General and Internal Audit. An exercise to assess the control environment including the regions was executed. The outcome did not only assist on control matters but also assisted to identify risks within the control environment, which were not identified during the risk assessment process.



## 11. INTERNAL AUDIT AND AUDIT COMMITTEES

### 11.1 Internal audit

The Shared Provincial Internal Audit Unit that fulfils an independent assurance function performs the department's internal audit 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 unit 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 into consideration 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 year, 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 audit were reported to the Audit Committee.

### 11.2 Audit Committee

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.

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 committee comprise of three external members and two internal audit committee members, all of who are not employed by the department.

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 department.

The names of the members of the audit committee as well as the number of meetings attended by the members are tabulated below:

Name	Qualifications	Internal or external	If internal, position in a department	Date appointed	Date Resigned	No. of Meetings attended
Mr Zola Luxolo Fihlani	M. Comm, CA (SA)	Chairperson - External member	N/A	1/01/2015 – 30/11/2017	N/A	5 out of 5
Mr Kgoale Maja	Masters in Business Leadership (MBL)	External member	N/A	1/01/2015 – 30/11/2017	N/A	5 out of 5
Mr Mava Dada	CA (SA)	External member	N/A	1/01/2015 – 30/11/2017	N/A	2 out of 5
Ms Philia Potgieter	Advanced programme in Supply Chain Management certificate; B Administration degree	Internal member	Chief Director: Provincial Treasury	1/01/2015 – 30/11/2017	N/A	4 out of 5

Name	Qualifications	Internal or external	If internal, position in a department	Date appointed	Date Resigned	No. of Meetings attended
Mr Darryl Christians	Masters in Business Administration (MBA)	Internal member	Chief Director: Economic Development	1/01/2015 – 30/11/2017	N/A	2 out of 5

## 12. AUDIT COMMITTEE REPORT

### 12.1 REPORT OF THE AUDIT COMMITTEE FOR 2016/17

We are pleased to present our report for the financial year ended 31 March 2017. The Audit Committee has been functional throughout the financial year. The Audit Committee acknowledges the attendance and participation of the Accounting Officer and Senior Management in the Audit Committee meetings.

### 12.2 AUDIT COMMITTEE RESPONSIBILITY

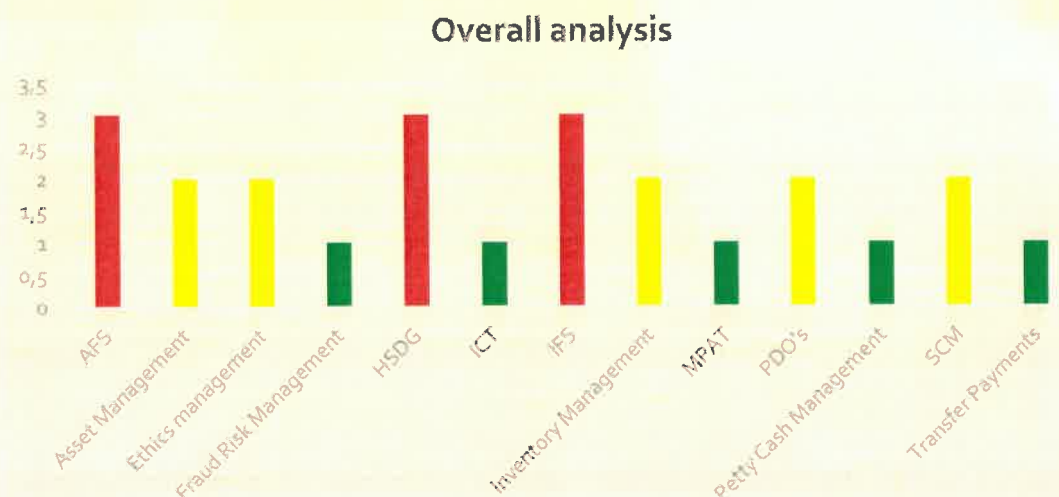
The Audit Committee reports that it has complied with its responsibilities arising from section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter,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

### 12.3 THE EFFECTIVENESS OF INTERNAL CONTROL AND INTERNAL AUDIT

The Department has and maintains an Internal Control unit responsible for management of internal controls within the Department.

The Audit Committee is satisfied as to effectiveness of 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.

#### 12.3.1 The following internal audit work was completed during the year under review, based on the internal audit plan 2016/2017:



Human Settlement Development Grant as well as irregular expenditure remains areas of concern.

Management has however developed a pragmatic action plan to address the above issues within a reasonable time period. The Audit Committee monitored the implementation of the plan during the quarterly audit committee meetings and is partially satisfied with the implementation of its recommendations.

The Internal Audit activity also maintains combined assurance framework and plan which were developed in collaboration with the departmental risk management and Auditor General. The plan has been useful in ensuring that assurance is placed at all high risks by various assurance providers.

#### **12.4 IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT**

The Audit Committee satisfied itself of the expertise, resources and experience of the departments finance function. The Committee also acknowledges the appointment of Mr B S Lenkoe as the Head of department during the financial year.

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.

#### **12.5 EVALUATION OF FINANCIAL STATEMENTS**

- 12.5.1 The Audit Committee reviewed the financial statements for the year ended 31 March 2017 at a meeting which took place 25 May 2017. In addition the Audit Committee reviewed the draft Annual Report of the Department.
- 12.5.2 The Audit Committee reviewed the accounting policies which were applied in the compilation of the annual financial statements and confirm if the policies are consistent with those of prior year, have been consistently applied and are in accordance with the National Treasury guidelines.
- 12.5.3 The Audit Committee reviewed the Department's compliance with legal and regulatory provisions during the quarterly audit committee meetings and management was directed to implement remedial measures where instances of non-compliance are noted.
- 12.5.4 The Audit Committee also reviewed quarterly financial and 6 monthly Interim Financial Statements as presented to it by IA and management. It interrogated monthly IYM on expenditure as well as status of payment of accruals and commitments. Status of clearing irregular expenditure by the department was monitored throughout the year.

#### **12.6 MEETING WITH MEMBER OF THE EXECUTIVE COUNCIL**

The Audit Committee met with the MEC for COGHSTA on 27 May 2016 to discuss matters of outmost importance to the committee and department. The Committee appreciate commitment and support from the office of the MEC to ensure that the Committee as well the department fulfil its obligations.

#### **12.7 AUDITOR-GENERAL SOUTH AFRICA**

We have reviewed the Department's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved.

The audit committee met with representatives from the Office of the Auditor-General South Africa during the year and discussed issues of mutual concern and ensured that there are no unresolved issues.

The Audit Committee reviewed the audit and management reports for the audit of 2016/17 annual financial statements in a meeting held 26 July 2017. The Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



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Z. Fihlani  
Chairperson of the Audit Committee  
Northern Cape Department of Corporate Governance Human Settlements and Traditional Affairs

Date: 26 July 2017



# PART D

## HUMAN RESOURCE MANAGEMENT



## 1. INTRODUCTION

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

## 2. OVERVIEW OF HUMAN RESOURCES

Content staff is productive staff. The Department wants to remain the employer of choice by taking care of their most important resource namely the staff through training, skills development, performance rewards and the provision of tools of trade.

During the year under review, 43 employees were recruited into the Department. A total amount of R2.4m was paid out towards performance rewards to 641 employees. 304 Employees underwent training.

Discipline had to be instilled where necessary. Senior management led from the front in that no disciplinary action had to be taken against any one of them. However, some disciplinary hearings were held for the lower category and 1 staff member had to be dismissed. All grievances that were lodged were timeously finalised.

## 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 2016 to 31 March 2017**

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	107 073	68 994	0	0	64	88
Cooperative Governance	103 308	87 903	0	0	85	112
Human Settlements	306 578	30 326	0	0	10	39
Traditional Affairs	14 955	12 006	0	0	80	15
<b>Total as on Financial System (BAS)</b>	<b>531 913</b>	<b>199 229</b>	<b>0</b>	<b>0</b>	<b>37</b>	<b>254</b>

**Table 3.1.2 Personnel costs by salary band for the period 1 April 2016 to 31 March 2017**

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Abnormal Appointment	2 048	0.85	36	56 890
Contract (Levels 13-16)	6 217	2.58	6	1 036 166
Contract (Levels 3-5)	1 549	0.64	10	154 884
Contract (Levels 6-8)	1 581	0.66	5	316 248
Contract (Levels 9-12)	4 746	1.97	9	527 345
Highly skilled production (Levels 6-8)	124 651	51.69	424	293 989
Highly skilled supervision (Levels 9-12)	61 938	25.68	107	578 863
Lower skilled (Levels 1-2)	1 974	0.82	23	85 826
Periodical Remunerations	1 244	0.52	107	11 626
Senior management (Levels 13-16)	22 249	9.23	20	1 112 443
Skilled (Levels 3-5)	10 703	4.44	37	289 278
<b>Total</b>	<b>238 901</b>	<b>99.06</b>	<b>784</b>	<b>304 721</b>

**Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2016 to 31 March 2017**

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	61 697	74.5	0	0	3 237	3.9	3 677	4.4
Cooperative Governance	71 352	72.9	10 425	14.6	4 028	4.1	6 130	6.3
Human Settlements	34 458	73.1	0	0	1 460	3.1	2 463	5.2
Traditional Affairs	10 121	76	0	0	223	1.7	412	3.1
<b>Total</b>	<b>177 627</b>	<b>73.7</b>	<b>10 425</b>	<b>5.87</b>	<b>8 947</b>	<b>3.7</b>	<b>12 682</b>	<b>5.3</b>

**Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2016 to 31 March 2017**

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
Abnormal Appointment	2 034	99.2	0	0	0	0	0	0
Contract (Levels 13-16)	6 154	96.5	0	0	62	1	0	0
Contract (Levels 3-5)	1 548	100	0	0	0	0	0	0
Contract (Levels 6-8)	1 547	97.7	0	0	0	0	0	0
Contract (Levels 9-12)	4 481	91.1	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	88 949	71.2	2 712	3	5 484	4.4	9 221	7.4
Highly skilled supervision (Levels 9-12)	46 495	73.9	7 713	16.58	1 552	2.5	2 101	3.3
Lower skilled (Levels 1-2)	1 778	90.1	0	0	43	2.2	60	3
Senior management (Levels 13-16)	17 572	76.7	0	0	1 142	5	200	0.9
Skilled (Levels 3-5)	7 069	65.9	0	0	664	6.2	1 100	10.3
<b>Total</b>	<b>177 627</b>	<b>73.7</b>	<b>10 425</b>	<b>5.87</b>	<b>8 947</b>	<b>3.7</b>	<b>12 682</b>	<b>5.3</b>

### 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 2017**

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	217	193	11.06	15
Cooperative Governance	268	257	4.10	2
Human Settlement	166	144	13.25	4
Traditional Affairs	51	47	7.84	0
<b>Total</b>	<b>702</b>	<b>641</b>	<b>8.69</b>	<b>21</b>

**Table 3.2.2 Employment and vacancies by salary band as on 31 March 2017**

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Contract (Levels 13-16)	6	6	0	3
Contract (Levels 3-5)	10	10	0	10
Contract (Levels 6-8)	5	5	0	3
Contract (Levels 9-12)	9	9	0	5
Highly skilled production (Levels 6-8)	448	424	5.36	0
Highly skilled supervision (Levels 9-12)	133	107	19.55	0
Lower skilled (Levels 1-2)	25	23	8	0
Senior and Top management (Levels 13-16)	26	20	23.08	0
Skilled (Levels 3-5)	40	37	7.5	0
<b>Total</b>	<b>702</b>	<b>641</b>	<b>8.69</b>	<b>21</b>

**Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2017**

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related	127	107	15.75	3
All Artisans in the Building Metal Machinery etc.	1	1	0.00	0
Appraisers-Valuers and Related Professionals	2	0	0.00	0
Architects Town and Traffic Planners	3	2	33.33	1
Cartographic Surveying and Related Technicians	2	2	0.00	0
Cleaners in Offices Workshops Hospitals etc.	9	9	0.00	0
Client Inform Clerks (Switchboard/Reception/ Information Clerks)	5	4	20.00	0
Communication and Information Related	1	1	0.00	0
Community Development Workers	13	11	15.38	1
Engineering Sciences Related	1	1	0.00	0
Engineers and Related Professionals	3	1	66.67	1
Finance and Economics Related	6	4	33.33	0
Financial and Related Professionals	6	4	33.33	0
Financial Clerks and Credit Controllers	34	30	11.76	1
Food Services Aids and Waiters	3	3	0.00	0
General Legal Administration & Related Professionals	1	1	0.00	1
Human Resources & Organisational Development & Related Professionals	1	1	0.00	0
Human Resources Clerks	2	2	0.00	0
Human Resources Related	25	25	0.00	0
Information Technology Related	2	2	0.00	0
Inspectors of Apprentices Works and Vehicles	12	11	8.33	0
Legal Related	2	2	0.00	0
Library Mail and Related Clerks	14	10	28.57	3
Logistical Support Personnel	6	5	16.67	1
Material-Recording and Transport Clerks	4	4	0.00	1
Messengers Porters and Deliverers	8	7	12.50	0
Other Administrative & Related Clerks and Organisers	257	253	1.56	1
Other Administrative Policy and Related Officers	63	60	4.76	0
Other Information Technology Personnel	6	6	0.00	4
Other Occupations	28	26	7.14	0



Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Risk Management and Security Services	3	3	0.00	0
Secretaries & Other Keyboard Operating Clerks	18	16	11.11	0
Security Officers	1	1	0.00	0
Senior Managers	29	23	20.69	3
Trade Quality Controllers	4	3	25.00	0
<b>Total</b>	<b>702</b>	<b>641</b>	<b>8.69</b>	<b>21</b>

### 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 2017**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	0	0	0	0	0
Salary Level 16	1	1	100	0	0
Salary Level 15	1	1	100	0	0
Salary Level 14	5	5	100	0	0
Salary Level 13	21	17	80.95	4	19
<b>Total</b>	<b>28</b>	<b>24</b>	<b>85.7</b>	<b>4</b>	<b>19</b>

**Table 3.3.2 SMS post information as on 30 September 2016**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	0	0	0	0	0
Salary Level 16	1	1	100	0	0
Salary Level 15	1	1	100	0	0
Salary Level 14	5	5	100	0	0
Salary Level 13	21	12	57.1	9	42.86
<b>Total</b>	<b>28</b>	<b>19</b>	<b>67.86</b>	<b>9</b>	<b>32.1</b>

**Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2016 to 31 March 2017**

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	1	0	0
Salary Level 14	0	0	0
Salary Level 13	0	0	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>

**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 2016 to 31 March 2017**

<b>Reasons for vacancies not advertised within six months</b>
Submission to Provincial Treasury was declined due to over-expenditure on Compensation budget, hence posts could be neither advertised, nor filled.

**Reasons for vacancies not filled within twelve months**

Submission to Provincial Treasury was declined due to over-expenditure on Compensation budget, hence posts could be neither advertised, nor filled.

**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 2016 to 31 March 2017**

**Reasons for vacancies not advertised within six months**

None

**Reasons for vacancies not filled within six months**

None

### 3.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations, all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table 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 2016 to 31 March 2017**

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
Contracts (Band A)	6	0	0.00	0	0.00	0	0
Contracts (Levels 3-5)	10	0	0.00	0	0.00	0	0
Contracts (Levels 6-8)	5	0	0.00	0	0.00	0	0
Contracts (Levels 9-12)	9	0	0.00	0	0.00	0	0
Highly skilled production (Levels 6-8)	448	7	1.56	12	171.43	0	0
Highly skilled supervision (Levels 9-12)	133	0	0.00	6	0.00	0	0
Lower Skilled (Levels 1-2)	25	0	0.00	0	0.00	0	0
Senior Management Service Band A	18	0	0.00	0	0.00	0	0
Senior Management Service Band B	6	0	0.00	0	0.00	0	0
Senior Management Service Band C	1	0	0.00	0	0.00	0	0
Senior Management Service Band D	1	0	0.00	0	0.00	0	0
Skilled (Levels 3-5)	40	0	0.00	13	0.00	2	0
<b>Total</b>	<b>702</b>	<b>7</b>	<b>1.00</b>	<b>31</b>	<b>442.86</b>	<b>2</b>	<b>28.57</b>

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 2016 to 31 March 2017**

Gender	African	Asian	Coloured	White	Total
Female	6	0	2	0	8
Male	11	0	5	2	18
<b>Total</b>	<b>17</b>	<b>0</b>	<b>7</b>	<b>2</b>	<b>26</b>
Employees with a disability					0

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

**Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2016 to 31 March 2017**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Line function	1	7	8	Resolution 3/2009
Line function	1	9	10	Submission
Line function	1	11	12	Transferred
Support function	1	6	7	Resolution 3/2009
Support function	1	7	8	Upgraded
Support function	1	9	10	Transferred
Support function	1	10	12	Upgraded
Support function	1	11	12	Upgraded
Support function	1	11	12	Transferred
Support function	1	13	14	Upgraded
<b>Total number of employees whose salaries exceeded the level determined by job evaluation</b>				<b>10</b>
<b>Percentage of total employed</b>				<b>1.6%</b>

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 2016 to 31 March 2017**

Gender	African	Asian	Coloured	White	Total
Female	0	0	1	0	1
Male	9	0	0	0	9
<b>Total</b>	<b>9</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>10</b>
Employees with a disability					0

### 3.5 Employment Changes

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

**Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2016 to 31 March 2017**

Salary band	Number of employees at 1 April 2016	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Contract Band A	7	0	1	14.29
Contracts (Levels 3-5)	8	4	0	0.00
Contracts (Levels 6-8)	4	2	3	75.00
Contracts (Levels 9-12)	6	4	1	16.67
Highly skilled production (Levels 6-8)	319	13	12	3.76
Highly skilled supervision (Levels 9-12)	75	1	5	6.67
Lower skilled (Levels 1-2)	5	19	2	40.00
Senior Management Service Bands A	14	0	0	0.00
Senior Management Service Bands B	5	0	0	0.00
Senior Management Service Bands C	1	0	0	0.00
Senior Management Service Bands D	1	0	0	0.00
Skilled (Levels 3-5)	174	0	1	0.57
<b>Total</b>	<b>619</b>	<b>43</b>	<b>25</b>	<b>4.04</b>



**Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2016 to 31 March 2017**

Critical occupation	Number of employees at 1 April 2016	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related	103	3	3	2.91
All Artisans in the Building Metal Machinery etc.	1	0	0	0.00
Appraisers-Valuers and Related Professionals	1	0	1	100.00
Architects Town and Traffic Planners	2	1	1	50.00
Cartographic Surveying and Related Technicians	1	0	0	0.00
Cleaners in Offices Workshops Hospitals etc.	9	0	0	0.00
Client Inform Clerks (Switchboard/Reception/ Information Clerks)	4	0	0	0.00
Communication and Information Related	1	0	0	0.00
Community Development Workers	12	2	2	16.67
Engineering Sciences Related	1	0	0	0.00
Finance and Economics Related	6	0	1	16.67
Financial and Related Professionals	5	0	1	20.00
Financial Clerks and Credit Controllers	31	2	1	3.23
Food Services Aids and Waiters	3	0	0	0.00
General Legal Administration & Related Professionals	1	1	1	100.00
Human Resources & Organisational Development & Related Professions	1	0	0	0.00
Human Resources Clerks	2	0	0	0.00
Human Resources Related	22	0	0	0.00
Information Technology Related	2	0	0	0.00
Inspectors of Apprentices Works and Vehicles	11	2	2	18.18
Legal Related	2	0	0	0.00
Library Mail and Related Clerks	11	0	0	0.00
Logistical Support Personnel	5	0	0	0.00
Material-Recording and Transport Clerks	3	0	0	0.00
Messengers Porters and Deliverers	8	0	1	12.50
Other Administrative & Related Clerks and Organisers	259	0	8	3.09
Other Administrative Policy and Related Officers	61	1	0	0.00
Other Information Technology Personnel	3	4	0	0.00
Other Occupations	4	23	1	25.00
Risk Management and Security Services	3	0	0	0.00
Secretaries & Other Keyboard Operating Clerks	13	2	0	0.00
Senior Managers	25	1	2	8.00
Trade Quality Controllers	3	0	0	0.00
<b>Total</b>	<b>619</b>	<b>43</b>	<b>25</b>	<b>4.04</b>

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 2016 to 31 March 2017**

Termination Type	Number	% of Total Resignations
Death	3	12.00
Discharged due to ill-health	1	4.00
Dismissal (misconduct)	1	4.00
Expiry of contract	5	20.00
Resignation	12	48.00
Retirement	3	12.00
<b>Total</b>	<b>25</b>	<b>100.00</b>
<b>Total number of employees who left as a % of total employment</b>		<b>3.90</b>

**Table 3-5-4 Promotions by critical occupation for the period 1 April 2016 to 31 March 2017**

Occupation	Employees at 1 April 2016	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	103	1	0.97	76	73.79
All Artisans in the Building Metal Machinery etc.	1	0	0.00	1	100.00
Appraisers-Valuers and Related Professionals	1	0	0.00	1	100.00
Architects Town and Traffic Planners	2	0	0.00	0	0.00
Cartographic Surveying and Related Technicians	1	0	0.00	2	200.00
Cleaners in Offices Workshops Hospitals etc.	9	0	0.00	4	44.44
Client Inform Clerks (Switchboard/Reception/ Information Clerks)	4	0	0.00	3	75.00
Communication and Information Related	1	0	0.00	1	100.00
Community Development Workers	12	0	0.00	8	66.67
Engineering Sciences Related	1	0	0.00	0	0.00
Finance and Economics Related	6	0	0.00	5	83.33
Financial and Related Professionals	5	0	0.00	3	60.00
Financial Clerks and Credit Controllers	31	2	6.45	23	74.19
Food Services Aids and Waiters	3	0	0.00	2	66.67
General Legal Administration & Related Professionals	1	0	0.00	0	0.00
Human Resources & Organisational Development & Related Professions	1	0	0.00	1	100.00
Human Resources Clerks	2	0	0.00	1	50.00
Human Resources Related	22	1	4.55	19	86.36
Information Technology Related	2	0	0.00	1	50.00
Inspectors of Apprentices Works and Vehicles	11	0	0.00	8	72.73
Legal Related	2	0	0.00	2	100.00
Library Mail and Related Clerks	11	0	0.00	5	45.45
Logistical Support Personnel	5	1	20.00	2	40.00
Material-Recording and Transport Clerks	3	0	0.00	2	66.67
Messengers Porters and Deliverers	8	0	0.00	6	75.00
Other Administrative & Related Clerks and Organisers	259	2	0.77	187	72.20
Other Administrative Policy and Related Officers	61	1	1.64	46	75.41
Other Information Technology Personnel	3	0	0.00	0	0.00
Other Occupations	4	0	0.00	0	0.00
Risk Management and Security Services	3	0	0.00	3	100.00
Secretaries & Other Keyboard Operating Clerks	13	2	15.38	8	61.54
Senior Managers	25	0	0.00	14	56.00
Trade Quality Controllers	3	0	0.00	1	33.33
Unknown	0	1	0.00	0	0.00
<b>Total</b>	<b>619</b>	<b>11</b>	<b>1.78</b>	<b>435</b>	<b>70.27</b>

**Table 3.5.5 Promotions by salary band for the period 1 April 2016 to 31 March 2017**

Salary Band	Employees at 1 April 2016	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
Contract (Levels 13-16)	7	0	0.00	0	0.00
Contract (Levels 3-5)	8	0	0.00	0	0.00
Contract (Levels 6-8)	4	0	0.00	1	25.00
Contract (Levels 9-12)	6	0	0.00	1	16.67
Highly Skilled Production (Levels 6-8)	319	9	2.82	309	96.87
Highly Skilled Supervision (Levels 9-12)	75	2	2.67	79	105.33
Lower Skilled (Levels 1-2)	5	0	0.00	0	0.00
Senior Management (Levels 13-16)	21	0	0.00	18	85.71
Skilled (Levels 3-5)	174	0	0.00	27	15.52
<b>Total</b>	<b>619</b>	<b>11</b>	<b>1.78</b>	<b>435</b>	<b>70.27</b>

### 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 2017**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Clerks	81	56	1	0	101	76	0	4	319
Craft and related trades workers	4	4	0	3	3	1	0	0	15
Labourers and Related Workers	25	3	0	0	11	5	0	0	44
Professionals	10	8	0	2	34	6	0	1	61
Senior officials and managers	14	4	0	1	3	1	0	1	24
Service and sales workers	0	2	0	0	1	1	0	0	4
Technicians and associate professionals	58	20	1	4	62	23	0	6	174
<b>Total</b>	<b>192</b>	<b>97</b>	<b>2</b>	<b>10</b>	<b>215</b>	<b>113</b>	<b>0</b>	<b>12</b>	<b>641</b>

**Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2017**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contract (Senior Management), Permanent	4	1	0	1	0	0	0	0	6
Contract (Professionally Qualified), Permanent	5	0	0	0	4	0	0	0	9
Contract (Skilled Technical), Permanent	1	3	0	0	1	0	0	0	5
Contract (Semi-Skilled), Permanent	8	0	0	0	2	0	0	0	10
Professionally qualified and experienced specialists and mid-management	40	14	0	7	25	16	0	5	107
Semi-skilled and discretionary decision making	14	3	0	0	13	6	0	1	37
Senior Management	11	2	0	0	3	2	0	1	19
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	93	72	2	2	163	87	0	5	424
Top Management	0	1	0	0	0	0	0	0	1
Unskilled and defined decision making	16	1	0	0	4	2	0	0	23
<b>Total</b>	<b>192</b>	<b>97</b>	<b>2</b>	<b>10</b>	<b>215</b>	<b>113</b>	<b>0</b>	<b>12</b>	<b>641</b>



**Table 3.6.3 Recruitment for the period 1 April 2016 to 31 March 2017**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contract (Professionally qualified), Permanent	1	0	0	0	3	0	0	0	4
Contract (Skilled technical), Permanent	1	1	0	0	0	0	0	0	2
Contract (Semi-skilled), Permanent	2	0	0	0	2	0	0	0	4
Professionally qualified and experienced specialists and mid-management	1	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	6	2	0	0	3	2	0	0	13
Unskilled and defined decision making	17	0	0	0	2	0	0	0	19
<b>Total</b>	<b>28</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>43</b>
Employees with disabilities	1	0	0	0	0	0	0	0	1

**Table 3.6.4 Promotions for the period 1 April 2016 to 31 March 2017**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contract (Professionally qualified), Permanent	0	0	0	0	1	0	0	0	1
Contract (Skilled technical), Permanent	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	25	15	0	5	21	12	0	3	81
Semi-skilled and discretionary decision making	9	2	0	0	12	4	0	0	27
Senior Management	10	1	0	1	3	1	0	1	17
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	58	56	2	1	130	68	0	3	318
Top Management	0	1	0	0	0	0	0	0	1
<b>Total</b>	<b>102</b>	<b>76</b>	<b>2</b>	<b>7</b>	<b>167</b>	<b>85</b>	<b>0</b>	<b>7</b>	<b>446</b>
Employees with disabilities	3	4	0	1	6	0	0	0	14

**Table 3.6.5 Terminations for the period 1 April 2016 to 31 March 2017**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contract (Senior Management), Permanent	1	0	0	0	0	0	0	0	1
Contract (Professionally qualified), Permanent	0	0	0	0	1	0	0	0	1
Contract (Skilled technical), Permanent	1	1	0	0	1	0	0	0	3
Professionally qualified and experienced specialists and mid-management	0	3	0	1	1	0	0	0	5
Semi-skilled and discretionary decision making	1	0	0	0	0	0	0	0	1
Senior Management									
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	2	0	0	5	2	0	1	12
Unskilled and defined decision making	1	0	0	0	1	0	0	0	2
<b>Total</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>1</b>	<b>9</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>25</b>
Employees with disabilities	1	0	0	0	0	0	0	0	1

**Table 3.6.6 Disciplinary action for the period 1 April 2016 to 31 March 2017**

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Final written warning	3	0	0	0	1	0	0	0	4
Written warning	3	1	0	0	0	0	0	0	4
Employee resigned	0	0	0	0	1	0	0	0	1
Demotion	2	0	0	0	0	0	0	0	2
Counselling and final written warning	1	0	0	0	0	0	0	0	1
Counselling and written warning	0	1	0	0	0	0	0	0	1
Dismissal	1	0	0	0	0	0	0	0	1
Final written warning & reimbursing the department	1	0	0	0	0	0	0	0	1
No disciplinary measures instituted against official due to lack of evidence	2	0	0	0	1	0	0	0	3
Final written warning and demoted from salary level 9 to 8	1	0	0	0	0	0	0	0	1
Final written warning and 1 month suspension without pay	0	0	0	0	1	0	0	0	1
<b>Total</b>	<b>14</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</b>

**Table 3.6.7 Skills development for the period 1 April 2016 to 31 March 2017**

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Clerks	20	7	0	0	7	5	0	3	42
Legislators, senior officials and managers	27	6	0	5	29	18	0	3	88
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	13	12	6	2	124	12	0	3	172
<b>Total</b>	<b>60</b>	<b>25</b>	<b>6</b>	<b>7</b>	<b>162</b>	<b>35</b>	<b>0</b>	<b>9</b>	<b>304</b>
Employees with disabilities	0	0	0	0	2	0	0	0	2

### 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 2016**

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	1	100
Salary Level 14	4	4	2	99.92
Salary Level 13	19	19	18	96.58
<b>Total</b>	<b>24</b>	<b>24</b>	<b>21</b>	<b>94.96</b>

**Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2016**

Reasons
One Level 14 was seconded to the Municipality as Municipal Manager, the other level 14 failed to submit.
One Level 13 failed to submit.



**Table 3.7.3** Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2016

Reasons
Warning Letters were issued to these SMS Members and they were disqualified from the EPMDS process in terms of the incentives.

### 3.8 Performance Rewards

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

**Table 3.8.1** Performance Rewards by race, gender and disability for the period 1 April 2016 to 31 March 2017

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
<b>African</b>					
Female	61	209	29.19	854.83	14,013.68
Male	26	187	13.90	485.45	18,671.34
<b>Asian</b>					
Female	0	0	0.00	0.00	0.00
Male	2	2	100.00	23.09	11,545.28
<b>Coloured</b>					
Female	37	113	32.74	564.36	15,253.09
Male	20	93	21.51	315.49	15,774.27
<b>White</b>					
Female	3	12	25.00	106.36	35,453.85
Male	2	9	22.22	37.85	18,926.64
<b>Total</b>	<b>154</b>	<b>641</b>	<b>24.02</b>	<b>2,467.17</b>	<b>16,020.59</b>

**Table 3.8.2** Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2016 to 31 March 2017

Salary band	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total employment	Total Cost (R'000)	Average cost per employee
Highly Skilled Production (Levels 6-8)	104	424	24.53	1,243.56	11,900.08
Highly Skilled Supervision (Levels 9-12)	38	107	35.5	924.75	24,659.97
Lower Skilled (Levels 1-2)	1	23	4.35	3.91	3,907.80
Skilled (Levels 3-5)	7	37	18.92	61.35	8,763.66
<b>Total</b>	<b>150</b>	<b>615</b>	<b>24.39</b>	<b>2,233.56</b>	<b>14,890.40</b>

**Table 3.8.3** Performance Rewards by critical occupation for the period 1 April 2016 to 31 March 2017

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative Related	29	107	27.10	645.31	22,251.91
All Artisans in the Building Metal Machinery etc.	0	1	0.00	0.00	0.00
Architects Town and Traffic Planners	0	2	0.00	0.00	0.00
Cartographic Surveying and Related Technicians	0	2	0.00	0.00	0.00
Cleaners in Offices Workshops Hospitals etc.	1	9	11.11	3.91	3,907.80
Client Inform Clerks (Switchboard/Reception/ Information Clerks)	1	4	25.00	6.15	6,145.20
Communication and Information Related	0	1	0.00	0.00	0.00
Community Development Workers	2	11	18.18	20.62	10,312.35
Engineering Sciences Related	0	1	0.00	0.00	0.00



Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Engineers and Related Professionals	0	1	0.00	0.00	0.00
Finance and Economics Related	3	4	75.00	54.81	18,270.32
Financial and Related Professionals	3	4	75.00	94.11	31,370.07
Financial Clerks and Credit Controllers	17	30	56.67	210.05	12,355.78
Food Services Aids and Waiters	0	3	0.00	0.00	0.00
General Legal Administration & Related Professionals	0	1	0.00	0.00	0.00
Human Resources & Organisational Development & Related Professions	1	1	100.00	24.18	24,179.64
Human Resources Clerks	0	2	0.00	0.00	0.00
Human Resources Related	14	25	56.00	220.07	15,719.44
Information Technology Related	0	2	0.00	0.00	0.00
Inspectors of Apprentices Works and Vehicles	4	11	36.36	51.74	12,935.55
Legal Related	1	2	50.00	55.06	55,062.84
Library Mail and Related Clerks	1	10	10.00	10.11	10,110.75
Logistical Support Personnel	3	5	60.00	33.66	11,218.96
Material-Recording and Transport Clerks	1	4	25.00	10.89	10,891.95
Messengers Porters and Deliverers	2	7	28.57	12.02	6,009.83
Other Administrative & Related Clerks and Organisers	34	253	13.44	333.48	9,808.30
Other Administrative Policy and Related Officers	26	60	43.33	364.99	14,038.05
Other Information Technology Personnel	1	6	16.67	14.36	14,356.05
Other Occupations	0	26	0.00	0.00	0.00
Risk Management and Security Services	0	3	0.00	0.00	0.00
Secretaries & Other Keyboard Operating Clerks	6	16	37.50	68.04	11,340.73
Security Officers	0	1	0.00	0.00	0.00
Senior Managers	4	23	17.39	233.61	58,402.62
Trade Quality Controllers	0	3	0.00	0.00	0.00
<b>Total</b>	<b>154</b>	<b>641</b>	<b>24.02</b>	<b>2,467.17</b>	<b>16,020.59</b>

**Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2016 to 31 March 2017**

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	3	20	15.00	154.22	51,406.73	0.08
Band B	1	5	20.00	79.39	79,390.29	0.04
Band C	0	0	0.00	0.00	0.00	0
Band D	0	1	0.00	0.00	0.00	0
<b>Total</b>	<b>4</b>	<b>26</b>	<b>15.38</b>	<b>233.61</b>	<b>58,402.62</b>	<b>0.12</b>

### 3.9 Foreign Workers

The tables below summarises 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 2016 to 31 March 2017**

Salary band	01 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% Change
N/A						

**Table 3.9.2 Foreign workers by major occupation for the period 1 April 2016 to 31 March 2017**

Major occupation	01 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% Change
N/A						

### 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 2016 to 31 December 2016**

Salary band	Total days	% Days with Medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Contract (Levels 13-16)	10	60	2	0.48	5	34
Contract (Levels 3-5)	61	36.07	10	2.42	6.1	44
Contract (Levels 6-8)	5	60	2	0.48	2.5	7
Contract (Levels 9-12)	35	57.14	3	0.73	11.67	56
Highly skilled production (Levels 6-8)	2 478	56.98	248	60.05	9.99	2 896
Highly skilled supervision (Levels 9-12)	816	44.61	89	21.55	9.17	1 771
Lower skilled (Levels 1-2)	17	41.18	4	0.97	4.25	8
Senior management (Levels 13-16)	144	64.58	15	3.63	9.6	535
Skilled (Levels 3-5)	375	49.13	40	9.69	9.36	263
<b>Total</b>	<b>3 941</b>	<b>53.57</b>	<b>413</b>	<b>100</b>	<b>9.54</b>	<b>5 613</b>

**Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2016 to 31 December 2016**

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)	386	100	10	66.67	38.6	389
Highly skilled supervision (Levels 9-12)	100	100	2	13.33	50	293
Skilled (Levels 3-5)	55	100	3	20	18.33	45
<b>Total</b>	<b>541</b>	<b>100</b>	<b>15</b>	<b>100</b>	<b>36.07</b>	<b>727</b>

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 2016 to 31 December 2016**

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract (Levels 13-16)	59	11.8	5
Contract (Levels 3-5)	173	17.3	10
Contract (Levels 6-8)	31	6.2	5
Contract (Levels 9-12)	93	10.33	9
Highly skilled production (Levels 6-8)	7 385	17.54	421
Highly skilled supervision (Levels 9-12)	2 239	20.54	109
Lower skilled (Levels 1-2)	75	15	5
Senior management (Levels 13-16)	402	19.14	21
Skilled (Levels 3-5)	883	12.8	69
<b>Total</b>	<b>11 340</b>	<b>17.34</b>	<b>654</b>

**Table 3.10.4 Capped leave for the period 1 January 2016 to 31 December 2016**

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 2017
Highly skilled production (Levels 6-8)	0	0	0	25.05
Highly skilled supervision (Levels 9-12)	0	0	0	23.21
Lower skilled (Levels 1-2)	0	0	0	39.57
Senior management (Levels 13-16)	0	0	0	32.74
Skilled (Levels 3-5)	0	0	0	16.9
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25.2</b>

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

**Table 3.10.5 Leave payouts for the period 1 April 2016 to 31 March 2017**

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Capped leave pay-outs on termination of service for 2016/17	514	9	57 085
Current leave pay-out on termination of service for 2016/17	110	5	21 999
<b>Total</b>	<b>624</b>	<b>14</b>	<b>44 554</b>

### 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
None	

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

	Question	Yes	No	Details, if yes
1	Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Ms. ESD Boboko Senior Manager : HCM
2	Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		Number of employees : 5 Budget : R100 000.00
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 & TB Wellness Management Sherq Management (OHS Reps) 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 Ms. J. Karstern Mr. G. Smith Ms. R. Kopeledi Ms. D. Mjandana Ms. A. Festus Mr. P. Mpotsang Ms. N. Julingalo Ms. W. Isaacs Ms. M. Mabotsa Ms. S. Mngoma-Makhele Ms. R. Jacobs Ms. M. Seleke Mr. G. Duiker Ms. T. Majola Ms. B. Horace
5	Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate		X	



	Question	Yes	No	Details, if yes
	against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.			
6	Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		HIV/AIDS & Tb Policy (Including reasonable accommodation measures)
7	Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		Partnership formed with Gems to conduct sessions. Quarterly sessions are taking place.
8	Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		Gems report is used to evaluate impact of health promotion programmes.

### 3.12 Labour Relations

**Table 3.12.1 Collective agreements for the period 1 April 2016 to 31 March 2017**

Subject matter	Date
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 2016 to 31 March 2017**

Outcomes of disciplinary hearings	Number	% of total
Final written warning	4	20%
Written warning	4	20%
Employee resigned	1	5%
Demotion	2	10%
Counselling and final written warning	1	5%
Counselling and written warning	1	5%
Dismissal	1	5%
Final written warning & reimbursing the department	1	5%
No disciplinary measures instituted against official due to lack of evidence	3	15%
Final written warning and demoted from salary level 9 to 8	1	5%
Final written warning and 1 month suspension without pay	1	5%
<b>Total</b>	<b>20</b>	<b>100%</b>

**Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2016 to 31 March 2017**

Types of misconduct	Number	% of total
Habitual Absenteeism	2	10%
Falsifying Documents	1	5%
Intoxication on duty	2	10%
Abscondment & Non-performance	1	5%
Alleged fraud	2	10%
Non-compliance	1	5%
Abscondment	1	5%
Damage to state property	1	5%
Alleged fraud & theft	1	5%
Insubordination	3	15%
Non-disclosure	4	20%
Absenteeism and non-performance	1	5%

**Table 3.12.4 Grievances logged for the period 1 April 2016 to 31 March 2017**

Grievances	Number	% of Total
Number of grievances resolved	19 <sup>33</sup>	100%
Number of grievances not resolved	0	0
<b>Total number of grievances lodged</b>	<b>19</b>	<b>100%</b>

<sup>33</sup> 3 Cases erroneously not reported during the year.

**Table 3.12.5 Disputes logged with Councils for the period 1 April 2016 to 31 March 2017**

Disputes	Number	% of Total
Number of disputes upheld	2	16,7%
Number of disputes dismissed	6	50%
Number of pending disputes	4	33,3%
<b>Total number of disputes lodged</b>	<b>12</b>	<b>100%</b>

**Table 3.12.6 Strike actions for the period 1 April 2016 to 31 March 2017**

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 2016 to 31 March 2017**

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

### 3.13 Skills development

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

**Table 3.13.1 Training needs identified for the period 1 April 2016 to 31 March 2017**

Occupational category	Gender	Number of employees as at 1 April 2016	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
	Female	42	N/A		N/A	18
	Male	35	N/A		N/A	9
	Female	66	N/A		N/A	25
	Male	80	N/A		N/A	18
	Female	0	N/A		N/A	0
	Male	0	N/A		N/A	0
	Female	236	N/A		N/A	135
	Male	186	N/A		N/A	75
<b>Total</b>		<b>645</b>				<b>280</b>

**Table 3.13.2: Training provided for the period 1 April 2016 to 31 March 2017**

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			Total
			Learner-ships	Skills Programmes & other short courses	Other forms of training	
	Female	42	N/A	<ul style="list-style-type: none"> <li>Records Management training</li> <li>Presentation, Facilitation and Report writing skills</li> <li>Computer skills</li> <li>Public Management</li> <li>Advanced Project Management Training</li> <li>HIRA Training</li> </ul>	N/A	15
	Male	35	N/A	<ul style="list-style-type: none"> <li>Presentation, Facilitation and Report writing skills</li> <li>Computer skills</li> <li>Public Management</li> <li>Certificate: Supply Chain Management</li> <li>HIRA Training</li> </ul>	N/A	27
	Female	66	N/A	<ul style="list-style-type: none"> <li>Advanced Management Development programme</li> <li>Policy Development and Management</li> <li>Advanced Project Management</li> <li>Higher Certificate: Management</li> <li>Labour Relations Training</li> <li>Records Management Training</li> <li>Computer literacy</li> </ul>	National Human Settlements Conference  Workshop: Emotional Intelligence	50
	Male	80	N/A	<ul style="list-style-type: none"> <li>Advanced Management Development programme</li> <li>Policy Development and Management</li> <li>Advanced Project Management</li> <li>Finance for non-financial Managers</li> <li>Certificate: Development Communication</li> <li>Computer literacy</li> </ul>	National Human Settlements Conference  DIMSA Conference  AMUE Conference  5 <sup>th</sup> Annual CEPWI Conference	38
	Female	0	N/A		N/A	0
	Male	0	N/A		N/A	0
	Female	236	N/A	<ul style="list-style-type: none"> <li>Higher Certificate : Management</li> <li>Advanced Project Management</li> <li>Records Management training</li> <li>Emerging Management</li> </ul>	N/A	139



Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
				Development Training • Finance for non-financial Managers		
	Male	186	N/A	<ul style="list-style-type: none"> <li>Supervisory Skills Training</li> <li>Finance for non-financial Managers</li> <li>HIRA training</li> <li>Emerging Management Development Training</li> <li>Higher Certificate: Management</li> <li>Introduction to SAMTRAC</li> <li>SAMTRAC training</li> </ul>	N/A	33
	Female		N/A	<ul style="list-style-type: none"> <li>Higher Certificate : Management</li> <li>Labour Relations Training</li> </ul>	N/A	2
	Male		N/A		N/A	0
<b>Total</b>						<b>304</b>

### 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 2016 to 31 March 2017**

Nature of injury on duty	Number	% of total
N/A		

### 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:

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

**Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2016 to 31 March 2017**

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Organisational Design Projects	1	160	280 000
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 2016 to 31 March 2017**

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 2016 to 31 March 2017**

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 2016 to 31 March 2017**

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 2016 to 31 March 2017**

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
N/A				

# PART E

## FINANCIAL INFORMATION



Lerato Park (Phase 2)



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

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

1. I have audited the financial statements of the Department of Co-Operative Governance, Human Settlements and Traditional Affairs set out on pages 98 to 156, which comprise the appropriation statement, the statement of financial position as at 31 March 2017, and 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 2017, and its financial performance and cash flows for the year then ended in accordance with the 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, 2016 (Act No. 3 of 2016) (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' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matters

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

#### *Unauthorised, Irregular and Fruitless and Wasteful expenditure*

7. As disclosed in note 8 to the financial statements, unauthorised expenditure to the amount of R121 566 000 that was incurred in the previous years was not investigated.
8. As disclosed in note 24 to the financial statements, irregular expenditure to the amount of R531 771 000 that was incurred in the previous years was not investigated.
9. As disclosed in note 25 to the financial statements, fruitless and wasteful expenditure to the amount of R63 893 000 that was incurred in the previous years was not investigated.

#### Other matter

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

*Unaudited supplementary schedules*

11. The supplementary information set out on pages 157 to 167 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

**Responsibilities of the accounting officer for the financial statements**

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS prescribed by National Treasury and the requirements of the PFMA and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the Department of Co-Operative Governance, Human Settlements and Traditional Affairs' ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the department or to cease operations, or there is no realistic alternative but to do so.

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

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

**REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT**

**Introduction and scope**

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
17. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 2 – Human Settlements	40 to 44
Programme 3 – Co-operative Governance	44 to 51

19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

**Programme 2 – Human Settlements**

**Indicator: Number of sites planned and surveyed under all programmes in new developments**

21. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of number of sites planned and surveyed under all programmes in new developments. This was due to inadequate technical indicator descriptions that predetermined how the achievement would be measured, monitored and reported, as required by the Framework for managing programme performance information (FMPPi). I was unable to confirm that the reported achievement of this indicator was reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of 2913 sites planned and surveyed under all programmes in new developments.

**Indicator: Number of households in informal settlements upgraded to phase 2**

22. The source information and evidence for the achievement of the number of households in informal settlements upgraded to phase 2 was not clearly defined, as required by the FMPPi.

**Various Indicators**

23. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of targets listed below. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements.

- Number of households in informal settlements provided with access to basic infrastructure and services (individual and shared)
- Number of households in new development provided with basic infrastructure and services
- Number of households provided with access to basic infrastructure and services under all programmes (excluding informal settlements and new developments)

**Indicator: Number of local municipalities assisted with acquisition of land**

24. The target for the number of local municipalities assisted with the acquisition of land was not specific in clearly identifying the nature and required level of performance during the planning process, as required by the FMPPi.



### **Programme 3: Co-Operative Governance**

#### **Various indicators**

25. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the indicators listed below. This was due to inadequate technical indicator descriptions that predetermined how the achievement would be measured, monitored and reported, as required by the Framework for managing programme performance information. I was unable to confirm that the reported achievement of this indicator was reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements.

- Number of households benefiting from the provision of free basic services.
- Number of municipalities with functional audit committees.

#### **Indicator: Number of capacity building interventions concluded in municipalities**

26. The source information and evidence for the achievement of the number of capacity building interventions concluded in municipalities was not clearly defined, as required by the FMPPI.

#### **Various indicators**

27. The targets for the indicators listed below were not specific in clearly identifying the nature and required level of performance during the planning process, as required by the FMPPI.

- Number of municipal reports on cases investigated on the determination of boundaries in municipalities.
- Number of municipalities monitored and supported with good governance.
- Number of ward committees supported on implementation of ward operational plans.
- Report on the number of community report back meetings convened by councillors in each ward.
- Number of municipalities supported to implement Local Economic Development projects in line with updated LED strategies.
- Number of municipalities supported to implement the red tape reduction programme.
- Number of municipalities supported to institutionalize performance management system.

#### **Other matters**

28. I draw attention to the matters below.

#### *Achievement of planned targets*

29. Refer to the annual performance report on pages 40 to 51 for information on the achievement of planned targets for the year and explanations provided for the under and overachievement of a significant number of targets. This information should be considered in the context of the material findings raised on the usefulness and reliability of the reported performance information in paragraphs 24 and 30 of this report.

*Adjustment of material misstatements*

30. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2: Human Settlements and Programme 3: Co-operative Governance. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are included in the material findings paragraphs.

**REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION**

**Introduction and scope**

31. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
32. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

*Annual financial statements, performance reports and annual reports*

33. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1) (a) and (b) of the PFMA. Material misstatements of revenue and disclosure items identified by the auditors in the submitted financial statement were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

*Expenditure management*

34. Effective internal controls were not in place for approval and processing of payments, as required by treasury regulation 8.1.1.
35. Effective steps were not taken to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The value of R119 948 000, as disclosed in note 24, is not complete as management was still in the process of quantifying the full extent of the irregular expenditure. The majority of the disclosed irregular expenditure was caused by supply chain processes not followed on the housing projects. Irregular expenditure amounting to R57 891 668 were incurred on the key project Lerato Park: CRU.
36. Contractual obligations and money owed by the department were not settled within 30 days or an agreed period, as required by section 38(1)(f) of the PFMA and treasury regulation 8.2.3.

*Procurement and contract management*

37. Sufficient appropriate audit evidence could not be obtained that contracts were awarded in accordance with the legislative requirements as tender documentation could not be provided. This limitation was mainly identified for the Lerato Park Services project.
38. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1. Similar non-compliance was also reported in the prior year.

39. Bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by Preferential Procurement Regulation 9(1).
40. Commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by Preferential Procurement Regulation 9(1).
41. Commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by Preferential Procurement Regulation 9(5).

#### **OTHER INFORMATION**

42. The Department of Co-Operative Governance, Human Settlements and Traditional Affairs 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 thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
43. 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.
44. 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.
45. I have not yet received the final annual report. When I do receive 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 re-issue my auditor's report amended as appropriate.

#### **INTERNAL CONTROL DEFICIENCIES**

46. I considered internal control relevant to my audit of the statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
  - Leadership did not exercise oversight responsibility to ensure that effective internal control procedures are developed and implemented that will enable the department to produce accurate and complete annual financial statements and performance reporting.
  - Leadership did not communicate and enforce management assertions related to the disclosures in the financial statements and performance reports of the department.
  - The department did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting. This resulted in material adjustments in the financial statements and the auditors being unable to obtain all information needed to audit performance management.
  - Despite having a delegated official with the responsibility of ensuring that the department comply with all the relevant laws and regulations, the department could not prevent non-compliance with key legislation.



*Auditor General*

Kimberley  
31 July 2017



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT**

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

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in the 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 related to events or conditions that may cast significant doubt on the Department of Co-Operative Governance, Human Settlements and Traditional Affairs ability 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 the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a department to cease to continue as a going concern.
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and 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 confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS

VOTE 9

APPROPRIATION STATEMENT  
for the year ended 31 March 2017

2. ANNUAL FINANCIAL STATEMENTS

Appropriation per programme									
	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. ADMINISTRATION	104 977	-	15 036	120 013	120 013	-	100.0%	115 518	117 113
2. HUMAN SETTLEMENTS	446 455	-	(4 834)	441 621	432 864	8 757	98.0%	551 039	545 586
3. CO-OPERATIVE GOVERNANCE	134 548	-	(9 923)	124 625	120 608	4 017	96.8%	129 618	128 114
4. TRADITIONAL INSTITUTIONAL MANAGEMENT	20 016	-	(279)	19 737	17 828	1 909	90.3%	20 297	20 297
Subtotal	705 996	-	-	705 996	691 313	14 683	97.9%	816 472	811 110
TOTAL	705 996	-	-	705 996	691 313	14 683	97.9%	816 472	811 110



**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**  
**VOTE 9**

**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2017*

	2016/17		2015/16	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
<b>TOTAL (brought forward)</b>	<b>705 996</b>	<b>691 313</b>	<b>816 472</b>	<b>811 110</b>
<b>Reconciliation with statement of financial performance</b>				
<b>ADD</b>				
Departmental receipts	119		707	
Aid assistance				
<b>Actual amounts per statement of financial performance (total revenue)</b>	<b>706 115</b>		<b>817 179</b>	
<b>ADD</b>				
Aid assistance		49		206
Prior year unauthorised expenditure approved without funding		-		-
<b>Actual amounts per statement of financial performance (total expenditure)</b>		<b>691 362</b>		<b>811 316</b>

**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**

**VOTE 9**

**APPROPRIATION STATEMENT  
for the year ended 31 March 2017**

Appropriation per economic classification									
	2016/17					2015/16			
	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	311 105	-	-	311 105	308 399	2 706	99.1%	302 530	307 372
Compensation of employees	239 800	-	(6 656)	233 144	238 087	(4 943)	102.1%	223 625	222 310
Salaries and wages	205 123	-	(6 320)	198 803	205 204	(6 401)	103.2%	188 657	191 101
Social contributions	34 677	-	(336)	34 341	32 883	1 458	95.8%	34 968	31 209
Goods and services	71 305	-	6 656	77 961	70 312	7 649	90.2%	78 905	85 062
Administrative fees	400	-	-	400	391	9	97.8%	485	213
Advertising	797	-	-	797	326	471	40.9%	706	378
Minor assets	518	-	-	518	367	151	70.8%	395	121
Audit costs: External	3 908	-	-	3 908	4 909	(1 001)	125.6%	3 681	5 384
Bursaries: Employees	189	-	-	189	343	(154)	181.5%	444	356
Catering:	395	-	-	395	350	45	88.6%	659	256
Departmental activities									
Communication	1 198	-	-	1 198	735	463	61.4%	301	1 717
Computer services	2 914	-	-	2 914	2 462	452	84.5%	2 029	2 657
Consultants: Business and advisory services	15 794	-	9 077	24 871	25 855	(984)	104.0%	34 768	38 317
Infrastructure and planning services	5	-	-	5	40	(35)	800.0%	3	7
Legal services	75	-	-	75	591	(516)	788.0%	196	40
Contractors	448	-	-	448	342	106	76.3%	1 649	1 350
Agency and support / outsourced services	40	-	-	40	4	36	10.0%	20	27
Entertainment	325	-	-	325	58	267	17.8%	252	193
Fleet services	3 910	-	(2 421)	1 489	771	718	51.8%	2 903	3 740
Housing	-	-	-	-	-	-	-	-	3
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	24	6

**VOTE 9**

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Appropriation per economic classification									
Inventory: Food and food supplies	-	-	-	-	-	-	-	-	21
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	229
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	18
Consumable supplies	1 236	1 236	-	1 267	(31)	102.5%	1 524	1 464	
Consumable:	1 839	1 839	-	885	954	48.1%	2 656	1 449	
Stationery, printing and office supplies	12 884	12 884	-	10 313	2 571	80.0%	3 135	8 127	
Operating leases	10 050	10 050	-	9 307	743	92.6%	6 838	8 370	
Property payments	25	25	-	-	25	-	267	46	
Transport provided:									
Departmental activity									
Travel and subsistence	11 136	11 136	-	8 207	2 929	73.7%	11 903	7 590	
Training and development	2 169	2 169	-	1 367	802	63.0%	1 810	1 657	
Operating payments	816	816	-	910	(94)	111.5%	705	972	
Venues and facilities	222	222	-	512	(290)	230.6%	1 234	588	
Rental and hiring	12	12	-	-	12	-	50	-	
Interest and rent on land	-	-	-	-	-	-	-	-	
<b>Transfers and subsidies</b>	<b>391 467</b>	<b>391 467</b>	-	<b>379 440</b>	<b>12 027</b>	<b>96.9%</b>	<b>507 169</b>	<b>497 082</b>	
Provinces and municipalities	9 332	9 332	-	5 638	3 694	60.4%	23 013	18 424	
Provinces	-	-	-	-	-	-	-	-	
Provincial Revenue Funds	-	-	-	-	-	-	-	-	
Provincial agencies and funds	-	-	-	-	-	-	-	-	



**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**  
**VOTE 9**

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

<b>Appropriation per economic classification</b>										
Municipalities	9 332	-	-	9 332	5 638	3 694	60.4%	23 013	18 424	18 424
Municipal bank accounts	-	-	-	-	-	-	-	23 013	18 424	
Municipal agencies and funds	9 332	-	-	9 332	5 638	3 694	60.4%	-	-	-
Departmental agencies and accounts	-	-	-	-	2	(2)	-	-	-	-
Departmental agencies and accounts	-	-	-	-	2	(2)	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-	-
Households	382 135	-	-	382 135	373 800	8 335	97.8%	500	478 658	
								483 656		
Social benefits	-	-	-	-	565	(565)	-	9	783	
Other transfers to households	382 135	-	-	382 135	373 235	8 900	97.7%	483 647	477 875	
<b>Payments for capital assets</b>	<b>3 424</b>	<b>-</b>	<b>-</b>	<b>3 424</b>	<b>3 474</b>	<b>(50)</b>	<b>101.5%</b>	<b>6 773</b>	<b>6 655</b>	
Buildings and other fixed structures	-	-	-	-	21	(21)	-	-	-	
Buildings	-	-	-	-	-	-	-	-	-	
Other fixed structures	-	-	-	-	21	(21)	-	-	-	
Machinery and equipment	3 412	-	(1 130)	2 282	2 714	(432)	118.9%	6 773	6 656	
Transport equipment	-	-	-	-	-	-	-	882	882	
Other machinery and equipment	3 412	-	(1 130)	2 282	2 714	(432)	118.9%	5 891	5 768	
Intangible assets	12	-	1 130	1 142	739	403	64.7%	-	6	
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TOTAL</b>	<b>705 996</b>	<b>-</b>	<b>-</b>	<b>705 996</b>	<b>691 313</b>	<b>14 683</b>	<b>97.9%</b>	<b>816 472</b>	<b>811 110</b>	

**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**  
**VOTE 9**

**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2017*

Programme 1: ADMINISTRATION										
	Adjusted Appropriation	Shifting of Funds	2016/17			Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16	
			Virement	Final Appropriation	R'000				Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme										
1. OFFICE OF THE MEC	13 084	-	-	13 084	10 140	2 944		77.5%	12 218	9 235
2. CORPORATE SERVICES	91 893	-	15 036	106 929	109 873	(2 944)		102.8%	103 300	107 878
Total for sub programmes	104 977	-	15 036	120 013	120 013	-		100.0%	115 518	117 113
Economic classification										
Current payments	103 489	-	13 906	117 395	117 117	278		99.8%	110 911	112 105
Compensation of employees	74 350	-	4 829	79 179	82 431	(3 252)		104.1%	70 131	71 984
Salaries and wages	63 675	-	4 829	68 504	71 849	(3 345)		104.9%	58 884	62 652
Social contributions	10 675	-	-	10 675	10 582	93		99.1%	11 247	9 332
Goods and services	29 139	-	9 077	38 216	34 686	3 530		90.8%	40 780	40 121
Administrative fees	217	-	-	217	205	12		94.5%	184	114
Advertising	396	-	-	396	129	267		32.6%	395	339
Minor assets	174	-	-	174	340	(166)		195.4%	202	41
Audit costs: External	3 828	-	-	3 828	4 909	(1 081)		128.2%	3 681	2 755
Bursaries: Employees	189	-	-	189	343	(154)		181.5%	444	356
Catering: Departmental activities	217	-	-	217	175	42		80.6%	178	81
Communication	158	-	-	158	122	36		77.2%	215	105
Computer services	60	-	-	60	302	(242)		503.3%	379	362
Consultants: Business and advisory services	15 050	-	9 077	24 127	20 976	3 151		86.9%	24 110	25 603
Legal services	-	-	-	-	151	(151)		-	-	-
Contractors	326	-	-	326	287	39		88.0%	273	289
Agency and support / outsourced services	40	-	-	40	4	36		10.0%	20	27
Entertainment	325	-	-	325	9	316		2.8%	252	193
Fleet services	20	-	-	20	13	7		65.0%	1 698	3 143
Housing	-	-	-	-	-	-		-	-	-

**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**  
**VOTE 9**

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

<b>Programme 1: ADMINISTRATION</b>									
	<b>2016/17</b>			<b>2015/16</b>					
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	12	2
Inventory: Food and food supplies	-	-	-	-	-	-	-	20	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	12	4
Consumable supplies	404	-	-	404	504	(100)	124.8%	535	428
Consumable: Stationery, printing and office supplies	829	-	-	829	451	378	54.4%	919	654
Operating leases	60	-	-	60	24	36	40.0%	108	27
Property payments	44	-	-	44	94	(50)	213.6%	241	374
Transport provided:	5	-	-	5	-	5	-	127	8
Departmental activity									
Travel and subsistence	4 440	-	-	4 440	3 751	689	84.5%	4 749	3 264
Training and development	1 963	-	-	1 963	1 276	687	65.0%	1 516	1 595
Operating payments	172	-	-	172	212	(40)	123.3%	216	248
Venues and facilities	210	-	-	210	409	(199)	194.8%	284	109
Rental and hiring	12	-	-	12	-	12	-	10	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	-	-	-	-	<b>95</b>	<b>(95)</b>	-	-	<b>181</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	<b>181</b>
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-	<b>181</b>
Departmental agencies and accounts	-	-	-	-	2	(2)	-	-	-
Departmental agencies	-	-	-	-	2	(2)	-	-	-
Households	-	-	-	-	93	(93)	-	-	-
Social benefits	-	-	-	-	93	(93)	-	-	-



**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**  
**VOTE 9**

**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2017*

<b>Programme 1: ADMINISTRATION</b>									
	<b>2016/17</b>				<b>2015/16</b>				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Other transfers to households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>1 488</b>	-	<b>1 130</b>	<b>2 618</b>	<b>2 801</b>	<b>(183)</b>	<b>107.0%</b>	<b>4 607</b>	<b>4 827</b>
Buildings and other fixed structures	-	-	-	-	21	(21)	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	21	(21)	-	-	-
Machinery and equipment	1 488	-	-	1 488	2 048	(560)	137.6%	4 607	4 821
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	1 488	-	-	1 488	2 048	(560)	137.6%	4 607	4 821
Intangible assets	-	-	1 130	1 130	732	398	64.8%	-	6
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>104 977</b>	<b>-</b>	<b>15 036</b>	<b>120 013</b>	<b>120 013</b>	<b>-</b>	<b>100.0%</b>	<b>115 518</b>	<b>117 113</b>

<b>1.1 OFFICE OF THE MEC</b>									
	<b>2016/17</b>				<b>2015/16</b>				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Economic classification</b>	<b>12 571</b>	<b>-</b>	<b>-</b>	<b>12 571</b>	<b>9 992</b>	<b>2 579</b>	<b>79.5%</b>	<b>11 860</b>	<b>9 048</b>
<b>Current payments</b>	<b>10 074</b>	<b>-</b>	<b>-</b>	<b>10 074</b>	<b>7 457</b>	<b>2 617</b>	<b>74.0%</b>	<b>8 950</b>	<b>6 843</b>
Compensation of employees	2 497	-	-	2 497	2 535	(38)	101.5%	2 910	2 205
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-

**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**

**VOTE 9**

**APPROPRIATION STATEMENT**

*for the year ended 31 March 2017*

<b>1.1 OFFICE OF THE MEC</b>									
Economic classification	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
<b>Payments for capital assets</b>	<b>513</b>	-	-	<b>513</b>	<b>148</b>	<b>365</b>	<b>28.8%</b>	<b>358</b>	<b>187</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	513	-	-	513	148	365	28.8%	358	187
Intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>13 084</b>	<b>-</b>	<b>-</b>	<b>13 084</b>	<b>10 140</b>	<b>2 944</b>	<b>77.5%</b>	<b>12 218</b>	<b>9 235</b>

<b>1.2 CORPORATE SERVICES</b>									
Economic classification	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
<b>Current payments</b>	<b>90 918</b>	-	<b>13 906</b>	<b>104 824</b>	<b>107 125</b>	<b>(2 301)</b>	<b>102.2%</b>	<b>99 051</b>	<b>103 057</b>
Compensation of employees	64 276	-	4 829	69 105	74 974	(5 869)	108.5%	61 181	65 141
Goods and services	26 642	-	9 077	35 719	32 151	3 568	90.0%	37 870	37 916
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95</b>	<b>(95)</b>	<b>0%</b>	<b>-</b>	<b>-</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental Agencies	-	-	-	-	2	(2)	-	-	-
and accounts	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	93	(93)	-	-	-

**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2017*

Programme 2: HUMAN SETTLEMENTS									
2016/17						2015/16			
	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
<b>Sub programme</b>									
1. HOUSING NEEDS, RESEARCH AND PLANNING	36 637	-	(4 198)	32 439	32 439	-	100.0%	26 957	37 405
2. HOUSING DEVELOPMENT	396 138	-	(636)	395 502	367 779	27 723	93.0%	514 577	486 861
3. HOUSING ASSET MANAGEMENT	13 680	-	-	13 680	32 646	(18 966)	238.6%	9 505	21 320
<b>Total for sub programmes</b>	<b>446 455</b>	<b>-</b>	<b>(4 834)</b>	<b>441 621</b>	<b>432 864</b>	<b>8 757</b>	<b>98.0%</b>	<b>551 039</b>	<b>545 586</b>
<b>Economic classification</b>									
Current payments	68 900	-	(4 550)	64 350	64 349	<b>1</b>	<b>100.0%</b>	<b>68 286</b>	<b>68 286</b>
Compensation of employees	40 369	-	(4 550)	35 819	36 232	<b>(413)</b>	<b>101.2%</b>	<b>41 472</b>	<b>34 590</b>
Salaries and wages	34 584	-	(4 214)	30 370	31 181	(811)	102.7%	34 730	29 716
Social contributions	5 785	-	(336)	5 449	5 051	119	97.7%	6 742	4 874



**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**  
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**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

<b>Programme 2: HUMAN SETTLEMENTS</b>									
	<b>2016/17</b>			<b>2015/16</b>			<b>Expenditure as % of final appropriation</b>	<b>Variance</b>	<b>Actual Expenditure</b>
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>			
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Goods and services</b>	<b>28 531</b>	-	-	<b>28 531</b>	<b>28 117</b>	<b>414</b>	<b>98.5%</b>	<b>26 814</b>	<b>33 696</b>
Administrative fees	56	-	-	56	48	8	85.7%	91	37
Advertising	310	-	-	310	182	128	58.7%	224	30
Minor assets	241	-	-	241	14	227	5.8%	126	7
Audit costs: External	80	-	-	80	-	80	-	-	-
Catering: Departmental activities	15	-	-	15	55	(40)	366.7%	135	38
Communication	1 025	-	-	1 025	608	417	59.3%	24	1 538
Computer services	-	-	-	-	1 463	(1 463)	-	1 200	1 932
Consultants: Business and advisory services	130	-	-	130	4 028	(3 898)	3 098.5%	10 603	12 662
Infrastructure and planning services	5	-	-	5	40	(35)	800.0%	3	7
Legal services	-	-	-	-	-	-	-	70	-
Contractors	83	-	-	83	6	77	7.2%	-	19
Entertainment	-	-	-	-	49	(49)	-	-	-
Fleet services	1	-	-	1	-	1	-	-	-
Housing	-	-	-	-	-	-	-	-	3
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	12	4
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	229	30
Inventory: Materials and supplies	-	-	-	-	-	-	-	4	-
Consumable supplies	107	-	-	107	55	52	51.4%	96	38
Consumable: Stationery, printing and office supplies	460	-	-	460	208	252	45.2%	543	247
Operating leases	12 758	-	-	12 758	10 258	2 500	80.4%	2 961	6 506
Property payments	9 990	-	-	9 990	9 133	857	91.4%	6 466	7 918
Transport provided: Departmental activity	-	-	-	-	-	-	-	125	24
Travel and subsistence	2 925	-	-	2 925	1 682	1 243	57.5%	3 029	2 104

**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**  
**VOTE 9**

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

Programme 2: HUMAN SETTLEMENTS										
for the year ended 31 March 2021										
	2016/17					2015/16				
	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	
Training and development	201	-	-	201	91	110	45.3%	294	62	
Operating payments	135	-	-	135	100	35	74.1%	33	211	
Venues and facilities	9	-	-	9	97	(88)	1077.8%	506	279	
Rental and hiring	-	-	-	-	-	-	-	40	-	
Interest and rent on land	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	376 930	-	-	376 930	368 285	8 645	97.7%	482 561	477 108	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Provinces	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	376 930	-	-	376 930	368 285	8 645	97.7%	482 561	477 108	
Social benefits	-	-	-	-	331	(331)	-	-	59	
Other transfers to households	376 930	-	-	376 930	367 954	8 976	97.6%	482 561	477 049	
Payments for capital assets	625	-	(284)	341	230	111	67.4%	192	192	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	613	-	(284)	329	230	99	69.9%	192	192	
Transport equipment	-	-	-	-	-	-	-	-	-	
Other machinery and equipment	613	-	(284)	329	230	99	69.9%	192	192	
Intangible assets	12	-	-	12	-	12	-	-	-	
Payments for financial assets	-	-	-	-	-	-	-	-	-	
TOTAL	446 455	-	(4 834)	441 621	432 864	8 757	98.0%	551 039	545 586	

**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**  
**VOTE 9**

**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2017*

2.1 HOUSING NEEDS, RESEARCH AND PLANNING									
2016/17									
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2015/16 Final Appropriation	2015/16 Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	36 234	-	(4 020)	32 214	32 214	-	100.0%	26 778	37 190
Compensation of employees	10 014	-	(4 020)	5 994	5 671	323	94.6%	12 997	6 225
Goods and services	26 220	-	-	26 220	26 543	(323)	101.2%	13 781	30 965
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	36
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	36
Payments for capital assets	403	-	(178)	225	225	-	100.0%	179	179
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	403	-	(178)	225	225	-	100.0%	179	179
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	36 637	-	(4 198)	32 439	32 439	-	100.0%	26 957	37 405

2.2 HOUSING DEVELOPMENT									
		2016/17					2015/16		
	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	23 229	-	(530)	22 699	18 046	4 653	79.5%	35 932	11 390
Compensation of employees	21 441	-	(530)	20 911	16 861	4 050	80.6%	23 275	9 216
Goods and services	1 788	-	-	1 788	1 185	603	66.3%	12 657	2 174
Interest and rent on land	-	-	-	-	-	-	-	-	-



**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**  
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**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2017*

2.2 HOUSING DEVELOPMENT		2016/17				2015/16	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%
<b>Transfers and subsidies</b>	372 798	-	-	372 798	349 729	23 069	93.8%
Provinces and municipalities	-	-	-	-	-	-	-
Households	372 798	-	-	372 798	349 729	23 069	93.8%
<b>Payments for capital assets</b>	111	-	(106)	5	4	1	80.0%
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	111	-	(106)	5	4	1	80.0%
Intangible assets	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>396 138</b>	<b>-</b>	<b>(636)</b>	<b>395 502</b>	<b>367 779</b>	<b>27 723</b>	<b>93.0%</b>
						<b>514 577</b>	<b>486 861</b>

2.3 HOUSING ASSET MANAGEMENT		2016/17				2015/16	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%
<b>Current payments</b>	9 437	-	-	9 437	14 089	(4 652)	149.3%
Compensation of employees	8 914	-	-	8 914	13 700	(4 786)	153.7%
Goods and services	523	-	-	523	389	134	74.4%
Interest and rent on land	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	4 132	-	-	4 132	18 556	(14 424)	449.1%
Non-profit institutions	-	-	-	-	-	-	-
Households	4 132	-	-	4 132	18 556	(14 424)	449.1%
						<b>3 927</b>	<b>1 612</b>
						<b>3 927</b>	<b>1 612</b>

**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**

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**APPROPRIATION STATEMENT**

*for the year ended 31 March 2017*

<b>2-3 HOUSING ASSET MANAGEMENT</b>									
Economic classification	2016/17				2015/16				Actual expenditure
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Payments for capital assets</b>	<b>111</b>	<b>-</b>	<b>-</b>	<b>111</b>	<b>1</b>	<b>110</b>	<b>0.9%</b>	<b>2</b>	<b>2</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	99	-	-	99	1	98	1.0%	2	2
Intangible assets	12	-	-	12	-	12	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>13 680</b>	<b>-</b>	<b>-</b>	<b>13 680</b>	<b>32 646</b>	<b>(18 966)</b>	<b>238.6%</b>	<b>9 505</b>	<b>21 320</b>

<b>Programme 3: CO-OPERATIVE GOVERNANCE</b>									
Economic classification	2016/17				2015/16				Actual expenditure
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>	<b>108 429</b>	<b>-</b>	<b>(3 046)</b>	<b>105 383</b>	<b>103 828</b>	<b>1 555</b>	<b>98.5%</b>	<b>104 686</b>	<b>96 063</b>
1. LOCAL GOVERNANCE	26 119	-	(6 877)	19 242	16 780	2 462	87.2%	24 932	32 051
2. DEVELOPMENT AND PLANNING	134 548	-	(9 923)	124 625	120 608	4 017	96.8%	129 618	128 114
<b>Total for sub programmes</b>	<b>120 027</b>	<b>-</b>	<b>(9 077)</b>	<b>110 950</b>	<b>110 262</b>	<b>688</b>	<b>99.4%</b>	<b>105 034</b>	<b>108 683</b>
<b>Economic classification</b>	<b>108 529</b>	<b>-</b>	<b>(6 656)</b>	<b>101 873</b>	<b>104 979</b>	<b>(3 106)</b>	<b>103.0%</b>	<b>96 235</b>	<b>102 101</b>
<b>Current payments</b>	<b>92 675</b>	<b>-</b>	<b>(6 656)</b>	<b>86 019</b>	<b>89 114</b>	<b>(3 095)</b>	<b>103.6%</b>	<b>81 876</b>	<b>86 417</b>
<b>Compensation of employees</b>	<b>15 854</b>	<b>-</b>	<b>-</b>	<b>15 854</b>	<b>15 865</b>	<b>(11)</b>	<b>100.1%</b>	<b>14 359</b>	<b>15 684</b>
<b>Salaries and wages</b>	<b>11 498</b>	<b>-</b>	<b>(2 421)</b>	<b>9 077</b>	<b>5 283</b>	<b>3 794</b>	<b>58.2%</b>	<b>8 799</b>	<b>6 582</b>
<b>Social contributions</b>	<b>61</b>	<b>-</b>	<b>-</b>	<b>61</b>	<b>54</b>	<b>7</b>	<b>88.5%</b>	<b>147</b>	<b>35</b>
<b>Goods and services</b>	<b>85</b>	<b>-</b>	<b>-</b>	<b>85</b>	<b>15</b>	<b>70</b>	<b>17.6%</b>	<b>79</b>	<b>9</b>
<b>Administrative fees</b>									
<b>Advertising</b>									

**APPROPRIATION STATEMENT**  
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**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

<b>Programme 3: CO-OPERATIVE GOVERNANCE</b>									
	<b>2016/17</b>				<b>Variance</b>	<b>2015/16</b>			
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>	
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	4 000	-	-	4 000	4 358	109.0%	500	273	273
Social benefits	-	-	-	-	141	-	-	-	-
Other transfers to households	4 000	-	-	4 000	4 217	105.4%	-	-	-
<b>Payments for capital assets</b>	<b>1 189</b>	<b>-</b>	<b>(846)</b>	<b>343</b>	<b>350</b>	<b>102.0%</b>	<b>1 071</b>	<b>734</b>	<b>734</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 189	-	(846)	343	343	100.0%	1 071	734	734
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	1 189	-	(846)	343	343	100.0%	1 071	734	734
Intangible assets	-	-	-	-	7	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>134 548</b>	<b>-</b>	<b>(9 923)</b>	<b>124 625</b>	<b>120 608</b>	<b>96.8%</b>	<b>129 618</b>	<b>128 114</b>	<b>128 114</b>

<b>3.1 LOCAL GOVERNANCE</b>									
	<b>2016/17</b>				<b>Variance</b>	<b>2015/16</b>			
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>	
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>	
<b>Economic classification</b>	<b>97 629</b>	<b>-</b>	<b>(2 421)</b>	<b>95 208</b>	<b>95 232</b>	<b>100.0%</b>	<b>84 137</b>	<b>94 685</b>	<b>94 685</b>
Current payments	87 725	-	-	87 725	90 830	103.5%	76 898	89 195	89 195
Compensation of employees	9 904	-	-	7 483	4 402	58.8%	7 239	5 490	5 490
Goods and services	-	-	-	-	-	-	-	-	-



**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**  
**VOTE 9**

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

3.1 LOCAL GOVERNANCE									
	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	9 832	-	-	9 832	8 246	1 586	83.9%	20 013	1 148
Provinces and municipalities	5 832	-	-	5 832	3 888	1 944	66.7%	19 513	875
Non-profit institutions	-	-	-	-	-	-	-	500	273
Households	4 000	-	-	4 000	4 358	(358)	109.0%	-	-
Payments for capital assets	968	-	(625)	343	350	(7)	102.0%	536	230
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	968	-	(625)	343	343	-	100.0%	536	230
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	7	(7)	-	-	-
TOTAL	108 429	-	(3 046)	105 383	103 828	1 555	98.5%	104 686	96 063

3.2 DEVELOPMENT AND PLANNING									
	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	22 398	-	(6 656)	15 742	15 030	712	95.5%	20 897	13 998
Compensation of employees	20 804	-	(6 656)	14 148	14 149	(1)	100.0%	19 337	12 906
Goods and services	1 594	-	-	1 594	881	713	55.3%	1 560	1 092
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	3 500	-	-	3 500	1 750	1 750	50.0%	3 500	17 549
Provinces and municipalities	3 500	-	-	3 500	1 750	1 750	50.0%	3 500	17 549

**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**  
**VOTE 9**

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

<b>3.2 DEVELOPMENT AND PLANNING</b>									
	2016/17				2015/16				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Payments for capital assets	221	-	(221)	-	-	-	-	535	504
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	221	-	(221)	-	-	-	-	535	504
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>26 119</b>	<b>-</b>	<b>(6 877)</b>	<b>19 242</b>	<b>16 780</b>	<b>2 462</b>	<b>87.2%</b>	<b>24 932</b>	<b>32 051</b>

**Programme 4: TRADITIONAL INSTITUTIONAL MANAGEMENT**

	2016/17				2015/16				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
<b>Sub programme</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
1. TRADITIONAL INSTITUTIONAL ADMINISTRATION	20 016	-	(279)	19 737	17 828	1 909	90.3%	20 297	20 297
<b>Total for sub programmes</b>	<b>20 016</b>	<b>-</b>	<b>(279)</b>	<b>19 737</b>	<b>17 828</b>	<b>2 188</b>	<b>89.1%</b>	<b>20 297</b>	<b>20 797</b>
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Current payments	18 689	-	(279)	18 410	16 671	1 739	90.6%	18 299	18 298
Compensation of employees	16 552	-	(279)	16 273	14 445	1 828	88.8%	15 787	13 635
Salaries and wages	14 189	-	(279)	13 910	13 060	850	92.0%	13 167	12 316
Social contributions	2 363	-	-	2 363	1 385	978	58.6%	2 620	1 319
Goods and services	2 137	-	-	2 137	2 226	(89)	104.2%	2 512	4 663
Administrative fees	66	-	-	66	84	(18)	127.3%	63	27
Advertising	6	-	-	6	-	6	-	8	-
Minor assets	11	-	-	11	-	11	-	21	1

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**VOTE 9**

**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2017*

Programme 4: TRADITIONAL INSTITUTIONAL MANAGEMENT									
	2016/17					2015/16			
	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
Audit costs: External	-	-	-	-	-	-	-	-	2 629
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	160	-	-	160	103	57	64.4%	149	66
Computer services	-	-	-	-	2	(2)	-	-	-
Legal services	75	-	-	75	440	(365)	586.7%	126	40
Contractors	16	-	-	16	36	(20)	225.0%	56	42
Consumable supplies	671	-	-	671	706	(35)	105.2%	769	986
Consumable: Stationery, printing and office supplies	86	-	-	86	29	57	33.7%	107	76
Operating leases	66	-	-	66	17	49	25.8%	66	45
Property payments	10	-	-	10	8	2	80.0%	32	8
Transport provided: Departmental activity	20	-	-	20	-	20	-	-	14
Travel and subsistence	730	-	-	730	496	234	67.9%	827	498
Training and development	-	-	-	-	-	-	-	-	-
Operating payments	220	-	-	220	305	(85)	138.6%	234	225
Venues and facilities	-	-	-	-	-	-	-	54	6
<b>Transfers and subsidies</b>	<b>1 205</b>	-	-	<b>1 205</b>	<b>1 064</b>	<b>141</b>	<b>88.3%</b>	<b>1 095</b>	<b>1 096</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1 205	-	-	1 205	1 064	141	88.3%	1 095	1 096
Social benefits	-	-	-	-	-	-	-	9	270
Other transfers to households	1 205	-	-	1 205	1 064	141	88.3%	1 086	826
<b>Payments for capital assets</b>	<b>122</b>	-	-	<b>122</b>	<b>93</b>	<b>29</b>	<b>76.2%</b>	<b>903</b>	<b>903</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	122	-	-	122	93	29	76.2%	903	903

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**VOTE 9**

**APPROPRIATION STATEMENT**  
*for the year ended 31 March 2017*

<b>Programme 4: TRADITIONAL INSTITUTIONAL MANAGEMENT</b>									
	<b>2016/17</b>					<b>2015/16</b>			
	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
Transport equipment	-	-	-	-	-	-	-	-	882
Other machinery and equipment	122	-	-	122	93	29	76.2%	21	21
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>20 016</b>	<b>-</b>	<b>(279)</b>	<b>19 737</b>	<b>17 828</b>	<b>1 909</b>	<b>90.3%</b>	<b>20 297</b>	<b>20 297</b>

<b>4.1 TRADITIONAL INSTITUTIONAL ADMINISTRATION</b>									
	<b>2016/17</b>					<b>2015/16</b>			
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>18 689</b>	<b>-</b>	<b>(279)</b>	<b>18 410</b>	<b>16 671</b>	<b>1 739</b>	<b>90.6%</b>	<b>18 299</b>	<b>18 298</b>
Compensation of employees	16 552	-	(279)	16 273	14 445	1 828	88.8%	15 787	13 635
Goods and services	2 137	-	-	2 137	2 226	(89)	104.2%	2 512	4 663
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 205</b>	<b>-</b>	<b>-</b>	<b>1 205</b>	<b>1 064</b>	<b>141</b>	<b>88.3%</b>	<b>1 095</b>	<b>1 096</b>
Households	1 205	-	-	1 205	1 064	141	88.3%	1 095	1 096
<b>Payments for capital assets</b>	<b>122</b>	<b>-</b>	<b>-</b>	<b>122</b>	<b>93</b>	<b>29</b>	<b>76.2%</b>	<b>903</b>	<b>903</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	122	-	-	122	93	29	76.2%	903	903
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>20 016</b>	<b>-</b>	<b>(279)</b>	<b>19 737</b>	<b>17 828</b>	<b>1 909</b>	<b>90.3%</b>	<b>20 297</b>	<b>20 297</b>



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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2017**

**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 R'ooo	Variance as a % of Final Appropriation
1. Administration	120 013	120 013	-	100%
2. Human Settlements	441 621	432 864	8 757	98%
3. Co-Operative Governance	124 625	120 608	4 017	97%
4. Traditional Institutional Management	19 737	17 828	1 909	90%

Department total expenditure amounts to R691 313m which indicates 98% percentage spent.

1. Administration	120 013	120 013	100%
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The total expenditure in this programme is R120 013 which shows 100% spent in this programme.

2. Human Settlement	441 621	432 864	8 757	98%
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The amount voted and material variance for Programme 2 is 2% of the adjusted budget of R441 621 000. An amount of R8 757 000 is to be requested as roll over to the financial year 2017/2018. This amount is the saving realised from the Human Settlement Redevelopment Grant. It is mainly for the Title Deeds Restoration Project undertaken this year

3. Co-Operative Governance	124 625	120 608	4 017	97%
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The amount voted and material variance for Programme 3 is 3% of the adjusted budget of R124 625 000. An amount of R1 575 000 is to be requested as roll over to the financial year 2017/2018. This amount was not paid due to the invoice amount versus the work completed, mainly at Sol Plaatje municipality for GURP.

4. Traditional Institutional Management	19 737	17 828	1 909	90%
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The amount voted and the material variance for Programme 4 is 10% which gives a variance of R1 909 000 unspent. The whole amount will be surrendered to the Provincial Revenue Fund. This saving is realised under compensation of employees due to vacancies not filled.

**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND  
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<b>4.2 Per economic classification</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance R'000</b>	<b>Variance as a % of Final Appropriation R'000</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	
<b>Current payments</b>				
Compensation of employees	233 144	238 087	(4 943)	102%
Goods and services	77 961	70 312	7 649	90%
Interest and rent on land				
<b>Transfers and subsidies</b>				
Provinces and municipalities	9 332	5 638	3 694	60%
Departmental agencies and accounts		2	(2)	
Higher education institutions				
Public corporations and private enterprises				
Foreign governments and international organisations				
Non-profit institutions				
Households	382 135	373 800	8 335	98%
<b>Payments for capital assets</b>				
Buildings and other fixed structures				
Machinery and equipment	3 424	3 474	(50)	101%
Heritage assets				
Specialised military assets				
Biological assets				
Land and subsoil assets				
Intangible assets				

**Payments for financial assets**

The overall departmental expenditure of the department amounts to R691 313 which indicates 98%, the overall expenditure is within the budget.

<b>4.3 Per conditional grant</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance R'000</b>	<b>Variance as a % of Final Appropriation R'000</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	
Human Settlement Development Grant	382 135	371 800	8 335	98%
Consolidation Support Grant	2 000	2 000		100%

**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND  
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	<i>Note</i>	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>
<b>REVENUE</b>			
Annual appropriation	1	705 996	816 472
Departmental revenue	2	119	707
<b>TOTAL REVENUE</b>		<b>706 115</b>	<b>817 179</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	238 086	222 310
Goods and services	5	70 312	85 063
Aid assistance	3	49	206
<b>Total current expenditure</b>		<b>308 447</b>	<b>307 579</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	6	379 440	497 081
Aid assistance	3	-	-
<b>Total transfers and subsidies</b>		<b>379 440</b>	<b>497 081</b>
<b>Expenditure for capital assets</b>			
Tangible assets	7	2 735	6 650
Intangible assets	7	740	6
<b>Total expenditure for capital assets</b>		<b>3 475</b>	<b>6 656</b>
Unauthorised expenditure approved without funding	8	-	-
<b>Payments for financial assets</b>		<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURE</b>		<b>691 362</b>	<b>811 316</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>14 753</b>	<b>5 863</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds		14 683	5 362
Annual appropriation		-	-
Conditional grants		-	-
Departmental revenue and NRF Receipts	13	119	707
Aid assistance	3	(49)	(206)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>14 753</b>	<b>5 863</b>

**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND  
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	<i>Note</i>	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>
<b>ASSETS</b>			
<b>Current assets</b>		<b>121 877</b>	<b>121 795</b>
Unauthorised expenditure	8	121 566	121 566
Cash and cash equivalents	9	5	5
Other financial assets		-	-
Prepayments and advances	10	21	5
Receivables	11	285	219
Loans		-	-
Aid assistance prepayments	3	-	-
Aid assistance receivable	3	-	-
<b>Non-current assets</b>		<b>480</b>	<b>470</b>
Investments		-	-
Receivables	11	480	470
Loans		-	-
Other financial assets		-	-
<b>TOTAL ASSETS</b>		<b>122 357</b>	<b>122 265</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>122 222</b>	<b>122 067</b>
Voted funds to be surrendered to the Revenue Fund	12	14 683	71 001
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	40	94
Bank overdraft	14	104 029	47 451
Payables	15	3 346	3 348
Aid assistance repayable	3	-	-
Aid assistance unutilised	3	124	173
<b>Non-current liabilities</b>			
Payables	16	6	-
<b>TOTAL LIABILITIES</b>		<b>122 228</b>	<b>122 067</b>
<b>NET ASSETS</b>		<b>129</b>	<b>198</b>
<b>Represented by:</b>	<i>Note</i>	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>
Capitalisation reserve		-	-
Recoverable revenue		129	198
Retained funds		-	-
Revaluation reserves		-	-
<b>TOTAL</b>		<b>129</b>	<b>198</b>



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	Note	2016/17 R'000	2015/16 R'000
<b>Capitalisation Reserves</b>		-	-
Opening balance		-	-
Transfers:		-	-
Movement in Equity		-	-
Movement in Operational Funds		-	-
Other movements		-	-
Closing balance		-	-
<b>Recoverable revenue</b>			
Opening balance		198	-
Transfers:		(69)	198
Irrecoverable amounts written off		-	-
Debts revised		-	(198)
Debts recovered (included in departmental receipts)		(69)	-
Debts raised		-	-
Closing balance		129	198
<b>Retained funds</b>		-	-
Opening balance		-	-
Transfer from voted funds to be surrendered (Parliament/Legislatures ONLY)		-	-
Utilised during the year		-	-
Other transfers		-	-
Closing balance		-	-
<b>Revaluation Reserve</b>		-	-
Opening balance		-	-
Revaluation adjustment (Housing departments)		-	-
Transfers		-	-
Other		-	-
Closing balance		-	-
<b>TOTAL</b>		<b>129</b>	<b>198</b>

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	Note	2016/17 R'000	2015/16 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>		<b>706 642</b>	<b>817 680</b>
Annual appropriated funds received	1.1	705 996	816 472
Statutory appropriated funds received		-	-
Departmental revenue received	2	646	1 208
Aid assistance received	3	-	-
Net (increase)/decrease in working capital		(94)	(66 164)
Surrendered to Revenue Fund		(71 701)	(5 812)
Surrendered to RDP Fund/Donor		-	-
Current payments		(308 447)	(241 615)
Interest paid		-	-
Payments for financial assets		-	-
Transfers and subsidies paid		(379 440)	(497 081)
<b>Net cash flow available from operating activities</b>	<b>17</b>	<b>(53 040)</b>	<b>7 008</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	7	(3 475)	(6 656)
Proceeds from sale of capital assets		-	-
(Increase)/decrease in loans		-	-
(Increase)/decrease in investments		-	-
(Increase)/decrease in other financial assets		-	-
<b>Net cash flows from investing activities</b>		<b>(3 475)</b>	<b>(6 656)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distribution/dividend received		-	-
Increase/(decrease) in net assets		(69)	198
Increase/(decrease) in non-current payables		6	-
<b>Net cash flows from financing activities</b>		<b>(63)</b>	<b>198</b>
Net increase/(decrease) in cash and cash equivalents		(56 578)	550
Cash and cash equivalents at beginning of period		(47 446)	(47 996)
Unrealised gains and losses within cash and cash equivalents		-	-
<b>Cash and cash equivalents at end of period</b>	<b>18</b>	<b>(104 024)</b>	<b>(47 446)</b>

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<b>Summary of significant accounting policies</b>	
<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>	
<b>1</b>	<p><b>Basis of preparation</b></p> <p>The financial statements have been prepared in accordance with the Modified Cash Standard.</p>
<b>2</b>	<p><b>Going concern</b></p> <p>The financial statements have been prepared on a going concern basis.</p>
<b>3</b>	<p><b>Presentation currency</b></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>
<b>4</b>	<p><b>Rounding</b></p> <p>Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'ooo).</p>
<b>5</b>	<p><b>Foreign currency translation</b></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>
<b>6</b>	<b>Comparative information</b>
<b>6.1</b>	<p><b>Prior period comparative information</b></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>
<b>6.2</b>	<p><b>Current year comparison with budget</b></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>
<b>7</b>	<b>Revenue</b>
<b>7.1</b>	<p><b>Appropriated funds</b></p> <p>Appropriated funds comprises 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>
<b>7.2</b>	<p><b>Departmental revenue</b></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>

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<b>7.3</b>	<p><b>Accrued departmental revenue</b></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"> <li>it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and</li> <li>the amount of revenue can be measured reliably.</li> </ul> <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>
<b>8</b>	<b>Expenditure</b>
<b>8.1</b>	<b>Compensation of employees</b>
<b>8.1.1</b>	<p><b>Salaries and wages</b></p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
<b>8.1.2</b>	<p><b>Social contributions</b></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>
<b>8.2</b>	<p><b>Other expenditure</b></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>
<b>8.3</b>	<p><b>Accruals and payables not recognised</b></p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department or in the case of transfers and subsidies when they are due and payable.</p> <p>Accruals and payables not recognised are measured at cost.</p>
<b>8.4</b>	<b>Leases</b>
<b>8.4.1</b>	<p><b>Operating leases</b></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.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
<b>8.4.2</b>	<p><b>Finance leases</b></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.</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"> <li>cost, being the fair value of the asset; or</li> <li>the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</li> </ul>
<b>9</b>	<b>Aid Assistance</b>



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<b>9.1</b>	<p><b>Aid assistance received</b></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>
<b>9.2</b>	<p><b>Aid assistance paid</b></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>
<b>10</b>	<p><b>Cash and cash equivalents</b></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>
<b>11</b>	<p><b>Prepayments and advances</b></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>&lt;Indicate when prepayments are expensed and under what circumstances.&gt;</p>
<b>12</b>	<p><b>Loans and receivables</b></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>
<b>13</b>	<p><b>Investments</b></p> <p>Investments are recognised in the statement of financial position at cost.</p>
<b>14</b>	<b>Financial assets</b>
<b>14.1</b>	<p><b>Financial assets (not covered elsewhere)</b></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.</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>
<b>14.2</b>	<p><b>Impairment of financial assets</b></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>
<b>15</b>	<p><b>Payables</b></p> <p>Loans and payables are recognised in the statement of financial position at cost.</p>
<b>16</b>	<b>Capital Assets</b>
<b>16.1</b>	<p><b>Immovable capital assets</b></p> <p>Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p>

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	<p>Where the cost of immovable capital assets cannot be determined reliably, the immovable capital assets are measured at fair value for recording in the asset register.</p> <p>Immovable 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 is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.</p>
<b>16.2</b>	<p><b>Movable capital assets</b></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>Biological assets are subsequently carried at fair value. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
<b>16.3</b>	<p><b>Intangible assets</b></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 that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
<b>17</b>	<b>Provisions and Contingents</b>
<b>17.1</b>	<p><b>Provisions</b></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>
<b>17.2</b>	<p><b>Contingent liabilities</b></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</p>

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	that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.
<b>17.3</b>	<p><b>Contingent assets</b></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>
<b>17.4</b>	<p><b>Commitments</b></p> <p>Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.</p>
<b>18</b>	<p><b>Unauthorised expenditure</b></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"> <li>• approved by Parliament or the Provincial Legislature with funding and the related funds are received; or</li> <li>• approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or</li> <li>• transferred to receivables for recovery.</li> </ul> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
<b>19</b>	<p><b>Fruitless and wasteful expenditure</b></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 for recovery.</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>
<b>20</b>	<p><b>Irregular expenditure</b></p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. 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 removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.</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>
<b>21</b>	<p><b>Changes in accounting policies, accounting estimates and errors</b></p> <p>Changes in accounting policies that are effected by management have been applied retrospectively 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 change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</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>
<b>22</b>	<b>Events after the reporting date</b>



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	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.
<b>23</b>	<p><b>Principal-Agent arrangements</b></p> <p>The department is party to a principal-agent arrangement for municipalities. In terms of the arrangement the department is the principal and is responsible for transferring of funds for housing development. 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>
<b>24</b>	<p><b>Departures from the MCS requirements</b></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>
<b>25</b>	<p><b>Capitalisation reserve</b></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 Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p>
<b>26</b>	<p><b>Recoverable revenue</b></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 Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
<b>27</b>	<p><b>Related party transactions</b></p> <p>A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. 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>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>
<b>28</b>	<p><b>Inventories (Effective from date determined in a Treasury Instruction)</b></p> <p>At the date of acquisition, inventories are recorded at cost price in the statement of financial performance.</p> <p>Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and current replacement value.</p> <p>Subsequent measurement of the cost of inventory is determined on the weighted average basis.</p>
<b>29</b>	<p><b>Public-Private Partnerships</b></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>
<b>30</b>	<p><b>Employee benefits</b></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>



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**1. Annual Appropriation**

**1.1 Annual Appropriation**

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

	Final Appropriation	2016/17 Actual Funds Received	Funds not requested/not received	Final Appropriation	2015/16 Appropriation received
	R'000	R'000	R'000	R'000	R'000
Programme 1	120 013	120 013	-	115 518	115 518
Programme 2	441 342	441 342	-	551 039	551 039
Programme 3	124 625	124 625	-	129 618	129 618
Programme 4	20 016	20 016	-	20 297	20 297
<b>Total</b>	<b>705 996</b>	<b>705 996</b>	<b>-</b>	<b>816 472</b>	<b>816 472</b>

**1.2 Conditional grants**

	Note	2016/17 R'000	2015/16 R'000
Total grants received	33	376 930	482 561
Provincial grants included in Total Grants received		11 582	23 013

**2. Departmental revenue**

	Note	2016/17 R'000	2015/16 R'000
Tax revenue		-	-
Sales of goods and services other than capital assets	2.1	433	424
Fines, penalties and forfeits	2.2	-	-
Interest, dividends and rent on land	2.3	-	40
Sales of capital assets	2.4	-	-
Transactions in financial assets and liabilities	2.5	213	744
Transfer received	26	-	-
<b>Total revenue collected</b>		<b>646</b>	<b>1 208</b>
Less: Own revenue included in appropriation	13	527	501
<b>Departmental revenue collected</b>		<b>119</b>	<b>707</b>

**2.1 Sales of goods and services other than capital assets**

	Note	2016/17 R'000	2015/16 R'000
Sales of goods and services produced by the department	2	433	422
Sales by market establishment		433	422
Administrative fees		-	-
Other sales		-	-
Sales of scrap, waste and other used current goods		-	2
<b>Total</b>		<b>433</b>	<b>424</b>

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**2.2 Interest, dividends and rent on land**

	<b>Note</b>	<b>2016/17</b>	<b>2015/16</b>
	<b>2</b>	<b>R'000</b>	<b>R'000</b>
Interest		-	-
Dividends		-	-
Rent on land		-	40
<b>Total</b>		<b>-</b>	<b>40</b>

**2.3 Transactions in financial assets and liabilities**

	<b>Note</b>	<b>2016/17</b>	<b>2015/16</b>
	<b>2</b>	<b>R'000</b>	<b>R'000</b>
Other Receipts including Recoverable Revenue		213	744
Gains on GFECRA		-	-
<b>Total</b>		<b>213</b>	<b>744</b>

**3. Aid assistance**

	<b>Note</b>	<b>2016/17</b>	<b>2015/16</b>
		<b>R'000</b>	<b>R'000</b>
Opening Balance		173	379
Prior period error		-	-
As restated		173	379
Transferred from statement of financial performance		(49)	(206)
Paid during the year		-	-
<b>Closing Balance</b>		<b>124</b>	<b>173</b>

**3.1 Analysis of balance by source**

	<b>Note</b>	<b>2016/17</b>	<b>2015/16</b>
		<b>R'000</b>	<b>R'000</b>
Aid assistance from RDP	3	-	-
Aid assistance from other sources		124	173
CARA		-	-
<b>Closing balance</b>		<b>124</b>	<b>173</b>

**3.2 Analysis of balance**

	<b>Note</b>	<b>2016/17</b>	<b>2015/16</b>
		<b>R'000</b>	<b>R'000</b>
Aid assistance receivable	3	-	-
Aid assistance prepayments	3	-	-
Aid assistance unutilised	3	124	173
Aid assistance repayable	3	-	-
<b>Closing balance</b>		<b>124</b>	<b>173</b>

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**4. Compensation of employees**

**4.1 Salaries and Wages**

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Basic salary		165 005	151 976
Performance award		2 467	2 159
Service Based		23 924	36 965
Periodic payments		1 270	-
Other non-pensionable allowances		12 537	-
<b>Total</b>		<b>205 203</b>	<b>191 100</b>

**4.2 Social contributions**

	<i>Note</i>	2016/17 R'000	2015/16 R'000
<b>Employer contributions</b>			
Pension		20 148	19 073
Medical		12 689	12 094
Bargaining council		46	43
<b>Total</b>		<b>32 883</b>	<b>31 210</b>

<b>Total compensation of employees</b>		<b>238 086</b>	<b>222 310</b>
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Average number of employees		750	764
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**5. Goods and services**

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Administrative fees		391	214
Advertising		326	381
Minor assets	5.1	365	124
Bursaries (employees)		343	356
Catering		350	260
Communication		735	1 718
Computer services	5.2	2 463	2 646
Consultants: Business and advisory services		25 855	38 325
Infrastructure and planning services		40	-
Legal services		591	40
Contractors		342	1 380
Agency and support / outsourced services		4	28
Entertainment		57	194
Audit cost – external	5.3	4 909	5 384
Fleet services		772	3 744
Consumables	5.4	2 155	2 915
Housing		-	-
Operating leases		10 312	8 129
Property payments	5.5	9 307	8 371
Rental and hiring		-	-
Transport provided as part of the departmental activities		-	46
Travel and subsistence	5.6	8 206	7 590
Venues and facilities		513	589
Training and development		1 367	1 657
Other operating expenditure	5.7	909	972
<b>Total</b>		<b>70 312</b>	<b>85 063</b>

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**5.1 Minor assets**

	<b>Note</b>	<b>2016/17</b>	<b>2015/16</b>
	<b>5</b>	<b>R'000</b>	<b>R'000</b>
<b>Tangible assets</b>		<b>80</b>	<b>74</b>
Buildings and other fixed structures		-	-
Machinery and equipment		80	74
<b>Intangible assets</b>		<b>285</b>	<b>50</b>
Software		285	50
<b>Total</b>		<b>365</b>	<b>124</b>
<i>Machinery and equipment is R82 000 as per the minor assets register. Difference of R2 000 is due to rounding.</i>			

**5.2 Computer services**

	<b>Note</b>	<b>2016/17</b>	<b>2015/16</b>
	<b>5</b>	<b>R'000</b>	<b>R'000</b>
SITA computer services		2 463	2 646
External computer service providers		-	-
<b>Total</b>		<b>2 463</b>	<b>2 646</b>

**5.3 Audit cost – External**

	<b>Note</b>	<b>2016/17</b>	<b>2015/16</b>
	<b>5</b>	<b>R'000</b>	<b>R'000</b>
Regularity audits		4 909	5 384
Performance audits		-	-
Investigations		-	-
Computer audits		-	-
<b>Total</b>		<b>4 909</b>	<b>5 384</b>

**5.4 Consumables**

	<b>Note</b>	<b>2016/17</b>	<b>2015/16</b>
	<b>5</b>	<b>R'000</b>	<b>R'000</b>
Consumable supplies		1 270	1 468
Uniform and clothing		39	22
Household supplies		100	120
Building material and supplies		189	36
Communication accessories		-	-
IT consumables		43	28
Other consumables		899	1 262
Stationery, printing and office supplies		885	1 447
<b>Total</b>		<b>2 155</b>	<b>2 915</b>

**5.5 Property payments**

	<b>Note</b>	<b>2016/17</b>	<b>2015/16</b>
	<b>5</b>	<b>R'000</b>	<b>R'000</b>
Municipal services		2 315	-
Property management fees		-	-
Property maintenance and repairs		-	-
Other		6 992	8 371
<b>Total</b>		<b>9 307</b>	<b>8 371</b>



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**5.6 Travel and subsistence**

	<b>Note</b>	<b>2016/17</b>	<b>2015/16</b>
		<b>R'000</b>	<b>R'000</b>
Local	5	8 204	7 287
Foreign		2	303
<b>Total</b>		<b>8 206</b>	<b>7 590</b>

**5.7 Other operating expenditure**

	<b>Note</b>	<b>2016/17</b>	<b>2015/16</b>
		<b>R'000</b>	<b>R'000</b>
Professional bodies, membership and subscription fees	5	-	-
Resettlement costs		-	-
Other		909	972
<b>Total</b>		<b>909</b>	<b>972</b>

**6. Transfers and subsidies**

		<b>2016/17</b>	<b>2015/16</b>
		<b>R'000</b>	<b>R'000</b>
	<b>Note</b>		
Provinces and municipalities	Annex 1A	9 638	18 424
Departmental agencies and accounts	Annex 1B	2	-
Higher education institutions	Annex 1C	-	-
Foreign governments and international organisations	Annex 1E	-	-
Public corporations and private enterprises	Annex 1D	-	-
Non-profit institutions	Annex 1F	-	-
Households	Annex 1G	369 800	478 657
<b>Total</b>		<b>379 440</b>	<b>497 081</b>

**7. Expenditure for capital assets**

	<b>Note</b>	<b>2016/17</b>	<b>2015/16</b>
		<b>R'000</b>	<b>R'000</b>
<b>Tangible assets</b>		<b>2 735</b>	<b>6 650</b>
Buildings and other fixed structures	30	21	2 106
Machinery and equipment	28	2 714	4 544
<b>Intangible assets</b>		<b>740</b>	<b>6</b>
Software	29	740	6
Mastheads and publishing titles		-	-
<b>Total</b>		<b>3 475</b>	<b>6 656</b>

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**7.1 Analysis of funds utilised to acquire capital assets – 2016/17**

	<b>Voted funds</b>	<b>Aid assistance</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Tangible assets</b>	<b>2 735</b>		<b>2 735</b>
Buildings and other fixed structures	21	-	21
Machinery and equipment	2 714	-	2 714
Specialised military assets	-	-	-
<b>Intangible assets</b>	<b>740</b>		<b>740</b>
Software	740	-	740
<b>Total</b>	<b>3 475</b>	<b>-</b>	<b>3 475</b>

**7.2 Analysis of funds utilised to acquire capital assets – 2015/16**

	<b>Voted funds</b>	<b>Aid assistance</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Tangible assets</b>	<b>6 650</b>		<b>6 650</b>
Buildings and other fixed structures	2 106	-	2 106
Machinery and equipment	4 544	-	4 544
<b>Intangible assets</b>	<b>6</b>	<b>-</b>	<b>6</b>
Software	6	-	6
<b>Total</b>	<b>6 656</b>	<b>-</b>	<b>6 656</b>

**7.3 Finance lease expenditure included in Expenditure for capital assets**

	<b>Note</b>	<b>2016/17</b>	<b>2015/16</b>
		<b>R'000</b>	<b>R'000</b>
<b>Tangible assets</b>			
Buildings and other fixed structures		-	-
Machinery and equipment		1 108	420
<b>Total</b>		<b>1 108</b>	<b>420</b>

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**8. Unauthorised expenditure**

**8.1 Reconciliation of unauthorised expenditure**

	<i>Note</i>	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>
Opening balance		121 566	55 602
Prior period error		-	-
As restated		121 566	55 602
Unauthorised expenditure – discovered in current year (as restated)		-	65 964
Less: Amounts approved by Parliament/Legislature with funding		-	-
Less: Amounts approved by Parliament/Legislature without funding		-	-
Capital		-	-
Current		-	-
Transfers and subsidies		-	-
Less: Amounts transferred to receivables for recovery	11	-	-
<b>Closing balance</b>		<b>121 566</b>	<b>121 566</b>

**Analysis of awaiting authorisation per economic classification**

Capital
Current
Transfers and subsidies
<b>Total</b>

**8.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification**

	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>
Capital	-	-
Current	120 032	120 032
Transfers and subsidies	1 534	1 534
<b>Total</b>	<b>121 566</b>	<b>121 566</b>

**8.3 Analysis of unauthorised expenditure awaiting authorisation per type**

	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>
Unauthorised expenditure relating to overspending of the vote or a main division within a vote	60 883	60 883
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	60 683	60 683
<b>Total</b>	<b>121 566</b>	<b>121 566</b>

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**9. Cash and cash equivalents**

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Consolidated Paymaster General Account			
Cash receipts		-	-
Disbursements		-	-
Cash on hand		5	5
<b>Total</b>		<u>5</u>	<u>5</u>

**10. Prepayments and advances**

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Staff advances		-	-
Travel and subsistence		21	5
Prepayments (Not expensed)		-	-
Advances paid (Not expensed)		-	-
SOCPEN advances		-	-
<b>Total</b>		<u>21</u>	<u>5</u>

**11. Receivables**

		Current	2016/17 Non- current	Total	Current	2015/16 Non- current	Total
	<i>Note</i>	R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	11.1	1	204	205	14	241	255
Trade receivables	11.2	-	-	-	-	-	-
Recoverable expenditure	11.3	220	179	399	56	149	205
Staff debt	11.4	64	97	161	149	80	229
Fruitless and wasteful expenditure	11.6	-	-	-	-	-	-
Other debtors	11.5	-	-	-	-	-	-
<b>Total</b>		<u>285</u>	<u>480</u>	<u>765</u>	<u>219</u>	<u>470</u>	<u>689</u>

**11.1 Claims recoverable**

	<i>Note 11 and Annex 4</i>	2016/17 R'000	2015/16 R'000
National departments			
Provincial departments		205	255
Foreign governments		-	-
Public entities		-	-
Private enterprises		-	-
Higher education institutions		-	-
Households and non-profit institutions		-	-
Local governments		-	-
<b>Total</b>		<u>205</u>	<u>255</u>



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**11.2 Recoverable expenditure (disallowance accounts)**

	<b>Note 11</b>	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>
(Group major categories, but list material items)			
Sal Tax Debt		24	17
Sal Reversal Control		274	173
Sal ACB Recalls		-	-
Sal Income Tax		38	15
Sal Deduction Disall Account		1	-
Claims Rec		62	-
<b>Total</b>		<b>399</b>	<b>205</b>

**11.3 Staff debt**

	<b>Note 11</b>	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>
(Group major categories, but list material items)			
Bursary Debt		161	229
<b>Total</b>		<b>161</b>	<b>229</b>

**12. Voted funds to be surrendered to the Revenue Fund**

	<b>Note</b>	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>
Opening balance		71 001	4 046
Prior period error		-	-
As restated		71 001	4 046
Transfer from statement of financial performance (as restated)		14 683	5 362
Add: Unauthorised expenditure for current year	8	-	65 964
Voted funds not requested/not received	1.1	-	-
Transferred to retained revenue to defray excess expenditure (PARLIAMENT/LEGISLATURES ONLY)		-	-
Paid during the year		(71 001)	(4 371)
<b>Closing balance</b>		<b>14 683</b>	<b>71 001</b>

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

	<b>Note</b>	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>
Opening balance		94	327
Prior period error		-	-
As restated		94	327
Transfer from Statement of Financial Performance (as restated)		119	707
Own revenue included in appropriation		527	501
Transfer from aid assistance	3	-	-
Transfer to voted funds to defray expenditure (Parliament/Legislatures ONLY)		-	-
Paid during the year		(700)	(1 441)
<b>Closing balance</b>		<b>40</b>	<b>94</b>

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**14. Bank Overdraft**

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Consolidated Paymaster General Account		104 029	47 451
Fund requisition account		-	-
Overdraft with commercial banks (Local)		-	-
Overdraft with commercial banks (Foreign)		-	-
<b>Total</b>		<u>104 029</u>	<u>47 451</u>

**15. Payables – current**

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Amounts owing to other entities			
Advances received	15.1	-	-
Clearing accounts	15.2	59	61
Other payables	15.3	3 287	3 287
<b>Total</b>		<u>3 346</u>	<u>3 348</u>

**15.1 Clearing accounts**

	<i>Note</i> 15	2016/17 R'000	2015/16 R'000
Description (amounts)			
Sal ACB Recalls		1	1
Claims Recov		12	18
Sal Income Tax		42	42
Sal Reversal Acc		4	-
<b>Total</b>		<u>59</u>	<u>61</u>

**15.2 Other payables**

	<i>Note</i> 15	2016/17 R'000	2015/16 R'000
Description (Identify major categories, but list material amounts)			
Housing Development Funds		3 287	3 287
<b>Total</b>		<u>3 287</u>	<u>3 287</u>

**16. Payables – non-current**

		2016/17			2015/16
		R'000	R'000	R'000	R'000
	<i>Note</i>	One to two years	Two to three years	More than three years	Total
Amounts owing to other entities					
Advances received	16.1	-	-	-	-
Other payables	16.2	-	-	6	6
<b>Total</b>		<u>-</u>	<u>-</u>	<u>6</u>	<u>6</u>

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**16.1 Other payables**

	<b>Note 16</b>	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>
Description (Identify major categories, but list material amounts)			
Claims Recoverable		6	-
<b>Total</b>		<b>6</b>	<b>-</b>

**17. Net cash flow available from operating activities**

	<b>Note</b>	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>
Net surplus/(deficit) as per Statement of Financial Performance		14 753	5 863
Add back non cash/cash movements not deemed operating activities		(67 793)	1 145
(Increase)/decrease in receivables – current		(76)	111
(Increase)/decrease in prepayments and advances		(16)	-
(Increase)/decrease in other current assets		-	-
Increase/(decrease) in payables – current		(2)	(311)
Proceeds from sale of capital assets		-	-
Proceeds from sale of investments		-	-
(Increase)/decrease in other financial assets		-	-
Expenditure on capital assets		3 475	6 656
Surrenders to Revenue Fund		(71 701)	(5 812)
Surrenders to RDP Fund/Donor		-	-
Voted funds not requested/not received		-	-
Own revenue included in appropriation		527	501
Other non-cash items		-	-
<b>Net cash flow generated by operating activities</b>		<b>(53 040)</b>	<b>7 008</b>

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

	<b>Note</b>	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>
Consolidated Paymaster General account		(104 029)	(47 451)
Fund requisition account		-	-
Cash receipts		-	-
Disbursements		-	-
Cash on hand		5	5
Cash with commercial banks (Local)		-	-
Cash with commercial banks (Foreign)		-	-
<b>Total</b>		<b>(104 024)</b>	<b>(47 446)</b>

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**19. Contingent liabilities and contingent assets**

**19.1 Contingent liabilities**

		<i>Note</i>	2016/17 R'000	2015/16 R'000
<b>Liable to</b>	<b>Nature</b>			
Motor vehicle guarantees	Employees	<i>Annex 3A</i>	-	-
Housing loan guarantees	Employees	<i>Annex 3A</i>	-	-
Other guarantees		<i>Annex 3A</i>	-	-
Claims against the department		<i>Annex 3B</i>	5 301	8 458
Intergovernmental payables (unconfirmed balances)		<i>Annex 5</i>	908	908
Environmental rehabilitation liability		<i>Annex 3B</i>	-	-
Other		<i>Annex 3B</i>	-	-
<b>Total</b>			<b>6 209</b>	<b>9 366</b>

**19.2 Contingent assets**

	<i>Note</i>	2016/17 R'000	2015/16 R'000
<b>Nature of contingent asset</b>			
Counter claim against contractor for defaulting Komanisi Developers		3 500	1 925
S. Kies		246	148
S. Makubalu		30	103
Debtors that derive from losses		174	-
Ubuntu Municipality		77	-
<b>Total</b>		<b>4 027</b>	<b>2 176</b>

The uncertainty arises as to when the matter will be heard in Court. Some of these claims are old and relate mainly to counterclaims where the Department has been sued. As the plaintiff is *Dominus Litis* the delay could be that they do not wish to proceed with the matter because they either do not have the money to continue litigation or are afraid of the outcome. It is also uncertain when the amounts owing will be paid.

There is a possibility that there may be a reimbursement. However there is always the problem that the defaulting parties do not have the resources to repay the money or go bankrupt.

**20. Commitments**

	<i>Note</i>	2016/17 R'000	2015/16 R'000
<b>Current expenditure</b>			
Approved and contracted		23 821	15 081
Approved but not yet contracted		-	-
		<b>23 821</b>	<b>15 081</b>
<b>Capital expenditure</b>			
Approved and contracted		-	-
Approved but not yet contracted		-	-
<b>Total Commitments</b>		<b>23 821</b>	<b>15 081</b>



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**21. Accruals and payables not recognised**

**21.1 Accruals**

			2016/17 R'000	2015/16 R'000
<b>Listed by economic classification</b>				
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
Goods and services	3 674	328	4 002	1 420
Interest and rent on land	-	-	-	-
Transfers and subsidies	-	-	-	296
Capital assets	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>3 674</b>	<b>328</b>	<b>4 002</b>	<b>1 716</b>
		<b>Note</b>	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>
<b>Listed by programme level</b>				
Administration			719	833
Human Settlements			1 774	661
Co-Operative Governance			1 369	88
Traditional Institutional Management			140	134
<b>Total</b>			<b>4 002</b>	<b>1 716</b>

*Delay of submitting invoices by suppliers.*

**21.2 Payables not recognised**

			2016/17 R'000	2015/16 R'000
<b>Listed by economic classification</b>				
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
Goods and services	2 517	4 950	7 467	5 749
Interest and rent on land	-	-	-	-
Transfers and subsidies	181	-	181	6 137
Capital assets	-	-	-	59
Other	-	-	-	196
<b>Total</b>	<b>2 698</b>	<b>4 950</b>	<b>7 648</b>	<b>12 141</b>
		<b>Note</b>	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>
<b>Listed by programme level</b>				
Administration			4 067	3 439
Human Settlements			3 165	3 838
Co-Operative Governance			318	4 495
Traditional Institutional Management			98	369
<b>Total</b>			<b>7 648</b>	<b>12 141</b>
		<b>Note</b>	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>
<b>Included in the above totals are the following:</b>				
Confirmed balances with other departments		Annex 5	-	4
Confirmed balances with other government entities		Annex 5	-	-
<b>Total</b>			<b>-</b>	<b>4</b>

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**22. Employee benefits**

	Note	2016/17 R'000	2015/16 R'000
Leave entitlement		12 568	9 425
Service bonus (Thirteenth cheque)		6 779	6 434
Performance awards		3 597	3 354
Capped leave commitments		2 777	2 911
Other		186	186
<b>Total</b>		<b>25 907</b>	<b>22 310</b>

*Negative leave credits amounts to R166 450.08. The Persal system allows officials to apply for leave, although not accrued or entitled to.*

*There is a long-term portion of the long service award. The provision on the long service awards was disclosed above under Other includes the long-term portion of the long service awards.*

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

**23. Lease commitments**

**23.1 Operating leases expenditure**

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2016/17</b>					
Not later than 1 year	-	-	7 736	1 364	9 100
Later than 1 year and not later than 5 years	-	-	14 401	-	14 401
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	-	-	<b>22 137</b>	<b>1 364</b>	<b>23 501</b>

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2015/16</b>					
Not later than 1 year	-	-	7 927	1 597	9 524
Later than 1 year and not later than 5 years	-	-	22 044	1 511	23 555
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	-	-	<b>29 971</b>	<b>3 108</b>	<b>33 079</b>

The department leases buildings for office accommodation from 6 lessors. One lease is currently on a month to month to the amount of R93 229.77. Three of the service providers leases at a yearly escalation of 10%, two lessors at a yearly escalation of 8% (of which one is currently on a month to month) and 1 lessor at a yearly escalation of 7%. Two of the contracts are for the period of 10 years, two for the period of 5 years and one for the period of three years. Currently one is on a month to month basis as allowed by the contract.

The department is currently in a contractual agreement with TELKOM for a period of three years and Bidvest Steiner Hygiene services for two years.

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**23.2 Finance leases expenditure\*\***

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2016/17</b>					
Not later than 1 year	-	-	-	1 596	1 596
Later than 1 year and not later than 5 years	-	-	-	2 995	2 995
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	-	-	-	<b>4 591</b>	<b>4 591</b>

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2015/16</b>					
Not later than 1 year	-	-	-	477	477
Later than 1 year and not later than 5 years	-	-	-	271	271
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	-	-	-	<b>748</b>	<b>748</b>

The department currently leases cars from the Northern Cape Fleet entity, escalation is determined by the fleet entity on an annual basis. Finance lease also consist of cellular phones , 3 G-modems and photocopiers

**24. Irregular expenditure**

**24.1 Reconciliation of irregular expenditure**

	<b>Note</b>	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>
Opening balance		531 771	384 702
Prior period error		-	-
As restated		531 771	384 702
Add: Irregular expenditure – relating to prior year		115 826	-
Add: Irregular expenditure – relating to current year		119 948	147 069
Less: Prior year amounts condoned		-	-
Less: Current year amounts condoned		-	-
Less: Amounts not condoned and recoverable	15	-	-
Less: Amounts not condoned and not recoverable		-	-
<b>Closing balance</b>		<b>767 545</b>	<b>531 771</b>
<b>Analysis of awaiting condonation per age classification</b>			
Current year		119 948	147 069
Prior years		647 597	384 702
<b>Total</b>		<b>767 545</b>	<b>531 771</b>

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**24.2 Details of irregular expenditure – added current year (relating to current and prior years)**

<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2016/17 R'000</b>
Housing projects	Still under investigation. Hence no disciplinary steps yet taken.	104 185
SCM processes not followed	Still under investigation. Hence no disciplinary steps yet taken.	15 763
<b>Total</b>		<b>119 948</b>

**24.3 Details of irregular expenditures under investigation (not included in the main note)**

<b>Incident</b>	<b>2016/17 R'000</b>
Possible deficiencies on tenders	107 610
Quotations to be evaluated	19 721
<b>Total</b>	<b>127 331</b>

It was impractical to determine the full extent of irregular expenditure relating to human settlement projects that may have resulted from non-compliance with supply chain management processes for financial years preceding the 2011/2012 financial year. This is due to challenges that the department faced to obtain the procurement records from the municipalities that were responsible for the implementation of these projects. The cost incurred by the department to date to obtain procurement records from municipalities and the potential future cost made it furthermore impractical to determine the full extent of irregular expenditure for years prior to the 2011/2012 financial year.

**25. Fruitless and wasteful expenditure**

**25.1 Reconciliation of fruitless and wasteful expenditure**

	<b>Note</b>	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>
Opening balance		63 893	63 893
Prior period error		-	-
As restated		63 893	63 893
Fruitless and wasteful expenditure – relating to prior year		-	-
Fruitless and wasteful expenditure – relating to current year		207	-
Less: Amounts resolved		-	-
Less: Amounts transferred to receivables for recovery	11.6	-	-
<b>Closing balance</b>		<b>64 100</b>	<b>63 893</b>

**25.2 Analysis of awaiting resolution per economic classification**

	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>
Current	253	15 198
Capital	-	-
Transfers and subsidies	63 847	48 695
<b>Total</b>	<b>64 100</b>	<b>63 893</b>



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**25.3 Analysis of Current year's fruitless and wasteful expenditure**

Incident	Disciplinary steps taken/criminal proceedings	2016/17 R'000
Interest		7
Fines		6
Vat incorrectly calculated		194
<b>Total</b>		<b>207</b>

**26. Related party transactions**

Revenue received	Note	2016/17 R'000	2015/16 R'000
Tax revenue		-	-
Sales of goods and services other than capital assets		-	-
Fines, penalties and forfeits		-	-
Interest, dividends and rent on land		-	-
Sales of capital assets		-	-
Transactions in financial assets and liabilities		-	-
Transfers received		-	-
<b>Total</b>		<b>-</b>	<b>-</b>

Payments made	Note	2016/17 R'000	2015/16 R'000
Goods and services		479	517
Interest and rent on land		-	-
Expenditure for capital assets		-	-
Payments for financial assets		-	-
Transfers		-	-
<b>Total</b>		<b>479</b>	<b>517</b>

Expenditure relates to Goods and services expenditure on behalf of the Housing Fund.

**List of related party relationships**

Northern Cape Provincial Treasury  
Northern Cape Provincial Legislature  
Dept of Environment and Nature Conservation  
Office of the Premier  
Rural Development and Land Reform

**27. Key management personnel**

	No. of Individuals	2016/17 R'000	2015/16 R'000
Political office bearers (provide detail below)			
Officials:			
Level 15 to 16	2	3 064	3 337
Level 14 (incl. CFO if at a lower level)	9	7 118	5 369
Family members of key management personnel		-	-
<b>Total</b>		<b>10 182</b>	<b>8 706</b>

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**28. Movable Tangible Capital Assets**

**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED  
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	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>HERITAGE ASSETS</b>	-	-	-	-	-
Heritage assets	-	-	-	-	-
<b>MACHINERY AND EQUIPMENT</b>	<b>25 563</b>	-	<b>1 547</b>	<b>1 814</b>	<b>25 296</b>
Transport assets	5 827	-	-	1 388	4 439
Computer equipment	10 005	-	1 058	418	10 645
Furniture and office equipment	7 798	-	419	-	8 217
Other machinery and equipment	1 933	-	70	8	1 995
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>25 563</b>	-	<b>1 547</b>	<b>1 814</b>	<b>25 296</b>

**28.1 Additions**

**ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED  
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	Cash*	Non- cash**	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>HERITAGE ASSETS</b>	-	-	-	-	-
Heritage assets	-	-	-	-	-
<b>MACHINERY AND EQUIPMENT</b>	<b>2 714</b>	-	<b>(1 108)</b>	<b>(59)</b>	<b>1 547</b>
Transport assets	1 108	-	(1 108)	-	-
Computer equipment	1 117	-	-	(59)	1 058
Furniture and office equipment	419	-	-	-	419
Other machinery and equipment	70	-	-	-	70
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>2 714</b>	-	<b>(1 108)</b>	<b>(59)</b>	<b>1 547</b>

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**28.2 Disposals**

**DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED  
31 MARCH 2017**

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
<b>HERITAGE ASSETS</b>	-	-	-	-
Heritage assets	-	-	-	-
<b>MACHINERY AND EQUIPMENT</b>	-	1 814	1 814	-
Transport assets	-	1 388	1 388	-
Computer equipment	-	418	418	-
Furniture and office equipment	-	-	-	-
Other machinery and equipment	-	8	8	-
<b>SPECIALISED MILITARY ASSETS</b>	-	-	-	-
Specialised military assets	-	-	-	-
<b>BIOLOGICAL ASSETS</b>	-	-	-	-
Biological assets	-	-	-	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	-	1 814	1 814	-

**28.3 Movement for 2015/16**

**MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH  
2016**

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>HERITAGE ASSETS</b>	-	-	-	-	-
Heritage assets	-	-	-	-	-
<b>MACHINERY AND EQUIPMENT</b>	23 955	-	4 029	2 421	25 563
Transport assets	4 369	-	1 827	369	5 827
Computer equipment	10 238	-	1 673	1 906	10 005
Furniture and office equipment	7 369	-	529	100	7 798
Other machinery and equipment	1 979	-	-	46	1 933
<b>SPECIALISED MILITARY ASSETS</b>	-	-	-	-	-
Specialised military assets	-	-	-	-	-
<b>BIOLOGICAL ASSETS</b>	-	-	-	-	-
Biological assets	-	-	-	-	-
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	23 955	-	4 029	2 421	25 563

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**28.4 Minor assets**

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH  
2017**

	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	-	1 247	-	6 119	-	7 366
Value adjustments	-	-	-	-	-	-
Additions	-	285	-	82	-	367
Disposals	-	-	-	50	-	50
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>1 532</b>	<b>-</b>	<b>6 151</b>	<b>-</b>	<b>7 683</b>

	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 R1 minor assets	-	159	-	-	-	159
Number of minor assets at cost	-	634	-	3 675	-	4 309
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>793</b>	<b>-</b>	<b>3 675</b>	<b>-</b>	<b>4 468</b>

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH  
2016**

	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	-	1 197	-	6 336	-	7 533
Value adjustments	-	-	-	-	-	-
Additions	-	50	-	96	-	146
Disposals	-	-	-	313	-	313
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>1 247</b>	<b>-</b>	<b>6 119</b>	<b>-</b>	<b>7 366</b>

	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 R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	480	-	3 858	-	4 338
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>480</b>	<b>-</b>	<b>3 858</b>	<b>-</b>	<b>4 338</b>



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**28.5 Movable assets written off**

**MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2017**

	Specialise d military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off				1 814		1 814
<b>TOTAL MOVABLE ASSETS WRITTEN OFF</b>				<b>1 814</b>		<b>1 814</b>

**28.6 S42 Movable capital assets**

**MAJOR ASSETS SUBJECTED TO TRANSFER IN TERMS OF S42 OF THE PFMA - 31 MARCH 2017**

	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
No. of Assets				2		2
Value of the assets (R'000)				1 388		1 388

**29. Intangible Capital Assets**

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017**

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>SOFTWARE</b>	849	-	544	-	1 393
<b>MASTHEADS AND PUBLISHING TITLES</b>					
<b>Capital Work-in-progress</b>					
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>849</b>	<b>-</b>	<b>544</b>	<b>-</b>	<b>1 393</b>

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**29.1 Additions**

**ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED  
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	Cash	Non-Cash	(Develop- ment work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	740	-	-	(196)	544
MASTHEADS AND PUBLISHING TITLES					-
<b>TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS</b>	<b>740</b>	<b>-</b>	<b>-</b>	<b>(196)</b>	<b>544</b>

**29.2 Movement for 2015/16**

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH  
2016**

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	647	-	202	-	849
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>647</b>	<b>-</b>	<b>202</b>	<b>-</b>	<b>849</b>

**30. Immovable Tangible Capital Assets**

**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR  
ENDED 31 MARCH 2017**

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000		R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>2 941</b>	<b>-</b>	<b>94</b>	<b>-</b>	<b>3 035</b>
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	2 941	-	94	-	3 035
<b>Capital Work-in-progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>2 941</b>	<b>-</b>	<b>94</b>	<b>-</b>	<b>3 035</b>

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**30.1 Additions**

**ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR  
ENDED 31 MARCH 2017**

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	<b>21</b>	<b>73</b>	<b>-</b>	<b>-</b>	<b>94</b>
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	21	73	-	-	94
<b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>21</b>	<b>73</b>	<b>-</b>	<b>-</b>	<b>94</b>

**30.2 Movement for 2015/16**

**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR  
ENDED 31 MARCH 2016**

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>827</b>	<b>-</b>	<b>2 114</b>	<b>-</b>	<b>2 941</b>
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	827	-	2 114	-	2 941
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>827</b>	<b>-</b>	<b>2 114</b>	<b>-</b>	<b>2 941</b>

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**31. Principal-agent arrangements**

**31.1 Department acting as the principal**

	Fee paid	
	2016/17	2015/16
	R'000	R'000
Include a list of the entities acting as agents for the department and the fee paid as compensation to the agent		
!Kai! Garib LM	6 975	1 884
!Kheis LM	710	1 560
Dikgatlong LM	1 191	20 985
Emthanjeni LM	102	1 332
Frances Baard District	-	-
Gamagara LM	1 523	4 162
Ga-Segonyana LM	5 842	8 663
Joe Morolong LM	9 010	13 929
John Taolo Gaetsewe LM	2 618	12 597
Kareeberg LM	2 094	2 709
Kgatelopele LM	-	1 385
Khai-Ma LM	230	707
Khara Hais LM	4 027	25 335
Magareng LM	971	1 217
Mier LM	-	664
Nama Khoi LM	97	3 340
Phokwane LM	31 998	25 756
Renosterberg LM	-	642
Richtersveld LM	137	95
Siyancuma LM	63	2 247
Siyathemba LM	-	8 342
Sol Plaatje LM	7 243	40 216
Thembelihle LM	1 553	1 283
Tsantsabane LM	-	16 763
Ubuntu LM	1 564	4 688
Umsobomvu LM	37	2 263
Housing Development agency	14 560	-
<b>Total</b>	<b>92 636</b>	<b>202 764</b>

Local Municipalities in the province act as agents for The Department of Co-operative governance Human Settlements and Traditional Affairs for the implementation of the subsidised housing scheme. The above note is a list of transfers made to local municipalities for the scheme. No fees are paid as compensation to the local municipalities.

**32. Inventory**

	Note	2016/17	2015/16
	Annexure 6	R'000	R'000
Opening balance		-	-
Add/(Less): Adjustments to prior year balances		-	-
Add: Additions/Purchases - Cash		-	-
Add: Additions - Non-cash		-	-
(Less): Disposals		-	-
(Less): Issues		-	-
Add/(Less): Adjustments		-	-
Closing balance		-	-



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**33. STATEMENT OF CONDITIONAL GRANTS RECEIVED**

NAME OF DEPARTMENT	GRANT ALLOCATION					SPENT				2015/16	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	Under / (Overspending)	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Housing	371 109	3 821	-	-	374 930	374 930	365 954	8 976	98%	480 408	476 559
Subsidy Grant											
Consolidation	2 000	-	-	-	2 000	2 000	2 000	-	100%	2 153	490
Support Grant (EPWP)											
	<b>373 109</b>	<b>3 821</b>	<b>-</b>	<b>-</b>	<b>376 930</b>	<b>376 930</b>	<b>367 954</b>	<b>8 976</b>	<b>-</b>	<b>482 561</b>	<b>477 049</b>

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**34. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	DoRA and other transfers	Roll overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation by National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	%
<b>FIRE EQUIPMENT</b>							
Frances Baard District	-	-	-	-	-	-	-
Pixley Ka Seme District	-	-	-	-	-	-	-
John Taolo Gaetsewe	-	-	-	-	-	-	-
Namakwa District	-	-	-	-	-	-	-
ZF Mgcawu	4 000	-	-	4 000	4 000	-	-
<b>NEAR SYSTEM GRANT</b>							
Frances Baard District	350	-	-	350	350	-	-
Pixley Ka Seme District	350	-	-	350	350	-	-
John Taolo Gaetsewe	350	-	-	350	350	-	-
Namakwa District	350	-	-	350	350	-	-
<b>GURP</b>							
Sol Plaatje	5 513	-	-	5 513	3 888	-	-
<b>TOTAL</b>	<b>11 263</b>	<b>-</b>	<b>-</b>	<b>11 263</b>	<b>9 638</b>	<b>-</b>	<b>-</b>

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**ANNEXURE 1A**  
**STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT			2015/16	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000	%	R'000
<b>FIRE EQUIPMENT</b>											
Frances Baard District	-	-	-	-	-	-	-	-	-	-	350
Pixley Ka Seme	-	-	-	-	-	-	-	-	-	-	350
John Taolo Gaetsewe	-	-	-	-	-	-	-	-	-	-	350
Namakwa District	-	-	-	-	-	-	-	-	-	-	350
ZF Mgcawu	4 000	-	-	4 000	4 000	-	-	4 000	4 000	100	350
<b>NEAR SYSTEM GRANT</b>											
Frances Baard District	350	-	-	350	350	-	-	350	350	100	350
Pixley Ka Seme	350	-	-	350	350	-	-	350	350	100	350
John Taolo Gaetsewe	350	-	-	350	350	-	-	350	350	100	350
Namakwa District	350	-	-	350	350	-	-	350	350	100	350
ZF Mgcawu	350	-	-	350	350	-	-	350	350	100	350
<b>GURP</b>											
Sol Plaatje	5 832	-	-	5 832	3 888	-	-	3 888	3 888	71	5 513
Pula Nala Grant	-	-	-	-	-	-	-	-	-	-	14 000
<b>TOTAL</b>	<b>11 582</b>	<b>-</b>	<b>-</b>	<b>11 582</b>	<b>9 638</b>	<b>-</b>	<b>-</b>	<b>9 638</b>	<b>9 638</b>	<b>-</b>	<b>23 013</b>

**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**  
**VOTE 9**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
*for the year ended 31 March 2017*

**ANNEXURE 1B**

**STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2015/16
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
Licenses	-	-	-	-	2	-	-
SALGA	-	-	-	-	-	-	500
<b>TOTAL</b>	-	-	-	-	2	-	<b>500</b>

**ANNEXURE 1G**

**STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE			2015/16
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act	
	R'000	R'000	R'000	R'000	R'000	%	R'000	
<b>Transfers</b>								
H/H Empl S/Ben: Leave Grat	-	-	-	-	565	-	685	
Human Settlement Redev Prog	374 930	-	-	374 930	365 954	98%	476 559	
Pocket Money Households (Stipends for Trad Houses Volunteers)	5 205	-	-	5 205	1 064	20%	826	
Consolidation Support (EPWP)	2 000	-	-	2 000	2 000	100%	490	
H/H Claims against State	-	-	-	-	217	-	97	
<b>TOTAL</b>	<b>382 135</b>	-	-	<b>382 135</b>	<b>369 800</b>	-	<b>478 657</b>	



**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**  
**VOTE 9**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2017**

**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)

2016/17	2015/16
R'000	R'000

**Made in kind**  
Donations and Promotional Items

118 83

**TOTAL**

**118 83**

**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**  
**VOTE 9**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2017**

**ANNEXURE 3B**

**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2017**

<b>Nature of Liability</b>	<b>Opening Balance 1 April 2016</b>	<b>Liabilities incurred during the year</b>	<b>Liabilities paid/cancelled/reduced during the year</b>	<b>Liabilities recoverable (Provide details hereunder)</b>	<b>Closing Balance 31 March 2017</b>
<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Claims against the department</b>					
Barnard JM	42	33	-	-	75
Young Alum SA	862	1 143	-	-	2 005
Komansi Developers	1 410	1 540	-	-	2 950
Hantam Mun	3 564	-	3 564	-	-
IEC/D Jonas	1 250	-	1 250	-	-
J Van Heerden	150	-	150	-	-
Ubuntu Mun	50	-	50	-	-
Kgosi Phetlu	25	-	25	-	-
Hantam Mun	-	50	-	-	50
Gaseemelewe	80	-	80	-	-
Nama Khoi Mun	150	-	150	-	-
SWB Lubbe	150	-	150	-	-
PSA OBO Joseph	150	-	150	-	-
Ga Segonyana	150	-	150	-	-
Peme vs Toto (CoGHSTA)	150	-	150	-	-
Kgosi Jantje	25	-	25	-	-
Ntefang	250	-	200	-	-
NC Fleet	-	2	-	-	2
NC Government	-	144	-	-	144
Afriforum	-	25	-	-	25
<b>Subtotal</b>	<b>8 458</b>	<b>2 937</b>	<b>6 094</b>	<b>-</b>	<b>5 301</b>
<b>TOTAL</b>	<b>8 458</b>	<b>2 937</b>	<b>6 094</b>	<b>-</b>	<b>5 301</b>

**DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**  
**VOTE 9**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2017**

**ANNEXURE 5**  
**INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2016/17	
	31/03/2017		31/03/2017		31/03/2017		31/03/2016	
	R'000	R'000	R'000	R'000	R'000	R'000	Payment date up to six (6) working days before year end	Amount R'000
<b>DEPARTMENTS</b>								
Current								
Dept of Justice & Constitutional Development	-	-	908	908	908	908	-	-
Office of the Premier	69	-	-	-	69	-	-	-
NC Provincial Legislature	-	4	-	-	-	4	-	-
<b>Subtotal</b>	<b>69</b>	<b>4</b>	<b>908</b>	<b>908</b>	<b>977</b>	<b>912</b>	-	-
<b>TOTAL</b>	<b>69</b>	<b>4</b>	<b>908</b>	<b>908</b>	<b>977</b>	<b>912</b>	-	-

**ANNEXURE 6**  
**INVENTORIES**

Inventory [Per major category]	Note	Quantity	2016/17 R'000	Quantity	2015/16 R'000
Opening balance		5 556	875 289	30 824	1 308
Add/(Less): Adjustments to prior year balance		-	13 875	(27 316)	587 749
Add: Additions/Purchases - Cash		593	311 611	2 483	336 415
Add: Additions - Non-cash		2	-	112	-
(Less): Disposals		-	-	-	-
(Less): Issues		(1 098)	(141 595)	(547)	(50 183)
Add/(Less): Adjustments		(3 267)	(77 363)	-	-
<b>Closing balance</b>		<b>1 786</b>	<b>981 817</b>	<b>5 556</b>	<b>875 289</b>

# PART F

## HOUSING FUND FINANCIAL STATEMENT



Lerato Park (Phase 2)



## **1. REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF THE NORTHERN CAPE HOUSING DEVELOPMENT FUND**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

1. I have audited the financial statements of the entity set out on pages 168 to 174, which comprise the statement of financial position as at 31 March 2017, and the statement of financial performance and statement of changes in net assets 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 Northern Cape Housing Development Fund as at 31 March 2017, and its financial performance for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of and the requirements of the Housing Act of South Africa, 1997 (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' Code of ethics for professional accountants (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Material uncertainty related to going concern**

6. I draw attention to note 4 of the financial statements, which indicates that there has been national decision to de-establish the Housing Fund in all provinces. As stated in note 4, these events or conditions, indicate that the material uncertainty exist that may cast significant doubt on the Housing Fund's ability to continue as a going concern. My opinion is not modified in respect of this matter.

#### **Emphasis of matter**

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

#### **Restatement of corresponding figures**

8. As disclosed in note 7 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of an error in the financial statements of the Housing Fund at, and for the year ended, 31 March 2017.

#### **Responsibilities of accounting officer for the financial statements**

9. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the Housing Act of South Africa, 1997 (Act No.107 of 1997) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting officer is responsible for assessing the Northern Cape Housing Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the entity or to cease operations, or there is no realistic alternative but to do so.

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

11. 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. 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**

13. The entity is not required to prepare a report on its performance against predetermined objectives as it does not fall within the ambit of the PFMA and such reporting is also not required in terms of the Housing Fund Act of South Africa, 1997 (Act No.107 of 1997).

#### **REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION**

##### **Introduction and scope**

14. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
15. None of the key legislation in the PAA and general notice issued was applicable for the Northern Cape Housing Fund.

#### **INTERNAL CONTROL DEFICIENCIES**

16. 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 thereon. I did not identify any significant deficiencies in internal control.

*Auditor General*

Kimberley

31 July 2017



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT**

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

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in the 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 related to events or conditions that may cast significant doubt on the Department of Co-Operative Governance, Human Settlements and Traditional Affairs ability 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 the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a department to cease to continue as a going concern.
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and 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 confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.



## **2. ANNUAL FINANCIAL STATEMENTS**

### **Northern Cape Housing Development Fund**

#### **Annual Financial Statements for the year ended 31 March 2017**

##### **Report by the Accounting Officer for the year ended 31 March 2017**

##### **1. General review of the state of financial affairs**

The Northern Cape Housing Development Fund is dormant and received no further funding during the year. The Income and expenditure that is reflected in the statement Financial Performance are receipts received from its debtors (namely, suspensive sale, rental and individual loan debtors) and expenditure in relation to municipal rates and taxes.

##### **2. General**

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 the budget processes. This meant there was no longer a need for the existence of a Housing Fund to receive the funding for housing.

There has been a national decision to de-establish 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 the Northern Cape Housing Development Fund.

##### **3. Overview of operations during the year**

During the 2017 financial year the housing fund undertook an exercise of devolving all its properties to the various local authorities in the Northern Cape Province, the debtors system was finalised and closed off during the end of the 2012 financial year as a result no transactions took place on the debtor system during the 2017 financial year.

As at year end of financial year the housing fund did not have any sales, rental and loan debtors.

As at year-end, the fund had properties amounting to R10.3 million that are in the process of being devolved to the local municipalities in the Northern Cape Province.

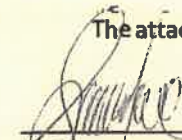
We expect to devolve all properties during the 2017 calendar year.

##### **4. Events after the reporting date**

No other material events occurred after the reporting date has occurred which may affect the financial statements of the fund.

##### **5. Approval**

The attached financial statements set out in pages 168 to 173 have been approved by the Accounting Officer.

  
\_\_\_\_\_  
Mr B.S. Lenkoe  
Accounting Officer  
Northern Cape Department of Co-operative Governance, Human Settlements and Traditional Affairs  
31 May 2017

## Northern Cape Housing Development Fund

### Annual Financial Statements for the year ended 31 March 2017

#### Statement of Financial Position

Figures in Rand	Note(s)	2017	2016
<b>ASSETS</b>			
<b>Current Assets</b>		<b>10,330,000</b>	<b>10,875,428</b>
Inventories : Properties held for devolution	2	10,330,000	10,875,428
<b>TOTAL ASSETS</b>		<b>10,330,000</b>	<b>10,875,428</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>10,285,109</b>	<b>10,849,381</b>
Accumulated Surplus		10,285,109	10,849,381
<b>Current Liabilities</b>		<b>44,891</b>	<b>26,047</b>
Trade and other payables	5	44,891	26,047
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>10,330,000</b>	<b>10,875,428</b>

#### Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016
<b>Revenue</b>		<b>455,321</b>	<b>509,089</b>
Other income	6	455,321	509,089
<b>Operating expenses</b>		<b>(1,024,165)</b>	<b>(1,487,423)</b>
Devolution and Transfer costs		559,000	1,044,960
Rates and Taxes		44,344	28,355
Audit Fees		370,321	358,907
Consulting Fees		50,500	55,201
<b>(Deficit) for the period</b>		<b>(568,844)</b>	<b>(978,334)</b>

#### Statements of Changes in Net Assets

Figures in Rand	Accumulated Surplus	Total
<b>Opening Balance as at 31 March 2016</b>	<b>10,849,381</b>	<b>10,849,381</b>
Restated opening balance 31 March 2015		
Deficit for the period	(568,844)	(568,844)
Inventory Adjustment	4,573	4,573
<b>Balance as at 31 March 2017</b>	<b>10,285,110</b>	<b>10,285,110</b>

## Accounting Policies

### 1. Basis of preparation

The Annual Financial Statements are presented in South African Rand. They are prepared on the historical cost basis. Using the accrual basis of accounting except as stated otherwise, under the accrual basis of accounting, transactions and other events are recognised when incurred and not when cash is received or paid. The Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP) as per Directive No 5 Issued by the Accounting Standards Board.

No Cash Flow statement is prepared for the housing fund as payments and receipts of cash are being paid and received by the Department of Co-operative Governance, Human Settlements and Traditional Affairs.

### Changes in accounting standards and presentation of financial statements

Prior to 1 April 2009, the housing fund adopted South African Statements of Generally Accepted Accounting Practice (SA GAAP) as its reporting framework. The Housing fund has adopted where applicable the following GRAP Accounting standards and pronouncements as per Directive No 5 Issued by the Accounting Standards Board (ASB) as of 1 April 2009:

- GRAP 1 Presentation of Financial Statements
- GRAP 2 Cash Flow Statements
- GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 4 The Effects of Changes in Foreign Exchange Rates
- GRAP 5 Borrowing Costs
- GRAP 6 Consolidated and Separate Financial Statements
- GRAP 7 Investments in Associates
- GRAP 8 Interests in Joint Ventures
- GRAP 9 Revenue from Exchange Transactions
- GRAP 10 Financial Reporting in Hyperinflationary Economies
- GRAP 11 Construction Contracts
- GRAP 12 Inventories
- GRAP 13 Leases
- GRAP 14 Events After the Reporting Date
- GRAP 16 Investment Property
- GRAP 17 Property, Plant and Equipment
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
- GRAP 25 Employee benefits
- GRAP 100 Non-current Assets Held for Sale and Discontinued Operations
- GRAP 101 Agriculture
- GRAP 102 Intangible Assets
- GRAP 104 Financial instruments

The following standards were approved by the Accounting Standards Board but are not yet effective:

- GRAP 105 Transfers of Functions between Entities under Common Control
- GRAP 106 Transfers of Functions between Entities not under Common Control
- GRAP 107 Mergers

We have assessed the effect of these standards and have only developed policies where the standard will be applicable to our entity.

The recognition and measurement principles in GRAP and SA GAAP Statements do not differ or result in material differences in items presented and disclosed in the Annual Financial Statements. The implementation of GRAP 1 and 3 has resulted in the following significant changes in the presentation of the Annual Financial Statements:

#### Standard of GRAP

Statement of Financial Position  
Statement of Financial Performance  
Statement of Changes in Net Assets  
Net Assets  
Surplus / Deficit for the period

#### Standard of SA GAAP

Balance Sheet  
Income Statement  
Statements of Changes in Equity  
Equity  
Profit / Loss for the period

Accumulated Surplus / Deficit  
Reporting date

Retained Earnings  
Balance Sheet date

## 1.2 Significant Accounting judgements

The preparation of the Housing fund financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the Housing fund's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

### Allowance for doubtful debt

The Housing fund assesses at each reporting date whether there is any objective evidence that a debtor is impaired. A debtor is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the debtor (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows that are recoverable from the debtor. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, and debtor amounts outstanding are older than 120 days.

## 1.3 Property, Plant and Equipment

Property, plant and equipment consists of land and buildings

Properties owned by the housing fund are held at historical cost, the fund does not depreciate its property, or annually perform an assessment of useful lives as it is impracticable and the associated cost thereof would exceed the benefit of such an exercise for financial reporting purposes

## 1.4 Financial Assets and Liabilities

### 1.4.1 Initial Recognition

Financial instruments are recognised initially when the Housing Fund becomes a party to the contractual provisions of the instruments. The Housing Fund classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets. For financial instruments, which are not at fair value through profit or loss, transaction costs, are included in the initial measurement of the instrument. Regular purchases of financial assets are accounted for at trade date.

### 1.4.2 Trade Receivables

Trade Receivables included in the statement of financial position comprises of suspensive sale debtors, individual loan debtors and debtor clearing accounts

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus and deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days Overdue) is considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in the statement of financial performance within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the statement of financial performance.



#### **1.4.3 Trade and Other Payables**

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Trade and other payables are classified as financial liabilities at amortised cost.

#### **1.5 Revenue**

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts received or receivable. Revenue is recognised when it is probable those future economic benefits will flow to the housing fund and that these benefits can be measured reliably.

#### **1.6 Related Parties**

The Housing Fund operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. All national departments of government and state-controlled entities are regarded as related parties in accordance with Circular 4 of 2005: Guidance on the term "state controlled entities" in context of IAS 24 (AC 126), Related Parties, issued by the South African Institute of Chartered Accountants. Other related party transactions are also disclosed in terms of the requirements of the accounting standard.

#### **1.7 Inventories**

Inventories consist of properties held for devolution, which is valued at the lower of cost or current replacement value, inventory held for distribution at no charge, inventories are valued at the lower of cost and current replacement value, as they will be distributed through a non-exchange transaction.

The carrying amount of inventories is recognised as an expense in the period that the inventory is distributed.

## Notes to the Financial Statements

Figures in Rand	2017	2016
<b>2. Inventories – Properties held for devolution</b>		
Land	10,330,000	10,875,428
	<b>10,330,000</b>	<b>10,875,428</b>

The fund is currently in the process of transferring the above-mentioned properties to the various local authorities through a devolution process.

A register containing information on the properties owned by the Fund is available for inspection at the funds registered address.

Figures in Rand	2017	2016
<b>3. Related Parties</b>		
The housing fund's operations and management decisions are controlled by the Northern Cape Department of Cooperative Governance, Human Settlements and Traditional Affairs		
Related Party Transactions:		
NC COGHSTA – Grant for payment of expenses	455,321	509,089
	<b>455,321</b>	<b>509,089</b>

The Department, which is a related party, paid rates and taxes and property transfer fees, audit and consulting fees on behalf of the fund, this payment is treated as income in the accounting records of the housing fund.

<b>4. Going Concern</b>	
There has been a national decision to de-establish the Housing Fund in all provinces; however, the legislative changes to the National Housing Act, 1997 (Act No 107 of 1997) have not yet been enacted to allow for the de-establishment of the Northern Cape Housing Fund, the fund will probably transfer all remaining properties to local authorities during the calendar year 2017.	

Figures in Rand	2017	2016
<b>5. Trade and Other payables</b>		
Municipal Rates and transfer costs	44,344	26,047
	<b>44,344</b>	<b>26,047</b>
<b>Figures in Rand</b>	<b>2017</b>	<b>2016</b>
<b>6. Other income</b>		
NC COGHSTA – Grant for payment of expenses	455,321	509,089
	<b>455,321</b>	<b>509,089</b>

The Department, which is a related party, paid rates and taxes and property transfer fees on behalf of the fund, this payment is treated as income in the accounting records of the housing fund.

#### 7. Prior Period Error

<b>Trade and other payables</b>	<b>2017</b>
Trade and other Payables in the previous financial year were understated with a total amount of:	
Transfer cost of	25,500

#### 8. Financial Instruments and Risk Management

The fund's financial instruments consist mainly of trade and other receivables and trade and other payables. All financial instruments are measured and recognised at fair value.

Trade receivables and payables approximate their fair value due to the short-term nature of these instruments. The fair values 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 assets - at carrying value

Trade and other receivables	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

##### Financial liabilities - at carrying value

Trade and other payables	44,891	26,047
<b>TOTAL</b>	<b>44,891</b>	<b>26,047</b>

#### Financial Instruments

##### Fair Value of Financial Instruments

The carrying amounts of the following financial instruments approximate their fair value due to the fact that these instruments are predominantly short-term of nature.

- Trade and Other payables - are subject to normal trade credit terms and short payment cycles. The cost of other payables approximates its fair value.

No financial instrument is carried at an amount in excess of its fair value.

## NOTES

This image shows a single page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slightly textured appearance and some very faint, light-colored smudges or stains, particularly towards the top and left edges. The overall tone is off-white or cream.





PR158/2017  
ISBN: 978-0-621-45477-2