

# **ANNUAL REPORT 2023/2024**

**COGHSTA**

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





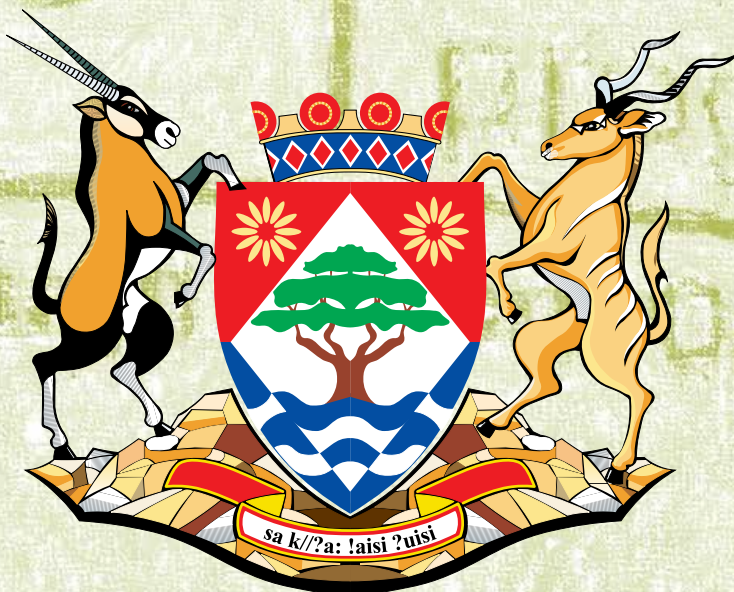
**PROVINCE OF THE NORTHERN CAPE**  
**DEPARTMENT OF COOPERATIVE GOVERNANCE,  
HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**

**VOTE 9**

# **ANNUAL REPORT**

**2023/2024 FINANCIAL YEAR**

**PR: 125/2024**  
**ISBN: 978-0-621-52056-9**





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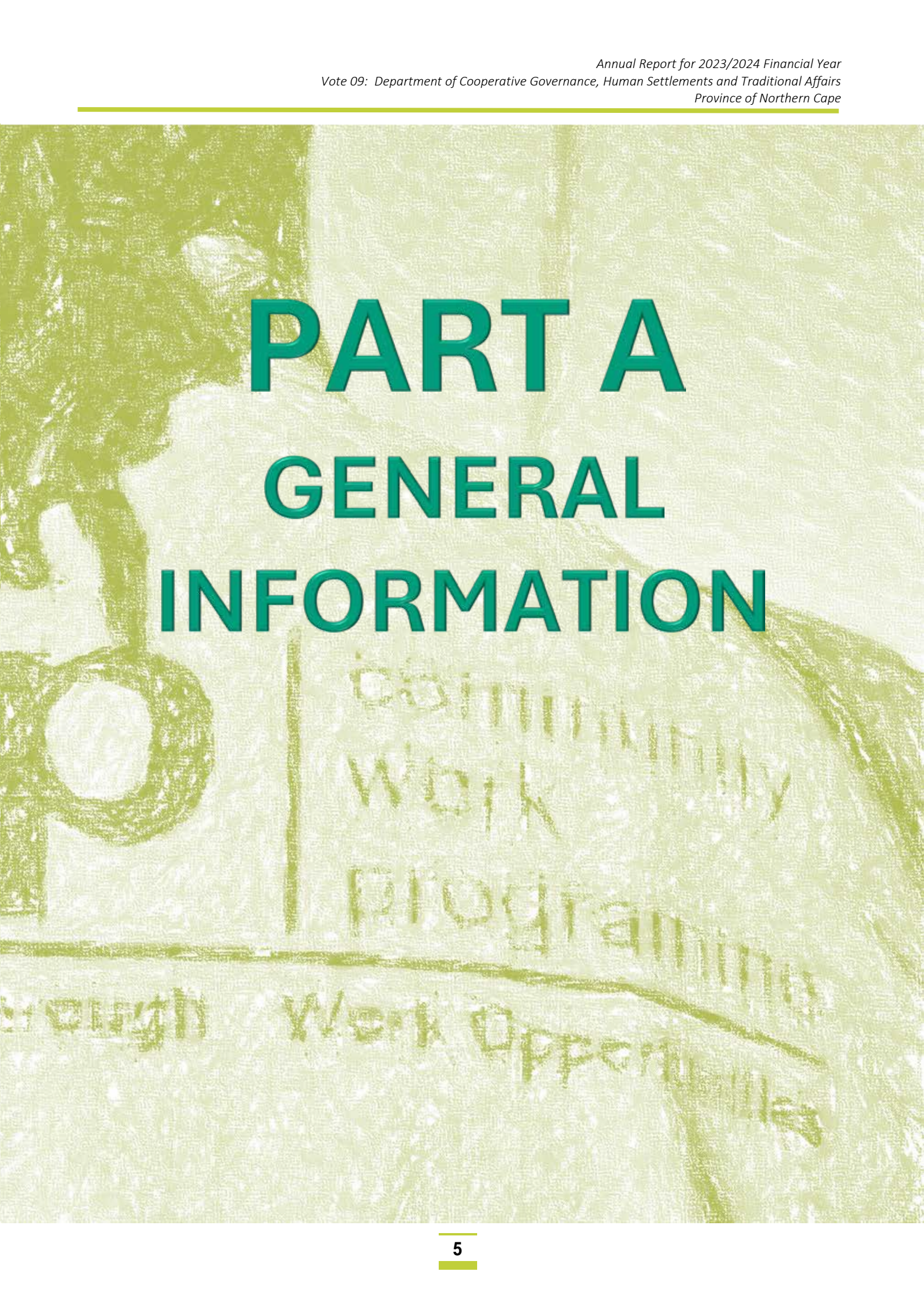
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# PART A

## GENERAL INFORMATION



## 1. DEPARTMENT GENERAL INFORMATION

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<b>WEBSITE ADDRESS:</b>	<a href="http://www.ncpg.gov.za">www.ncpg.gov.za</a>



## 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>CDW</b>	Community Development Worker
<b>CFO</b>	Chief Financial Officer
<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>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>	Human Settlements System
<b>LGMIM</b>	Local Government Management Improvement Model
<b>LOGIS</b>	Local Government Information System
<b>MBA</b>	Master's degree in business administration
<b>MBL</b>	Master's degree in business leadership
<b>MEC</b>	Member of Executive Council
<b>MPAT</b>	Management Performance Assessment Tool
<b>MPCV</b>	Municipal Performance, Co-ordination, and Valuations
<b>MPRA</b>	Municipal Property Rates Act
<b>MSA</b>	Municipal Systems Act
<b>MSIP</b>	Municipal Support and Intervention Plan
<b>MTEF</b>	Medium-Term Expenditure Framework
<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>PPFA</b>	Preferential Procurement Policy Framework Act (5/2000)
<b>PSCBC</b>	Public Service Coordinating 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>SO</b>	Strategic Objective
<b>SOI</b>	Strategic Objective Indicator
<b>SP</b>	Strategic Plan
<b>TR</b>	Treasury Regulations



### 3. FOREWORD BY THE MEC



Some thirty years ago, on 27 April 1994, South Africans, black, white, coloured and Indian, voted for the Government of National Unity, which was inclusive, non-racial, non-discriminatory, and non-sexist. The nation hoped for the Biblical “new Jerusalem – an ideal peaceful, co-existent and prosperous society for all”. Indeed, it was the society that Martin Luther King Jr (1929-1968), the US Civil Rights Movement activist, envisioned when he said on August 28, in Washington, *“I have a dream that my four little children will one day live in a nation where they will not be judged by the colour of their skin but by the content of their character.”*

Founded on constitutional principles and human rights for all, the new society emerged, consisting of democratic institutions. This society intended to provide, amongst other things, houses, integrated and sustainable human settlements, water, sanitation, electricity, jobs, well-run municipalities, and preservation and promotion of traditions, customs, and culture.

In pursuit of this vision, we have developed strategies, plans and programmes as guiding tools to navigate service delivery in a manner

that will better the lives of the people of the Northern Cape.

As we concluded the Sixth Administration during the 2023/2024 period, we monitored and supported all our 31 municipalities to achieve good governance, sound financial administration, improved audit outcomes, improved service delivery, and participatory democracy under the provisions of the applicable legislation.

In addition, we have partnered with the National Department of Human Settlements, sector departments and other entities, municipalities, service providers, and delivery partners to intensify the delivery of services, houses, title deeds, consumer education, and jobs using our human resources and supply chain capabilities.

Furthermore, our quest to preserve and promote Indigenous traditions, customs, and cultures of both our traditional and Khoisan communities has seen us give support in ensuring that there is peaceful coexistence between traditional leaders and elected councillors, resolution of disputes and claims, as well as provision of guidance on how individuals and communities should go about applying for recognition under the existing legislative and policy frameworks.

In all that we did, we were mindful of the challenges that forced us to change our plans, programmes, and projects as we grappled with service delivery backlogs that continue to mirror our work. Nevertheless, we drew inspiration from Nelson Mandela, who said, *“Everyone can rise above their circumstances and achieve success if they are dedicated to and passionate about what they do.”* Indeed, it continues to be a work in progress for us, and one day, we shall achieve our vision.

A handwritten signature in black ink, appearing to read 'B. Vass'.

Mr. Bentley Vass  
MEC of the Department of Cooperative Governance, Human Settlements and Traditional Affairs & Department of Transport, Safety and Liaison

Date: **31 July 2024**

## 4. REPORT OF THE ACCOUNTING OFFICER

### 4.1 Overview of the operations of the Department

The Department of Cooperative Governance, Human Settlements & Traditional Affairs is dedicated to delivering sustainable human settlements and monitoring and supporting all 31 municipalities, traditional and Khoi-San leaders, and their respective communities.

We understand the challenges of budget constraints, cost-containment measures, service delivery backlogs, unemployment, poverty, under-development, and the enduring effects of apartheid spatial planning. These are significant obstacles, and we are committed to addressing them collaboratively.

Moreover, the state's funding framework challenges us to make the most of the available resources. Simultaneously, the considerable distances between our towns and shortages of building materials caused by limited service providers and suppliers present significant obstacles that adversely impact service provision. Although we are actively addressing the issues of skills and capacity constraints, they persist as we endeavour to fill technically vacant funded positions.

To enhance the quality of life for the most disadvantaged members of our communities, the Department constructed housing units in priority development areas during 2023/2024. It provided essential services such as water, sanitation, and electricity to formalise informal settlements. Adhering to constitutional principles that advocate for promoting respect, human rights, and dignity for all individuals residing in our towns, farms, and rural areas, we distributed title deeds to the identified beneficiaries across the Northern Cape. It is crucial to maintain a balanced approach when addressing the significant achievements in priority development areas and services.

The transformation of our municipalities is essential to ensure effective management, leadership, good governance, budgeting, financial and accounting services, and legislative and policy compliance. This transformation requires collaboration with stakeholders, active citizenship, and adopting best practices and innovative approaches from the national and provincial spheres of government and private sector organisations. Partnership and knowledge-sharing between the Provincial Treasury, Office of the Premier, this department, and other state entities and private institutions have facilitated collective learning and disseminated best practices. As a result of these efforts, municipalities have experienced significant improvements in human resource management, good governance, legislative frameworks, financial management, and service delivery.

The 7th Administration is committed to addressing the ongoing challenges in service delivery. Despite these pressures, the department remains dedicated to supporting traditional and Khoisan communities and their leaders. We have provided substantial support to recognised traditional leaders and their communities and are actively working to integrate Khoisan communities into the broader society. Additionally, we are assisting other indigenous communities and leaders in seeking recognition.

We take pride in our performance, having achieved an unqualified audit outcome. Our focus remains on effective service delivery, which is crucial for local economic growth and creating a conducive environment for development. Our goal continues to revolve around improving the lives of people through service delivery. Going forward, the department is committed to serving as a catalyst for improving the lives of the most vulnerable in our province's communities.



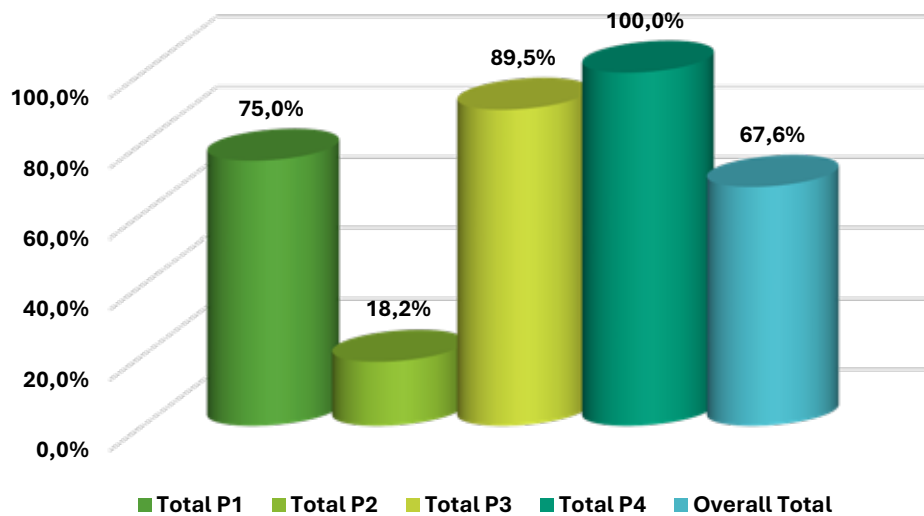


## Overview of Performance Information

The following tables and graphs represent a brief synopsis of the Department's performance for the financial year 2023/24.

Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Administration	4	3	75%
Human Settlements	11	2	18,2%
Cooperative Governance	19	17	89,5%
Traditional Affairs	3	3	100%
<b>Total</b>	<b>37</b>	<b>25</b>	<b>67,6%</b>

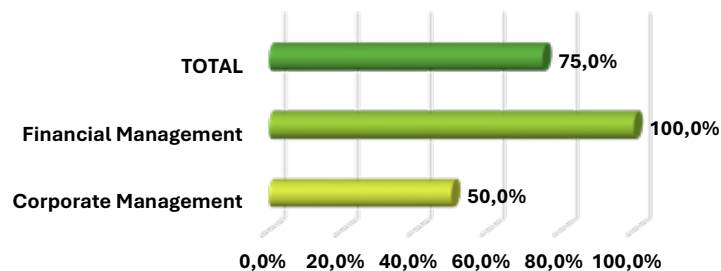
### OVERVIEW: ANNUAL PERFORMANCE



#### Programme 1: Administration

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Financial Management	2	1	50%
Corporate Services	2	2	100%
<b>Total</b>	<b>4</b>	<b>3</b>	<b>75%</b>

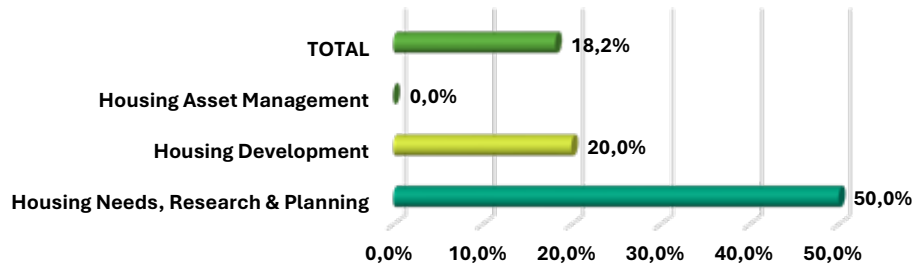
#### Programme 1: Administration



#### Programme 2: Human Settlements

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Housing Needs, Planning and Research	2	1	50%
Housing Development	5	1	20%
Housing Asset Management	4	0	0%
<b>Total</b>	<b>11</b>	<b>2</b>	<b>18,2%</b>

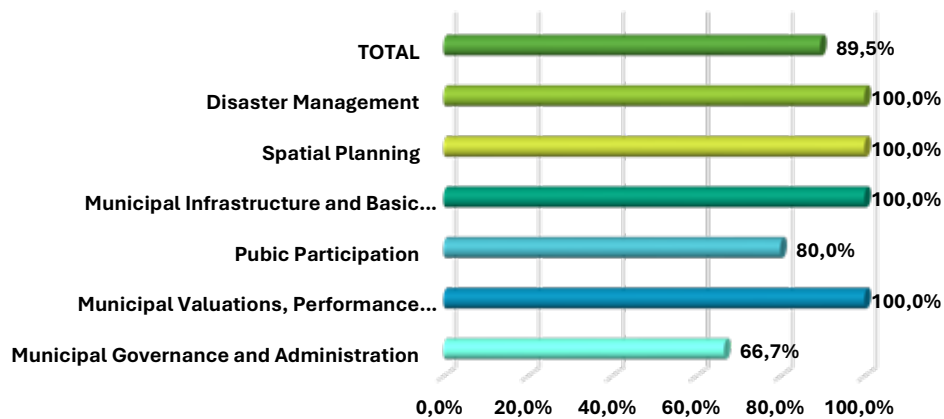
## Programme 2: Human Settlements



## Programme 3: Cooperative Governance

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Municipal Administration	3	2	66,7%
Municipal Performance Monitoring, Reporting and Evaluation	4	4	100%
Public Participation	5	4	80%
Municipal Infrastructure and Basic Services	3	3	100%
Municipal Planning	2	2	100%
Municipal Disaster Management	2	2	100%
<b>Total</b>	<b>19</b>	<b>17</b>	<b>89,5%</b>

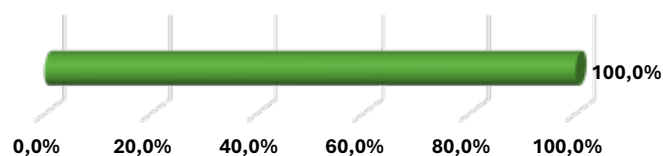
## Programme 3: Cooperative Governance



## Programme 4: Traditional Institutional Development

Sub- Programme Name	Total Number of Indicators	Total Number of Indicators Achieved	% of Indicators Achieved
Traditional Leadership Institutional Support	3	3	100%
<b>Total</b>	<b>3</b>	<b>3</b>	<b>100%</b>

## Programme 4: Traditional Institutional Development





## 4.2 Overview of the financial results of the Department

### 4.2.1 Departmental receipts

Departmental receipts	2023/2024			2022/2023		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	602	395	207	575	452	123
Interest, dividends and rent on land	40	0	40	38	0	38
Financial transactions in assets and liabilities	123	237	(114)	117	1 207	(1 090)
<b>Total</b>	<b>765</b>	<b>632</b>	<b>133</b>	<b>730</b>	<b>1 659</b>	<b>(929)</b>

The department is not a significant revenue-generating department. It generates revenue primarily from sales of goods and services other than capital assets, which comprises commissions received from monthly PERSAL deductions, such as insurance premiums and garnishee orders, parking fees, and rentals from officials occupying state houses. Financial transactions in assets and liabilities are also included in revenue. The low collection rate can be attributed to the uncertain nature of this category.

### 4.2.2 Programme Expenditure

Departmental receipts	2023/2024			2022/2023		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Administration</b>	226 559	226 522	37	196 949	173 719	23 230
<b>Human Settlements</b>	462 027	456 803	5 224	609 308	601 469	7 839
<b>Cooperative Governance</b>	139 615	138 720	895	157 603	131 372	26 231
<b>Traditional Affairs</b>	30 753	24 342	6 411	36 671	24 894	11 777
<b>Total</b>	<b>858 954</b>	<b>846 387</b>	<b>12 567</b>	<b>1 000 531</b>	<b>931 454</b>	<b>69 077</b>

#### Administration

This Programme has spent R226,522 million, or 99% of its final appropriation of R 226 559 million, as of 31 March 2024. The programme realised an overall saving of R37 000 of its final appropriation for the 2023/24 financial year. Spending on machinery and equipment is R18,603 million or 106,5% of the total allocation of R17,460 million. The total budget is overspent by R1,143 million. This is due to the bulk procurement of laptops. Spending on Transport Equipment under Capital Assets is R11,178 million or 256,3% of its total allocation of R4,362 million. The budget is overspent by 156,3%. As part of the government's provision of tools of trade to deserving traditional leaders, the Department had procured vehicles for the eight traditional leaders in the province. This ensures that traditional leaders can effectively deliver on the responsibilities tied to their positions. Transport Equipment includes payments made to Fleet Entity for the monthly lease of government vehicles.

#### Human Settlements

The Programme has spent R 456 803 million, or 99% of its final appropriation of R462 027 million as of 31 March 2024. The savings reflected against the programme are mainly in the Goods & Services and Compensation of Employees. Human Settlements, by their very nature, are a highly technical sector requiring very specialised skills such as civil engineering, town planning, environmentalism, etc. Several technical posts could not be filled by the end of March 2024. It is difficult for the department to create some incentives to attract people with rare skills and make them stay in the province.

#### Cooperative Governance

The Programme has spent R138 720 million, or 99% of its final appropriation of R139 615 million, as of 31 March 2024. The savings reflected against the programme mainly relate to goods and services. The Programme has spent R6 062 million or 89,4% of its allocated budget of R6 781 million for Goods & Services.

Spending on the Compensation of Employees is R126,748 million or 100% of the allocated budget. The programme is responsible for support and interventions in municipalities across the province. The department has deployed administrators to various municipalities in the current financial year and is responsible for the costs associated with such interventions.

#### **Traditional Institutional Management**

As of 31 March 2024, this Programme had spent R24 342 million, or 79,1% of its final appropriation of R30 753 million. The savings reflected against the programme mainly relate to Goods & Services. Cost containment measures have assisted the Programme in containing expenditure for the current financial year.

#### **4.2.3 Virements/roll overs**

Programme	Virement Over/ under R'000	Variance R'000	Over/ under %	Reasons for virement	Remedial steps
Administration	5 265	37	100%	To defray over-expenditure	
Human Settlements	(2 591)	5 224	98,9%	To offset over-expenditure under Programme 1	
Cooperative Governance	0	895	99,4%		
Traditional Institutional Management	(2 674)	6 411	79,2%	To offset over-expenditure under Programme 1	
<b>Totals</b>	<b>0</b>	<b>12 567</b>	<b>98,5%</b>		

#### **Reason for the virement**

The department applied virements from savings to cover overspending mainly on Programme 1 to fund the pressures realised on the programme.

#### **4.3 Reasons for unauthorised, fruitless, and wasteful expenditure**

The department did not incur unauthorised expenditures for the 2023/2024 financial year. As of 31 March 2023, an overall saving of R12 597 million was realised. Delays were experienced in advertising vacant posts due to implementing the directive relating to cost containment, which requires departments to seek approval from both the MEC for Finance and the Premier before advertising any vacancy.

#### **4.4 Strategic focus over the short- and medium-term period**

All nine dysfunctional/distressed municipalities will continue to receive support from the Department through the Municipal, Support, and Intervention Package (MSIP) approved by the Cabinet and Provincial Executive Council. During September 2023, the National DCOG and the Province undertook a Municipal Performance Assessment Tool (MPAT) self-assessment by municipalities to update the State of Local Government as of 30 June 2023. This will replace the State of Local Government that was adopted in July 2021 and re-classify the municipalities' categorisation and require the departments to compile the new Municipal Support and Intervention Package to support the identified municipalities.

In respect of interventions and challenges to disaster management, the following may be reported:

#### Interventions

- Development of the Provincial Disaster Management Plan for the province.
- Appointment of the Head of the Provincial Disaster Management Centre.
- Implementation of the Disaster Management Act, 57 of 2002.
- Convening of quarterly DDMC and PDMAF meetings.
- Collaboration with sector departments, NGOs, FBOs, and the Business Sector during disaster occurrences.
- Implementation of early warning through SAWS, DWS & DEARLR
- Establishment of the Northern Cape Umbrella Body for Fire Protection Association and District FPAs.
- Procurement of High-Pressure Fire Trailers for 26 local municipalities.
- Mobilization of fire resources for both Pixley and Namakwa district municipalities through SANTAM and Old Mutual.
- Activation of Aerial support during flood and veld fire disaster incidents.
- Signing of protocol agreement with coastal provinces.



- The department and the Church of Jesus Christ Latter Day Saints signed an MOU for Humanitarian support during disasters.
- The inclusion of the Sol Plaatje University in PDMAF to assist with academic research and advise the PDMC.

#### Challenges

- Personnel capacity within the PDMC – Only four officials with the inclusion of the HOC – whereas the PDMC structure envisages a complement of 14 officials, including a personal assistant.
- The signed organisational structure has not yet been implemented (although the PDMC has been elevated to a directorate on the new structure, it still reports to the Directorate of Municipal Planning, since that part of the new structure has not been implemented, awaiting job evaluation of Director post).
- No dedicated budget for the total implementation of the Disaster Management Act, 57 of 2002.
- No fully fledged PDMC in line with the National Disaster Management Framework.
- Most municipalities do not budget for Disaster Management.
- No dedicated disaster personnel within municipalities.
- No integrated communication system between the PDMC and municipalities.
- Lack of submission of incident reports by district municipalities.
- Municipalities' failure to implement the Municipal Disaster Relief/Recovery Grant within the time frames and non-submission of the closeout report.

As far as Traditional Institutional Development is concerned, the Department continues to support traditional leadership institutions. The department strives to recruit and retain a competent and skilled workforce. It remains committed to training and developing its personnel to ensure that set service delivery targets are achieved throughout the various departmental strategic programmes. The department will continue to strive towards employment equity targets espoused in the relevant legislative prescripts, ensure the prevalence of labour peace, and ensure a healthy and productive workforce. The Department provides financial, legal, and human capital support towards preserving and promoting traditions, customs, and culture within the recognised traditional communities under the Traditional and Khoisan Leadership Act (TKLA), which came into effect on 1 April 2021. The TKLA repeals the Traditional Leadership Governance and Framework Act of 2003 and the National House of Traditional Leaders Act of 1997. While the Northern Cape Provincial Governance Framework and Houses of Traditional Leaders Act of 2007 remains in force, the TKLA gives recognition to traditional and Khoi-San communities, structures, and leadership positions, and for the withdrawal of such recognition, provide for the functions and roles of traditional and Khoi-San leaders, the establishment of councils as well as support to those councils.

Furthermore, the Act also provides for the proper reconstitution of traditional councils and the alignment of the terms of offices of various institutions of traditional leadership. To ensure uniformity regarding the composition of traditional councils, the Minister has issued a formula to determine the number of members of traditional councils. All councils must be established before the end of March 2023. The Department has commenced with the reconstitution process; however, it was not concluded due to Traditional leaders rejecting the formula. The process will now be concluded once the Minister of COGTA has gazetted the revised formula. The Department has established an Interim structure that will ensure that Traditional councils are functional and continue providing services to their communities and stakeholders. The new Traditional Council will replace the interim structure once the reconstitution is completed.

Although the Commission on Khoisan Matters will deal with all the initial applications for recognition of communities and their leaders, it will be incumbent upon the Traditional Institutional Development Directorate to give guidance and information to all members of the communities and prospective leaders. Note that the application process for Khoisan communities is still ongoing. Applications opened on 30 March 2022 and closed on 29 March 2024. The Commission will take five years to research and investigate all submitted claims. Unfortunately, this development puts pressure on the department's limited resources.

#### **National Infrastructure Plan 2050 (NIP 2050)**

The National Infrastructure Plan 2050 (NIP 2050) aims to create a foundation for achieving the NDP's vision of inclusive growth. The NIP 2050 offers a strategic vision and plan that links top NDP objectives to actionable steps and intermediate outcomes. Its purpose is to promote dynamism in infrastructure delivery, address institutional blockages and weaknesses that hinder success over the longer term, and guide the way towards building stronger institutions that can deliver on NDP aspirations. The NIP2050 identifies the most critical

actions needed to improve public infrastructure delivery. The NIP 2050 will impact in the short term, but with longer-term imperatives also in view.

The NIP 2050 focuses on four critical network sectors that provide a platform: energy, freight transport, water, and digital infrastructure. The second phase focuses on distributed infrastructure, related municipal services, and approaches to strengthening coordination through DDMs. The NIP 2050 is organised into six main sections. The first section offers insight into the four mission-critical infrastructure areas: energy, freight transport, water, and digital communications. There are then five cross-cutting sections focused on the regional agenda for infrastructure, finance, strengthening institutions for delivery, rebuilding the civil construction and supplier sector and the approach to monitoring and reporting progress. With an eye to long-term success, there is significant emphasis on near-term course correction. To this end, the NIP 2050 outlines the changes and augmentation to the government's Strategic Integrated Projects (SIPs) that are relevant to the four sectors and three-year action plans.

### **National Development Plan (NDP) 2030 Vision and Trajectory**

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

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

The NDP highlights the need for well-run and effectively coordinated state institutions with skilled public servants committed to the public good and capable of delivering consistently high-quality services while prioritising the nation's developmental objectives. It further highlights the importance of adopting a more long-term approach to developing the skills and professional ethos that underpins a developmental, oriented public service.

Therefore, steps must be taken to strengthen skills, enhance morale, clarify lines of accountability, build an ethos of public service, implement applicable policies, capacitate staff and traditional leaders, and promote openness and transparency to achieve service delivery targets, good governance, and accountability.

The department strives to recruit and retain a competent and skilled workforce. It remains committed to training and developing its personnel to ensure that set service delivery targets are achieved throughout the various departmental strategic programmes. The department will continue to strive towards employment equity targets espoused in the relevant legislative prescripts, ensure the prevalence of labour peace, and ensure a healthy and productive workforce.

Part Six of the Public Service Regulations, 2001 affirms the principle of improvement of the working environment to ensure efficient service delivery to include, among others, employees' health, disability, HIV & AIDS, and other health conditions towards the benefit of employees and their families. Employee Health and Wellness represents four strategic pillars, namely HIV and AIDS and TB Management; Health and Productivity Management; SHERQ Management (Safety, Health, Environment, Risk, Quality); and Wellness Management.

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

Owing to the introduction of these grants and the preceding Urban Settlements Development Grant (USDG), the prioritisation of the catalytic projects and mining towns, and the development of the next five-year MTSF,



the 2019-2024 MEIA Policy and Implementation Framework is reviewed to ensure alignment to the new developments within the Department as well as to ensure that each reporting requirement does not lead to the development of new, overlapping, duplicate, and parallel data collection and monitoring systems being created.

#### **Provincial Growth and Development Plan**

The Vision 2040 of the PGDP provides for four drivers. Human Settlements fall under Driver 3, and it requires integrated planning that involves:

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

The identified Interventions and Programmes and Projects as per the PGDP for Human Settlements are:

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

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

The following key issues were identified:

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

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

None

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

None

#### **4.7 New or proposed new activities**

None

#### **4.8 Supply Chain Management**

No unsolicited bids were concluded this year under review, and all procurement of goods and services followed the processes as per the supply chain management policies.

The department ensured that all supply practices over the past year followed the PPPFA regulations and relevant policies to ensure preventative measures for UIF.

Requesting quotations for specific services rendered is a challenge for the department. Our SMME companies do not always respond on time when quotes are sent to them, making it difficult to assist in developing such service providers. We did realise that their financial capability to supply goods and services is a problem. Capacity within the unit is also an issue since the provincial government put a moratorium on filling vacancies. This issue cannot be resolved unless the status can be reversed so the department can fill vacancies.

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

None for the financial year under review.

#### **4.10 Exemptions and deviations received from National Treasury**

No exemptions and deviations from financial reporting requirements received for the current financial year can be reported.

#### **4.11 Events after the reporting date**

No events have occurred after the reporting date.

#### **4.12 Other**

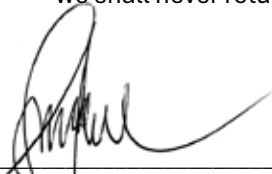
This report does not address any other material facts or circumstances that may influence the understanding of the financial state of affairs.

#### **4.13 Acknowledgement/s or Appreciation**

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

#### **4.14 Conclusion**

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



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

Date: **31 July 2024**



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

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

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

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

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

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

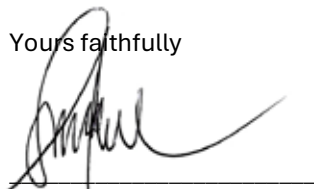
The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

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

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

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2024.

Yours faithfully



Accounting Officer  
Mr. B. S. Lenkoe

Date: **31 July 2024**

## 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 coordination.
- To facilitate, develop and support systems and structures to enhance traditional leadership.

### 6.3 Values

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

#### **Equity:**

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

#### **Efficiency:**

- Productivity
- The best work methods
- Excellent services

#### **Development:**

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

#### **Teamwork:**

- Co-operation
- Support
- Trust

#### **Accountability:**

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

#### **Integrity:**

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

## 7. LEGISLATIVE AND OTHER MANDATES

### 7.1 CONSTITUTIONAL MANDATES

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

### 7.2 LEGISLATIVE MANDATES

#### **Transversal Legislation**

A series of transversal administrative requirements influences the work of the Department across all its various functions, namely:

- Annual Division of Revenue Act, 2013 (Act 2 of 2013)
- Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
- Employment Equity Act, 1998 (Act 55 of 1998)
- Government Immovable Asset Management (GIAMA) Act, 2007 (Act 19 of 2007)

- Labour Relations Act, 1995 (Act 66 of 1995)
- Municipal Electoral Act, 2000 (Act 27 of 2000)
- National Archives and Record Service of South Africa Act, 1996 (Act 43 of 1996)
- Northern Cape Archives Act, 2013 (Act 7 of 2013)
- Occupational Health and Safety Act, 1993 (Act 85 of 1993)
- Occupational Health and Safety Act, 1993 (Act 85 of 1993), as amended
- Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004)
- Promotion of Access to Information Act, 2000 (Act 2 of 2000)
- Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)
- Promotion of Equality and Prevention of Unfair Discrimination Act 2000, (Act 4 of 2000) (PEPUDA)
- Protection of Personal Information Act, 2013 (Act 4 of 2013)
- Public Finance Management Act, 1999 (Act 1 of 1999) and National Treasury Regulations
- Public Service Act, 1994 (Act 103 of 1994) and Public Service Regulations of 2016
- Skills Development Act, 1998 (Act 97 of 1998)
- Skills Levy Act, 1999 (Act 9 of 1999)
- White Paper on the Rights of Persons with Disabilities

### **Human Settlements**

- Deeds Registry Act, 1937 (Act 47 of 1937)
- Disestablishment of South African Housing Trust Limited Trust Act, 2002 (Act 26 of 2002)
- Extension of Security of Tenure Act, 1997 (Act 62 of 1997)
- Home Loan and Mortgage Disclosure Act, 2000 (Act 63 of 2000)
- Housing Act, 1997 (Act 107 of 1997)
- Housing Act, 2005 (Act 107 of 2005)
- Housing Consumer Protection Measures Act, 1998 (Act 95 of 1998)
- Housing Development Act, 2008 (Act 23 of 2008)
- National Environmental Management Act, 1996 (Act 107 of 1996), as amended
- Northern Cape Interim Housing Act, 1999 (Act 6 of 1999)
- Rental Housing Act, 1999 (Act 50 of 1999), as amended
- Sectional Titles Scheme Management Act 2011 (Act 8 of 2011)
- Social Housing Act, 2008 (Act 16 of 2008)
- Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013)
- The Prevention of Illegal Eviction from Unlawful Occupation of Land Act, 1998 (Act 19 of 1998)

### **Local Government**

The White Paper on Local Government (1998) and the subsequent related legislation (outlined below) provide the national context for local governance across the country:

- Disaster Management Act, 2002 (Act 57 of 2002)
- Disaster Management Amendment Act, 2015 (Act 16 of 2015)
- Division of Revenue (DORA) Act, 2018 (Act 1 of 2018), as amended
- Fire Brigade Services Act, 1987 (Act 99 of 1987)
- Intergovernmental Fiscal Relations Act, 2005 (Act 13 of 2005)
- Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005)
- Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998)
- Local Government: Cross-Boundary Municipal Act, 1998 (Act 29 of 1998)
- Local Government: Municipal Structures Amendment, 2021 (Act 3 of 2021)
- Local Government: Municipal Systems Amendment, 2022 (Act 3 of 2022)
- Municipal Finance Management Act, 2003 (Act 56 of 2003)
- Municipal Property Rates Act, 2004 (Act 6 of 2004), as amended by the Local Government: Municipal Property Rates Amendment Act, 2014 (Act No. 29 of 2014)
- Organized Local Government Act, 1997 (Act 52 of 1997)
- Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998)
- Spatial Planning Land Use Management Act, 2013 (Act 16 of 2013)

### **Traditional Institutional Management**

- Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities Act, 2002 (Act 19 of 2002)
- Customary Initiation Act, 2021 (Act 2 of 2021)
- Customary Law of Succession Act, 2009 (Act 11 of 2009)
- Customary Marriages Act, 1998 (Act 120 of 1998)
- Disaster Management Amendment Act, 2015 (Act 16 of 2015)



- Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005)
- Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998)
- Local Government: Municipal Structures Act, 1998 (Act 117 of 1998)
- Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)
- Northern Cape Traditional Leadership Governance and Houses of Traditional Leaders Act, 2007 (Act 2 of 2007)
- Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998)
- The Traditional and Khoi-San Leadership Act, 2019 (Act 3 of 2019) - the Act was declared unconstitutional and invalid. It was referred to Parliament to remedy the invalidity.
- Traditional Courts Act, 2022 (Act 9 of 2022)

### 7.3 Policy Mandates

#### Transversal Policy Mandates

- Batho Pele Principles
- EHW Strategic Framework, Review 2023
- Framework for Managing Programme Performance Information (FMPPI), 2007
- Framework for Strategic Plans and Annual Performance Plans, 2019
- Gender Responsive Planning Budget, Monitoring, Evaluation and Auditing (GRPBMEA) Framework
- Medium Term Strategic Framework (MTSF)
- Minimum Information Security Standards
- Minimum Physical Security Standards
- National Development Plan Vision 2030
- National Policy Framework for Women Empowerment and Gender Equality (WEGE)
- National Strategic Plan on Gender-Based Violence and Femicide (GBVF)
- National Treasury Regulations
- National Youth Policy
- Policy Framework for Government-Wide Monitoring and Evaluation (M&E) System, 2007
- Provincial Growth and Development Plan
- Provincial Spatial Development Framework
- Public Service Regulations of 2016
- Risk Management Framework

#### Human Settlements

- Comprehensive Plan for the Creation of Sustainable Human Settlements (BNG), 2004
- Housing White Paper: A New Housing Policy and Strategy for South Africa, 2014
- Human Settlement Development Grant Framework
- Inclusionary Housing Policy, 2007
- Informal Settlement Upgrading Partnership Grant Framework
- Municipal Accreditation Framework 2023
- National Housing Code 2009
- National Housing Code of 2000
- Social Housing Policy 2005

#### Local Government

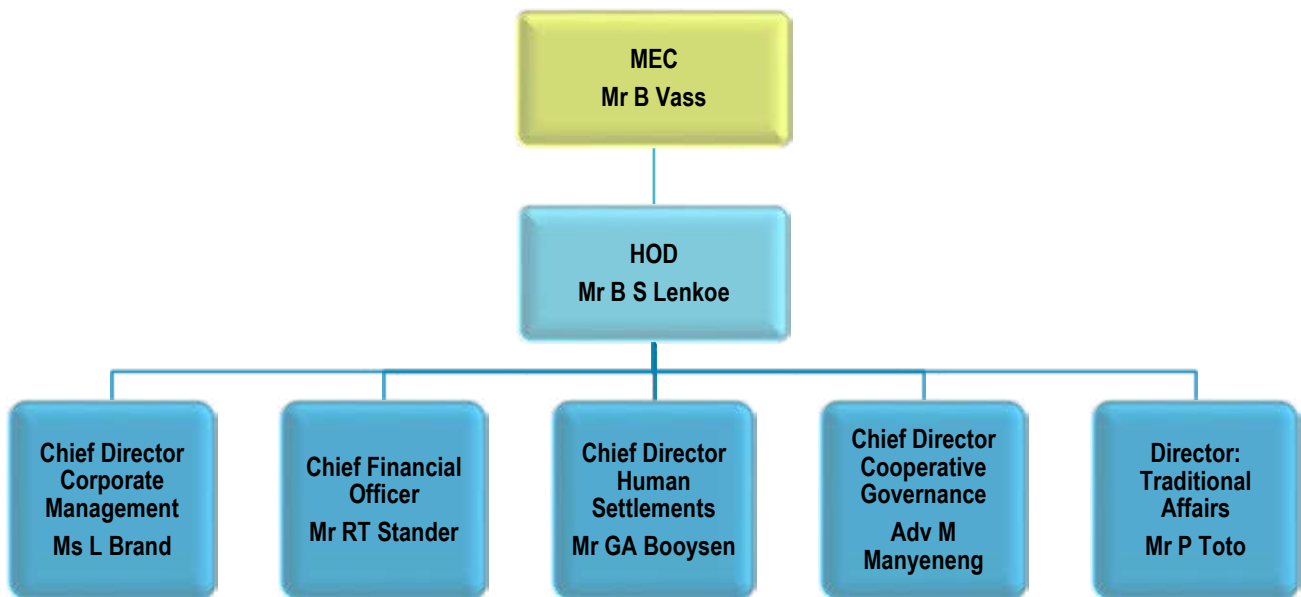
- Back-to-Basics Approach (as adopted by Cabinet in 2014)
- District Development Model 2020
- Framework on Local Government Support and Interventions Package 2021
- Free Basic Services Policy, 2000/01
- Free Basic Services Policy, 2000/01
- Integrated Urban Development Framework (as adopted by National Cabinet in 2014)
- Local Government Anti-Corruption Strategy, 2006
- Local Government Anti-Corruption Strategy, 2006
- Local Government: Disciplinary Regulations for Senior Managers, 2010
- Local Government: Municipal Planning and Performance Management Regulations, 2001
- Local Government: Municipal Staff Regulations, 2021
- Local Government: Municipality Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006
- Municipal Infrastructure Grant Framework, 2004
- National Back to Basics Strategy, 2014
- National CDW Master Plan
- National Disaster Management Framework, 2005

- National Local Government Turn Around Strategy, 2009
- National Public Participation Framework, 2007
- National Public Participation Framework, 2007
- Regulations Regarding Participation of Municipal Staff Members in Elections, 2011
- White Paper on Local Government, 1998
- White Paper on Local Government, 1998

#### **Traditional Institutional Management**

- White Paper on Traditional Leadership, 2003

## **8. ORGANISATIONAL STRUCTURE**



## **9. ENTITIES REPORTING TO THE MEC**

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

[illegible]









# PART B

## PERFORMANCE INFORMATION



## 1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 98 of the Report of the Auditor General, published as Part F: Financial Information.

## 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

### 2.1 Service Delivery Environment

The vast and arid Northern Cape is the largest province in South Africa, taking up nearly a third of the country's land area. It covers an area of 372 889km<sup>2</sup> (30% of the total area of the country) and has a population of 1 292 786<sup>1</sup>, the least populous of South Africa's provinces, yet the surface area is the largest. With 1,263,875 people, the Northern Cape remains the province with the smallest share (2,2 %) of the South African population. The Northern Cape has by far the smallest population and economy of any of the provinces. Namibia and Botswana border it to the north and the North West, Free State, Eastern Cape, and Western Cape provinces. The cold Atlantic Ocean forms the province's western boundary.

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

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

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

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

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

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

The **John Taolo Gaetsewe** District Municipality is a Category C municipality located north of the Northern Cape Province, bordering Botswana in the west. It comprises the three local municipalities of Gamagara,

<sup>1</sup> Stats SA, Publication 0302, 20209



Ga-Segonyana and Joe Morolong, and 186 towns and settlements, of which the majority (80%) are villages. It has an established rail network from Sishen South and between Black Rock and Dibeng. It is characterised by a mixture of land uses, of which agriculture and mining dominate. The district holds potential as a viable tourist destination and has numerous growth opportunities in the industrial sector.

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

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

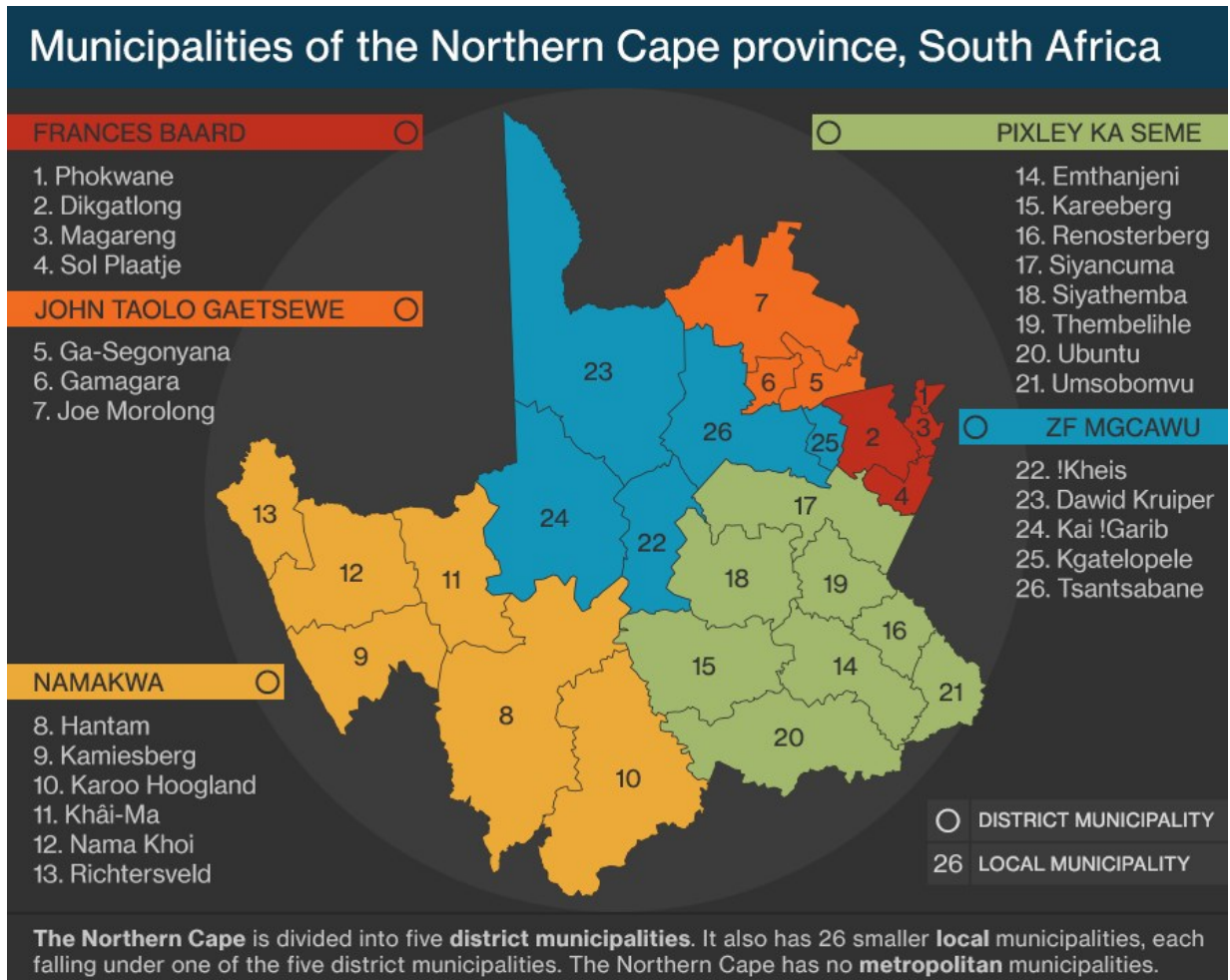
**Area:** 126 836km<sup>2</sup>  
**Cities/Towns:** Aggeneys, Alexander Bay, Brandvlei, Bulletrap, Calvinia, Carolusberg, Concordia, Eksteensfontein, Frasersburg, Garies, Hondeklip Bay, Kamieskroon, Kleinzee, Koinaas, Komaggas, Kuboes, Leliefontein/Kamiesberg, Loeriesfontein, Middelpos, Nababeep, Nieuwoudtville,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

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

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

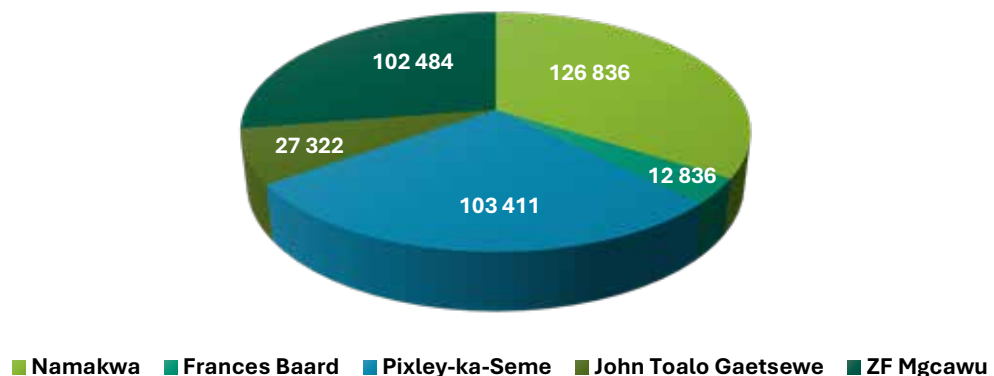
The **ZF (Zwelentlanga Fatman) Mgcawu** District Municipality is a Category C municipality forming the mid-northern section of the Northern Cape Province, bordering Botswana in the north and Namibia in the west. It is just under a third of the province's geographical area, of which 65 000km<sup>2</sup> comprise the vast Kalahari Desert, Kgalagadi Transfrontier Park and the former Bushmanland. This district comprises five local municipalities: Dawid Kruiper, Kai! Garib, Tsantsabane, !Kheis and Kgatelopele. Upington is the district municipal capital, where the municipal government is located.

**Area:** 102 484km<sup>2</sup>  
**Cities/Towns:** Beeshoek, Brandboom, Danielskuil, Eksteenskui, Groblershoop, Kakamas, Keimoes, Kenhardt, Lime Acres, Mier, Postmasburg, Rietfontein, Upington  
**Main Economic Sectors:** Agriculture, mining, tourism<sup>2</sup>



3

### Area per District



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

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

## **Programme 1: Administration**

### Corporate Management

Feedback on the Human Resources Plan assessment and the HRP Implementation Report was provided, and both documents were compliant. The department always accommodates interns/learners placed by the SETAs for developmental programmes, resulting in the permanent employment of at least 12 interns/learners during the recruitment and selection process. The implementation of the cost containment directive hampered the recruitment process. Employee Health and Wellness services are rendered pro-actively and re-actively, whereby all regional and provincial offices had a successful wellness day.

Risk Management Committee meetings were conducted quarterly to provide the accounting officer with oversight of the departmental risk management processes. Strategic risk register review is part of the agenda item at SMT meetings. Operational risk assessments were conducted for all four quarters. Both the operational risk and strategic registers were updated. Risk awareness was also conducted for all the quarters to create a risk management culture within the department.

The Research, Policy & Service Delivery Improvement unit supports the respective units regarding the development and review of respective policies and to ensure policies are relevant and compliant with respective legislation.

### Financial Management

Cash flow was a key issue affecting service delivery in the 4th quarter. The programme that was mainly affected was Human Settlements. In so far as funding is concerned, the conditional grants were entirely spent by the end of Q3 of the financial year. Interventions to source additional funding in the adjustment budget were not successful. Non-payment of invoices resulted in delays in the delivery of services as several contractors could not proceed without cash flow.

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

## **Programme 2: Human Settlements**

The Human Settlements Programme managed to exceed its annual target for the delivery of serviced sites.

## **Programme 3: Cooperative Governance**

The Department monitors and supports 31 municipalities of the Northern Cape to improve audit outcomes, service delivery, and deepening participatory democracy by establishing functional structures and systems that support development and prosperity.

All directorates provided various support to municipalities. In the Governance and Administration unit, the support was to ensure the functionality of governance and administrative structures, except for appointing senior managers in PKS DM and Richtersveld. Through the municipal Valuations, Performance Monitoring, Reporting & Evaluation Valuations, PMS, MSIP & Sec 47 report) Municipal Infrastructure & Basic Services (Indigent, MIG and PMU), Municipal Planning (IDPs, SDF, LUMS & DDM), Disaster Management, and Fire Services. All Public participation processes were implemented by supporting the functionality of Ward Committees and interventions of GBV and CWP. However, the recruitment of CWP participants was lessor than expected due to the lack of appointment of an implementing agent by National CoGTA.

The above has resulted in 4 out of 6 sub programmes achieving 100% and 17 out of 19 programme indicators overall.

## **Programme 4: Traditional Institutional Development**

- Commission of Inquiry identified Kgosi TDH Jantjie as the legitimate Kgosi of Batlhaping Ba ga Phuduhutswana Ba ga Jantjie.
- We trained 60 Traditional surgeons, Principals and Caregivers in the Pixley-ka-Seme District in preparation for the summer customary Initiation.
- PICC issued a gazette on the approved schools for summer initiation, 2023.
- We obtained a Court interdict against Mr Gaseemelwe, who wanted to coronate himself against King of Batlhaping Boo Phuduhudu of Molehe to undermine the incumbent Kgosi Motshwarakgole. We



hereby invoked provisions of Section 7(9) of the TKLA 3 of 2019, which cautioned against people who illegally posed as Traditional leaders.

## 2.2 Service Delivery Improvement Plan

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

### Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Fully subsidised houses delivered	Qualifying housing subsidy beneficiaries	153	568	105
Title Deeds registered	Persons qualifying for houses built pre-1994	59	500	61
	Persons qualifying for houses built post-1994	20	3 700	275
	Persons qualifying for houses built post-2014	44	650	40
	Persons qualifying for houses built post-2019	0	150	11

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

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

### Service delivery information tool

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

### Complaints mechanism

Current/actual arrangements	Desired arrangements	Actual achievements
The department has the Service Charter as a mechanism for community members to raise their complaints to the regional or provincial offices.	Complaints of community members to be addressed through the assistance of the regional and provincial offices.	The Service Charter has been circulated to the regional offices for community members to be informed about the services of the department and the complaints mechanisms in place.  The Service Charter is on display in the Department's offices.
The Annual Budget Speech for 2023/24 presented by the MEC	Communities are informed of the planned mandates of the department for the financial period.	The Budget Speech for the financial period 2023/24 was presented to the Provincial Legislature by the MEC.

## 2.3 Organisational environment

### Programme 1: Administration

#### Corporate Management

The department fully complies with the EPMDS policy, even though some officials are still not complying. According to the policy, non-compliant officials are disqualified from the process and reported for disciplinary action.

Verification of job descriptions, alignment of KPA with adverts and requests for JE outcome to benchmark positions done regularly.

Compulsory Induction Programme conducted through NSG for newly appointed employees, MS Word basic training and Record management training provided. Finalisation of misconduct cases frustrated by the unavailability of chairpersons.

The Deputy Director position in the Risk & Integrity Management unit is vacant which places strain on the Assistant Director for Risk Management as the official is Acting Manager for both units.

The Research, Policy & Service Delivery Improvement unit operates with only two officials. The deputy director has been placed on sick leave.

A lateral transfer request is being considered to fill the Integrated Planning, Monitoring & Evaluation unit vacancy.

#### Financial Management

The department remains open and dedicated to creating a conducive working environment. With cost containment still in place in Q4 the department continued to adapt organisational management and planning strategies to suit the anticipated realities of the environment.

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

There are key vacant posts in the Human Settlements Programme and Project Management Directorate, which is responsible for project implementation. The posts of Chief Engineer and Professional Engineer have not yet been filled, while appointments for the Construction Project Management unit have not all been confirmed as there was a high staff turnover in this unit during the period under review. The inferior performance of the Human Settlements Programme is based on these critical vacancies. These vacancies must urgently be filled to improve the performance of the Human Settlements Programme.

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

**Municipal Governance & Admin:** The sub-directorate is severely understaffed. **Municipal Governance:** It has operated with a Deputy Director and an Administrative Officer for several years. The **Municipal Administration:** operates with an Assistant Director and an Administrative Officer since the Deputy Director was promoted in February 2023. By the end of the 2nd quarter, the sub-directorate only had the following officials: a Director, one (1) Assistant Director and three (3) Administrative Officers. The sub-directorate completed the recruitment, selection, and appointment processes of the three (3) Deputy Directors. As a result, the unit now operates with three (3) Deputy Directors responsible for the five (5) districts per the District Development Model. Thus, each Deputy Director is responsible for all aspects of Municipal Administration, Committees of Council, MPACs, Anti-Corruption and Capacity Building within their respective districts. They are supported by three (3) Administrative Officers.

#### **Municipal Valuations, Performance Monitoring, Reporting & Evaluation:**

There was no change in the organisational environment in respect of new appointments except that the directorate had to prepare for the implementation of PMDS by municipalities as part of the Municipal Staff Regulations effective from 1 July 2023. **Mun Valuations:** DD post was utilized by Municipal Governance & Admin until that DD resigned. The AD and AO have been utilized to deal with the UIF&W expenditures of municipalities and will become focused on the Municipal Valuations moving forward. **PMS:** The sub-directorate has a "DD", "AD" and AO posts. **M&E:** The sub-directorate has only one DD.

**Public Participation:** The budget of the Directorate was reduced by almost 50%. Lack of tools of trade continue to negatively impact on the directorate with specific reference to laptops and computers. **Ward Committees:** Two AD positions are vacant and have been advertised and the recruitment processes completed, however appointment letters have not been issued due to job evaluation processes to be completed. **GBVF:** The unit still has a vacancy of an SAO which was not advertised but continue to operate with 2 officials. During the year the SAO post was advertised but due to inconsistencies, the post will need to be re-advertised. This delay has a negative effect on service delivery. **CWP:** The project experienced challenges with the appointment of an IA which had a negative effect on the recruitment and registration of participants. Contracts of the previous IA staff were renewed, in October 2023. Verification of participants began in earnest in Q3, and the process was to be completed in January 2024 as reported in Q3, however

this process continued well in the last month of the quarter. Loading of new recruited participants was supposed to start in January 2024 but the approval processes were delayed, hence we were unable to meet the target of 21 000.

**Municipal Infrastructure & Basic Services:** The directorate is structured to have 28 officials, excluding the Director and the Secretary. However, it currently operates with 6 officials: Municipal Infrastructure grant and basic services (13), 1 Deputy Director, and 2 Assistant directors. **Technical support (5):** 1 Deputy director and 1 Assistant director. **Free Basic Services (10):** The DD post is vacant with 1 Assistant Director. The cost containment measures will seriously impact MIG projects' verification and quality control.

**Spatial Planning: IDP:** The unit is fully capacitated; it has a Unit Manager, five Assistant Directors allocated to each district and two administrative officials. **Spatial Planning:** The appointment of the Chief Professional Planner and a professional planner has been finalised. **Implementation DDM:** The task of coordinating the development of the One Plans was allocated to the Municipal Planning Directorate without any resources. Proposed amendments to the IGRFA regulations have been introduced to coordinate intergovernmental planning, budgeting, and implementation.

**Disaster Management:** The Provincial Disaster Management Centre remains under-capacitated. It only operates with a Provincial Head of Disaster Management, a Deputy Director, 1 Assistant Director, and 2 administrative officials. The Senior Administrative Officer who was appointed in the previous quarter was appointed by a different unit. The position of a second Assistant Director could not be filled internally; hence, the post must now be advertised externally.

#### **Programme 4: Traditional Institutional Development**

The positions of Secretary of the Provincial House and Assistant Director were filled. To strengthen the directorate further, the positions of PA and 3 Anthropologists must still be filled.

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

#### **Programme 1: Administration**

A new web-enabled system is to be effective by May 2024, and DPSA will update departments on developments in this regard.

The national policy on sexual harassment has been adopted and needs to be rolled out to all once finalised. The department must ensure the effective implementation of the GPSSBC Resolution 2 of 2024 on special leave signed in March 2024 and the Learning and Knowledge Management directive, which will come into effect on 1 April 2024.

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

The Division of Revenue Act (DoRA) was gazetted on 28 June 2023.

Revised Municipal Accreditation Framework was adopted in October 2023.

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

- **Municipal Governance & Admin:** The CoGTA DG issued guidelines on the interpretation and implementation of the Regulations on the Code of Conduct for Councillors. Not major policy decision and did not affect operations because municipalities were yet to be workshopped on the guidelines.
- **Municipal Valuations, Performance Monitoring, Reporting & Evaluation:** The implementation of the PMDS as part of the Municipal Staff Regulation from 1 July 2023 is a Major policy decision but has not affected operations as it has not been implemented.
- The implementation of MFMA Circular 88 which has an impact on the soon to be revised Municipal Performance Regulations, which is being implemented by DCOG and National Treasury. Provinces expected to pilot this with municipalities in the province. Major policy decision and affected operations.
- **Public Participation:** DCOG developed GBVF guidelines assessment tool and circular. Although it is a major policy decision, it has not been approved and circulated to provinces and municipalities. Thus, it had no impact on operations.

**Programme 4: Traditional Institutional Development**

- Establishment of the PICC to deal with Customary Initiation matters in the province.
- Revised the formula on the membership of Traditional councils from 10 to 18 members per Traditional council.
- A landmark workshop by DMRE and Traditional leaders held on the scope of TC's in mining licences and soil mining clarified.

### 3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

<b>Impact Statement</b>	<b>Spatial transformation through improved integrated settlement development in collaboration with a capable Local Government sector</b>
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**Outcomes**

MTSF Priority 5: Spatial integration, human settlements and local government				
	Outcomes	Outcome Indicators	Baseline	Five-year target
1	Improved audit outcome	Reduced number of matters raised in the Audit report	Unqualified audit with 11 matters	Unqualified audit with no matters
2	Adequate Housing in improved quality living environments	Number of informal settlements upgraded to Phase 2 of the Informal Settlements Upgrading Programme	1	5 informal settlements upgraded to Phase 2
		Number of priority housing development areas invested in	New	Investment in 2 priority development areas
3	Security of Tenure to households in the subsidy market	Number of households securing ownership	13 308	5 450 households with ownership secured
4	Transformation of the Local Government sector	Number of municipalities progressing from dysfunctional to functional	15	15 municipalities progressing from dysfunctional to functional
5	Realizing good governance, peaceful co-existence and development within Traditional Communities	Number of Traditional Councils with inter-sphere relationships	New	8 Traditional Councils with inter-sphere relationships

**PROGRAMME 1: ADMINISTRATION**

**Outcome:** Improved audit outcome

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

The Office of the CFO ensures the effective, efficient, and economical use of financial resources in accordance with the PFMA through the implementation of policies, procedures, and frameworks. This includes budget planning, cash flow and expenditure monitoring, procurement, logistics, assets, and financial accounting. The department complied with the legislative requirements for the submission of financial reports and related plans.

**PROGRAMME 2: HUMAN SETTLEMENTS**

**Outcome:** Adequate Housing in improved quality living environments

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

The Human Settlement sector is broad, and its achievements are determined mainly by the number of houses delivered. This is used as a baseline to evaluate its performance, but it is a complicated and complex sector. The sector is highly dependent on government funding, land availability, professionals with relevant skills, planning, project management, and environmental issues.



The Human Settlements Programme has upgraded six (6) informal settlements to Phase 3 of the Informal Settlements Upgrading Programme, and 28 Informal Settlements have been in various phases of upgrading since 2019 to date with an estimated 8920 households assisted. During the current MTSF, the planned provincial target for serviced sites was 11993, and to date, the department has delivered 16 088 serviced sites delivery (sites with permanent water, energy, and sanitation facilities).

The Human Settlements Programme has overachieved the target of serviced sites by 4095. Great strides were made in service delivery to communities in installing water, sanitation, roads, and stormwater; training for the community and local SMMEs; and the 30% local expenditure in the local economy. Through the significant performance of upgrading informal settlements, stable job creation for women, youth, and people with disabilities could be achieved.

The expenditure in the PHSHDAs amounted to 46,34% of the HSDG and ISUP Grants for 2023/2024, which were spent on upgrading services and developing sites, thereby improving quality living environments. Thus, the annual target of 30% was exceeded.

**Outcome:** Security of Tenure to households in the subsidy market  
**Outcome Indicator:** Number of households securing ownership

Over the last MTSF period, little success could be reported on title deeds. However, it can be noted that strides were made during the 21/22 financial year regarding pre-1994, due to direct allocation of work to appointed conveyancers. The Land Administration section had numerous challenges; various properties were registered in the name of the Northern Cape Housing Development Management Committee. This committee was abolished, and the properties must be transferred to the Provincial Government. The delegation of powers from the Premier to MEC to sign the relevant documentation affected the registrations of these transactions.

### **PROGRAMME 3: COOPERATIVE GOVERNANCE**

**Outcome:** Transformation of the Local Government sector  
**Outcome Indicator:** Number of municipalities progressing from dysfunctional to functional

The previous “State of Local Government Report” (2021/22) showed limitations in assessing and categorising municipalities across provinces. A draft MPAT was developed (2023) to assess and categorise municipalities across provinces uniformly. A coherent and standardised tool will only yield credible results if the underlying data is complete, valid, and reliable.

Therefore, MPAT builds on and relies on existing joint Cir Nr 88 indicators and their Technical Indicator Descriptions as a basis for each indicator.

Although the number of “dysfunctional” municipalities remained the same (9), there was a decrease in municipalities “at risk” from 21 to 18. “Stable” municipalities increased significantly from 1 to 4 (All DMs except ZFM DM). The six municipalities that were previously categorised as “dysfunctional” in 2020/21 FY have improved to “at risk” during 2022/23 FY - these were Ubuntu LM, Renosterberg LM, Tsantsabane LM, Sol Plaatje LM, Phokwane LM & Gamagara LM. Fundamentally, the change was brought about by the change in the assessment method using Cir 88 indicators focused on legislative compliance.

### **PROGRAMME 4: TRADITIONAL AFFAIRS**

**Outcome:** Realizing good governance, peaceful co-existence and development within Traditional Communities  
**Outcome Indicator:** Number of Traditional Councils with inter-sphere relationships

In 2023, the Directorate bought 8 vehicles, replaced the old vehicles and continued to help to enable these Leaders to do their important work. The Directorate renovated the State Houses provided to the Chairperson and Deputy Chairperson of the Provincial House of Traditional and Khoi-San leaders. The Directorate also completed, with funding received from Kumba Iron Ore Mine, a documentary which profiled the Dikgosi of the JTG region. The Directorate assisted in the facilitation of the construction of two (2) Traditional Council

offices for the Ba ga Jantjie Traditional Community and the Ba ga Motlhwane Traditional Community in partnership with the Private Sector and Mining Companies operating within the area. The Directorate completed, through the diligent work of our Anthropology Sub-Directorate Team, the Genealogies and Customary Laws of three (3) successions and Royal Families and finalised the Commission report on the investigation into who the lawful successor should be of the Ba ga Jantjie Traditional Community in 2023 with the installation of Kgosi Tumo Dikare Hastings Jantjie on 11 July 2023. The Directorate have investigated and are making recommendations to aid the customary law of succession for Kgosi Thaganyane, Kgosi Mahura and Kgosana Itumeleng.

There are 8 Traditional Councils currently recognized within the province. These councils have the following functions:

- a) Administering the affairs of the traditional or Khoi-San community in accordance with customs and tradition;
- b) assisting, supporting and guiding traditional and Khoi-San leaders in the performance of their functions;
- c) supporting municipalities in the identification of community needs;
- d) facilitating the involvement of the traditional or Khoi-San community in the development or amendment of the integrated development plan of a municipality in whose area that community resides;
- e) recommending, after consultation with the relevant local and provincial houses, appropriate interventions to government that will contribute to development and service delivery within the area of jurisdiction of the traditional council or within the municipal area where the administrative seat of the Khoi-San council is;
- f) participating in the development of policy and legislation at a municipal level;
- g) participating in development programmes of the local, provincial and national spheres of government;
- h) promoting the ideals of co-operative governance, integrated development planning, sustainable development and service delivery;
- i) promoting indigenous knowledge systems for sustainable development and disaster management;
- j) alerting any relevant municipality to any hazard or calamity, and contributing to disaster management in general;
- k) sharing information and co-operating with other traditional and Khoi-San councils; and
- l) performing the functions conferred by customary law, customs and statutory law consistent with the Constitution. [In accordance with section 20 of the Traditional and Khoi-San Leadership Act 2019].
- m) co-operate with any relevant ward committee established in terms of section 73 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998)

## 4. INSTITUTIONAL PROGRAMME PERFORMANCE

### 4.1 Programme 1: Administration

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

Outcomes contributed to: Improved audit outcome

#### 4.1.1 Sub-Programme: Office of the MEC

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

#### 4.1.2 Sub-Programme: Corporate Services

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

### 4.2 Programme 2: Human Settlements

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

Outcomes contributed to: Adequate Housing in improved quality living environments

Security of Tenure to households in the subsidy market

#### 4.2.1 Sub-Programme: Housing Needs, Research and Planning

Purpose: To facilitate and undertake housing delivery planning

#### 4.2.2 Sub-Programme: Housing Development

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

#### 4.2.3 Sub-Programme: Housing Asset Management

Purpose: To provide for the effective management of housing

### 4.3 Programme 3: Cooperative Governance

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

*Outcomes contributed to:* Transformation of the Local Government sector.

4.3.1 Sub-Programme: Municipal Administration

*Purpose:* To ensure legislative compliance and good governance

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

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

4.3.3 Sub-Programme: Municipal Infrastructure

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

4.3.4 Sub-Programme: Public Participation

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

4.3.5 Sub-Programme: Municipal Planning

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

**4.4 Programme 4: Traditional Affairs**

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

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

4.4.1 Sub-Programme: Traditional Leadership and Institutional Support

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

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

**Programme 1: Administration**

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			21/22	22/23	23/24	23/24	23/24	
Improved audit outcome	All supplier invoices paid within 30 days	Percentage of uncontested invoices paid within 30 days	96,7%	97,2%	100%	98,2%	-1,8%	Delays in the submission of invoices for processing is still a main challenge. Continuous engagements with all role-players and suppliers to ensure timely submission of invoices. An e-mail system was introduced to centralise submissions of invoices.
	Increased preferential procurement for women	Percentage of procurement transactions awarded to women-owned businesses (WOB)	New	New	20%	28,1%	+8,1%	Department managed to prioritise WOB in procurement.

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			21/22	22/23	23/24	23/24	23/24	
	External audit recommendations implemented	Percentage of external audit recommendations implemented	55%	69%	100%	71,4%	-28,6%	Difficult to complete the actions to the level of 100% because most of the actions are based on Annual Financial statements and the statements for 2023/2024 are not issued yet.
	Corporate support services rendered	Percentage of departmental policies implemented	100%	100%	100%	100%		

**Programme 2: Human Settlements**

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			21/22	22/23	23/24	23/24	23/24	
Housing Needs, Research and Planning								
Adequate Housing and improved quality living environments	Investment of the total Human Settlements allocation in PDAs	<i>Percentage of investment of the total Human Settlements allocation in PDAs</i>	New	71,4%	30%	43,96%	+13,96%	The Department has over-achieved on expenditure in PDAs due to the province spending on services in preparation for the DBSA front-loading project in the Northern Cape, and accelerated performance by service providers.
	Acquired land during 2014-2019 falling within the PDAs rezoned	<i>Percentage of land acquired during 2014-2019 within the PDAs rezoned</i>	New	0%	100%	0,1%	-99,9%	In terms of De Aar (erf 635 & 3726), rezoning was delayed by community objections during the Environmental



Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			21/22	22/23	23/24	23/24	23/24	
								Impact Assessment (EIA) process. In terms of Portion 12 of Farm No. 449 Pensfontein, the project was delayed due to delays in obtaining the B4 certificate of Dolomite Stability Investigation from Council of Geo-Science. In terms of De Aar (erf 635 & 3726), the Local municipality, the appointed service provider and COGHSTA are dealing with the objection. In terms of Portion 12 of Farm No. 449 Pensfontein, B4 certificate of Dolomite Stability Investigation has been obtained from the Council of Geo-Science. Rezoning can thus continue. The Department acquired 380,1518 ha of land during 2014-2019. To date (for the MTSF term), the Department has rezoned 79% (300,2838 ha).
Security of Tenure to households in the subsidy market	<b>Housing Development</b>							
	Households that received subsidies through FLISP	<i>Number of households that received subsidies through FLISP</i>	27	21	20	13	-7	Applicants are interested in the programme; however, they are mostly interested in

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			21/22	22/23	23/24	23/24	23/24	
								purchasing serviced sites. There are no available sites for the targeted market. Two applicants had applied but were disqualified due to non-disclosure of property ownership. The Unit has initiated a marketing roadshow of the programme targeting all the regions in the province.
	Breaking New Ground (BNG) houses	<i>Number of Breaking New Ground (BNG) houses delivered</i>	New	153	568	105	-463	Poor performance by contractors due to financial constraints. Rigorous contract management and additional funding has been secured from Provincial Treasury. Due to an oversight, 18 houses were completed, but not reported on in quarter 4, hence the annual target is 18 more than captured on eQPRS. National Human Settlements revised the business plan at the end of Quarter 3, reducing the target to 340. APP target was not amended.
	Serviced sites	<i>Number of serviced sites delivered</i>	2 236	3 832	852	2 440	+1 588	Contractor accelerated on time lost by

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			21/22	22/23	23/24	23/24	23/24	
								increasing teams and plant. National Human Settlements revised the business plan at the end of Quarter 3, increasing the target to 1 653. APP target was not amended.
	Rental Social Housing units	<i>Number of rental social housing units delivered</i>	0	0	172	0	-172	There is a contractual dispute between the contractor and the South African Swedish International Housing Company (SASIHC) over the contract price adjustment. The contractor has terminated the contract. The Department is not responsible for the implementation of this project. The project is implemented by SASIHC and SHRA.
	Informal settlements upgraded to phase 3 of the UISP	<i>Number of informal settlements upgraded to phase 3 of the Upgrading of Informal Settlements Programme (UISP)</i>	New	7	6	1	-5	Opwag (!Kheis) practically completed. Budget cuts resulted in some planned projects not being completed. Additional equitable share funding enabled the Department to complete three projects within the first quarter of the new financial year.

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			21/22	22/23	23/24	23/24	23/24	
	Housing Asset Management							
	Title deeds registered pre-1994	Number of pre-1994 title deeds registered	New	59	500	61	-439	The verification process was conducted, and procurement has commenced. However, many discrepancies were found when doing the physical verification by the conveyances which led to registrations not being possible. A letter signed by the HOD, Mr. BS Lenkoe, was sent out to all regional heads as well as municipal managers requesting them to submit a consolidated list of all outstanding Pre-94 matters. Information to be submitted by 08/12/2023. Extension has been provided to municipalities to submit correct information and contracts.
	Title deeds registered post-1994	Number of post-1994 title deeds registered	New	20	3 700	275	-3 425	Many discrepancies were found when doing the physical verification by the conveyances which led to registrations not being possible. Conveyancers were allocated two municipalities to transfer



Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			21/22	22/23	23/24	23/24	23/24	
								properties in December 2023. Engagement meetings were held between the Department, municipalities, and conveyancers to establish a good working relationship in transferring properties.
	Title deeds registered post-2014	<i>Number of post-2014 title deeds registered</i>	New	44	650	40	-610	Many discrepancies were found when doing the physical verification by the conveyances which led to registrations not being possible. Municipalities were engaged and informed of all beneficiary discrepancies on the ground and requested to submit a formal response with reasons for the changes from the original beneficiaries on HSS.
	New title deeds registered	<i>Number of new title deeds registered</i>	New	0	150	11	-139	General plans not yet registered in deeds office. Incorrect erf numbers which do not align with SG layout plan. Lost parent title deeds at municipal level. Municipalities were engaged and informed of all beneficiary discrepancies on the ground and requested

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			21/22	22/23	23/24	23/24	23/24	
								to submit a formal response with reasons for the changes from the original beneficiaries on HSS.

**Programme 3: Cooperative Governance**

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			21/22	22/23	23/24	23/24	23/24	
LOCAL GOVERNMENT								
Transformation of the Local Government sector	Municipal Governance and Administration							
	Promote sound municipal governance	Number of municipalities supported to comply with MSA Regulations on the appointment of senior managers (Linked to MTSF 2019 – 2024, Priority 1)	31	27	31	29	-2	Richtersveld requested assistance from the Department since they did not have funds to appoint, yet they did not provide a council resolution to obtain secondment or sec 154 support. Despite being requested, Kgatelopele failed to submit a detailed process plan on their recruitment, selection and appointment process in terms of their vacancies.
		Number of municipalities monitored on the extent to which anti-corruption measures are implemented (Linked to MTSF	20	18	31	31		

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			21/22	22/23	23/24	23/24	23/24	
		2019 – 2024, Priority 1)						
		Number of capacity building interventions conducted in municipalities (Linked to MTSF 2019 – 2024, Priority 1) (B2B Pillar 5)	17	32	10	42	+32	Various stakeholders provide training in the local government sector to developed and upskilled officials in municipalities. The implementation of the Municipal Staff Regulations (MSR) requires municipal staff to have a certain level of expertise in a particular position. Thus, it vital that all sector departments and stakeholders collaborate to provide the officials the necessary skills and expertise to perform their functions effectively.
		Municipal Valuations, Performance Monitoring, Reporting & Evaluation						
	Ensure MPRA Compliance	Number of municipalities guided to comply with the MPRA (Linked to MTSF 2019 – 2024, Priority 1) (B2B Pillar 4)	26	26	26	26		
	Promote sound municipal performance management	Number of municipalities supported to reduce Unauthorised, Irregular, Wasteful and Fruitless expenditure (Linked to MTSF 2019 – 2024, Priority 1)	18	13	12	13	+1	Although Siyancuma LM which was not targeted for the year, it was reminded to address this due to the high amounts outstanding. This resulted in the number of municipalities being exceeded



Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			21/22	22/23	23/24	23/24	23/24	
								as against the initial number targeted.
		<i>Number of municipalities supported to institutionalize the performance management system (PMS) (Linked to MTSF 2019 – 2024, Priority 1)</i>	31	31	31	31		
		<i>Number of Section 47 Reports compiled as prescribed by the MSA (Linked to MTSF 2019 – 2024, Priority 1) (B2B Pillar 5)</i>	1	1	1	1		
	<b>Public Participation</b>							
	Promote participation in community-based governance processes	<i>Number of Municipalities monitored on the implementation of GBVF responsive programmes (Final M&amp;E Plan for NSP on GBVF) (Pillar 2: Prevention and Restoration of Social Fabric)</i>	26	15	26	26		
		<i>Number of municipalities supported to promote participation in community-based local governance processes (Priority 1: Capable, Ethical and Developmental State and Priority 6 MTEF indicator: Social Cohesion and Safer Communities)</i>	0	8	26	26		
		<i>Number of municipalities supported to</i>	26	25	26	26		

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			21/22	22/23	23/24	23/24	23/24	
		resolve community concerns (Outcome 9: Sub-Outcome 2) (B2B Pillar 1)						
		Number of municipalities supported to maintain functional ward committees (Linked to MTSF 2019 – 2024, Priority 1)	26	12	26	26		
	Create jobs through Job Summits, Operation Phakisa and other public sector employment programmes	Number of work opportunities reported through Community Works Programme (CWP) (MTSF 2019-2024, Priority 2)	22 531	22 343	21 000	20 515	-485	The slow recruitment approval process impacted on the province being unable to meet its target of 21 000. Unfortunately, all recruitments of participants in all our sites were stopped by COGTA, due to the appointment process of the new CWP Implementing Agents across the Country. The matter of recruitment was discussed at the CWP Management Committee meeting on 1 February 2024. With the appointment of the new IA late in the quarter many of the operational matters will improve in the new financial year. Because of the delay in the appointment of the IA,

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			21/22	22/23	23/24	23/24	23/24	
								verification of participants took longer, and no new participants were appointed although they were recruited. What complicates the matter is that it is a National CoGTA responsibility to procure IA and recruit participants.
<b>DEVELOPMENT PLANNING</b>								
Transformation of the Local Government sector	<b>Municipal Infrastructure and Basic Services</b>							
	Promote improved access to basic services	<i>Number of municipalities monitored on the implementation of indigent policies (Sub-outcome 1) (B2B Pillar 2)</i>	26	23	26	26		
		<i>Number of municipalities monitored on the implementation of infrastructure delivery programmes (Outcome 9, Sub-outcome 1) (B2B Pillar 5)</i>	26	26	26	26		
		<i>Number of Districts monitored on the spending of National grants</i>	5	5	5	5		
	<b>Spatial Planning</b>							
	Promote integrated municipal spatial planning and development	<i>Number of Districts/Metros monitored on the implementation of One Plans (MTSF 2019 – 2024, Priority 5: Spatial integration, human settlements and local government)</i>	5	0	5	5		
		<i>Number of municipalities</i>	31	0	31	31		

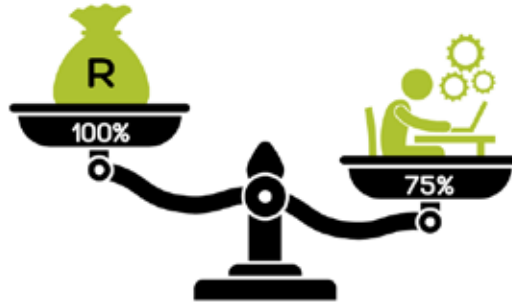


Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			21/22	22/23	23/24	23/24	23/24	
		<i>with legally compliant IDPs</i>						
	<b>Disaster Management</b>							
	Coordinated Provincial Disaster Management	<i>Number of municipalities supported to maintain functional Disaster Management Centres</i>	0	0	5	5		
		<i>Number of municipalities supported on Fire Brigade Services</i>	5	4	5	5		

**Programme 4: Traditional Affairs**

Outcome	Outputs	Output Indicators	Annual Targets					Reason for deviations
			Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	
			21/22	22/23	23/24	23/24	23/24	
Realizing good governance, peaceful co-existence and development within Traditional Communities	Traditional Leadership and Institutional Support							
	Promote traditional leaderships with good governance and sound administration	Number of Traditional Councils supported to perform their functions	8	8	8	8		
		Number of Anti GBVF Intervention/campaigns for traditional leadership (Final M&E Plan for the NSP on GBVF) (Pillar 2: Prevention and Restoration of Social Fabric)	2	3	2	3	+1	The Provincial House in collaboration with Office of the Premier partnered with various stakeholders to host anti-GBVF interventions/ campaigns for traditional leadership.
		Percentage of traditional leadership succession disputes processed	100%	100%	100%	100%		

#### 4.6 Linking performance with budgets Programme 1



Sub- Programme Name	2023/2024			2022/2023		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Programme 1</b>						
Office of the MEC	17 294	15 870	1 424	16 849	13 217	3 632
Corporate Services	209 265	210 652	(1 387)	180 100	160 502	19 598
<b>Sub-Total</b>	<b>226 559</b>	<b>226 522</b>	<b>37</b>	<b>196 949</b>	<b>173 719</b>	<b>23 230</b>

#### Programme 2



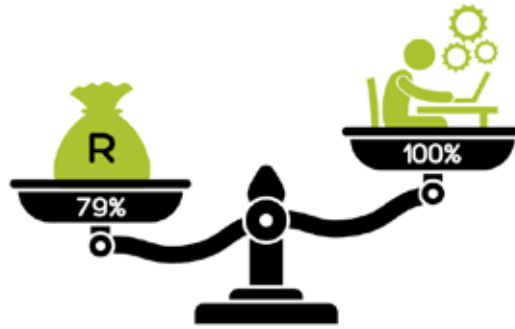
Sub- Programme Name	2023/2024			2022/2023		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Programme 2</b>						
Housing: Needs, Planning and Research	12 588	9 943	2 645	15 034	13 264	1 770
Housing: Settlements: Development	437 601	423 251	14 350	579 209	574 803	4 406
Housing: Asset Management	11 838	23 609	(11 771)	15 065	13 402	1 663
<b>Sub-Total</b>	<b>462 027</b>	<b>456 803</b>	<b>5 224</b>	<b>609 308</b>	<b>601 469</b>	<b>7 839</b>

#### Programme 3



Sub- Programme Name	2023/2024			2022/2023		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Programme 3</b>						
Local Governance	123 878	127 301	(3 423)	139 157	120 171	18 986
Development & Planning	15 737	11 419	4 318	18 446	11 201	7 245
<b>Sub-Total</b>	<b>139 615</b>	<b>138 720</b>	<b>895</b>	<b>157 603</b>	<b>131 372</b>	<b>26 231</b>

## Programme 4



Sub- Programme Name	2023/2024			2022/2023		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Programme 4</b>						
Traditional Affairs	30 753	24 342	6 411	36 671	24 894	11 777
<b>Sub-Total</b>	<b>30 753</b>	<b>24 342</b>	<b>6 411</b>	<b>36 671</b>	<b>24 894</b>	<b>11 777</b>

### 4.7 Strategy to overcome areas of under-performance

#### Programme 1

Continuous engagements with all role-players and suppliers to ensure timely submission of invoices. An e-mail system was introduced to centralise invoice submissions.

#### Programme 2

The department has embarked on the following interventions to address the persistent underperformance in the Human Settlements Programme:

- Termination of poor-performing contractors.
- Regular engagements with poor-performing contractors and professional service providers.
- Expedite home enrolment processes for new housing projects with the National Home Builders Registration Council (NHBRC).
- Key vacant internal positions of the following professionals to be urgently filled:
  - Chief Construction Manager One Construction Project Manager
  - Chief Engineer
  - Professional Engineer
- Developed an aggressive programme to accelerate the registration of title deeds by appointing a panel of 13 conveyancers.

#### Programme 3

- The under-performance of lack of support provided to Pixley Ka Seme DM and Richtersveld was more technical. In PKS DM, support was provided in Q3 but could not be completed due to the closure of offices, and it was concluded in Q4. Meanwhile, in Richtersveld, the challenge was the municipality's lack of financial capacity to appoint a Dir: Corporate Services.
- The under-performance is due to the delay in the appointment of the CWP Implementing Agent by CoGTA National. This is a process which is beyond the province. The only possible strategy to mitigate under-performance is for provinces to appoint Implementing Agents to control, manage, and manage the consequences of poor performance.

#### Programme 4

Strategies such as integrated research using traditional methods partnered with artificial intelligence should address shortcomings in the future, particularly capacity issues and lack of formal information, as most communities rely on word of mouth to pass their history to generations. This will lead to smarter output. The Unit is currently in the process of codifying customary laws of succession with Royal families. This exercise will also ensure that we minimise disputes when identifying successors to the leadership position and that the government is not embroiled in these disputes but acts as supporting and issuing a recognition certificate to the rightful heir.



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

##### Programme 2: Human Settlements

Outcome	Outputs	Output Indicators	Reason
Adequate Housing and improved quality living environments	<b>Housing Needs, Research and Planning</b>		
	Integrated Implementation Programmes for priority development areas	Number of integrated implementation programmes for priority development areas completed per year	The Department completed implementation programmes for all our PDAs during the 22/23 FY. Hence the Department was exempted from reporting on this indicator.
Security of Tenure to households in the subsidy market	<b>Housing Development</b>		
	Community Residential Units	Number of Community Residential Units (CRU) delivered	The Department delivered all Community Residential Units (CRU) in the 20/21 FY. Hence the Department was exempted from reporting on this indicator.

## 5. TRANSFER PAYMENTS

### 5.1 Transfer payments to public entities

None

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

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

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
Traditional Council	Traditional Council	Provide financial support to augment salaries and wages for employees appointed by the Traditional Council	Yes	R 1 184	R1 184	None

The table below reflects the **transfer payments budgeted** for in the period **1 April 2023 to 31 March 2024**, but the Department made no transfer payments.

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

## 6. CONDITIONAL GRANTS

### 6.1 Conditional grants and earmarked funds paid

The table/s below describes each of the conditional grants and earmarked funds paid from **1 April 2023 to 31 March 2024**.

None

## 6.2 Conditional grants and earmarked funds received

The table/s below details the conditional grants and earmarked funds received from **1 April 2023 to 31 March 2024**.

### Conditional Grant 1: Human Settlements Development Grant

Department who transferred the grant	Department of Human Settlements
Purpose of the grant	To provide funding for the creation of sustainable human settlements
Expected outputs of the grant	Revised Business Plan outputs: Units: 340 Serviced sites: 1653
Actual outputs achieved	Units: 105 (HSS: 106) Serviced sites: 2440 (HSS: )1429
Amount per amended DORA (R'000)	R285 336
Amount received (R'000)	R285 336
Reasons if amount as per DORA was not received	n/a
Amount spent by the department (R'000)	R285 336
Reasons for the funds unspent by the entity	n/a
Reasons for deviations on performance	Title Deeds and Top structures underperformed because of the lack of internal capacity and inferior performance by contractors and conveyancers.
Measures taken to improve performance	Panel of Conveyancers appointed to fast track the delivery of Title deeds. Termination of poor performing contractors and improved contract and project management.
Monitoring mechanism by the receiving department	A Business Plan for the grant is drafted at the beginning of every fiscal year. Monthly, quarterly DoRA Reports and reports to the Office of the Premier are submitted, where financial and non-financial achievements are reported. The Housing Subsidy System (HSS) System will only allow payments to be authorized if there is an approved submission, appointment letter and certified original invoices submitted.

### Conditional Grant 2: Informal Settlements Upgrading Partnership Grant

Department who transferred the grant	Department of Human Settlements
Purpose of the grant	To provide funding for the creation of sustainable human settlements
Expected outputs of the grant	Serviced sites: 819
Actual outputs achieved	Serviced sites: 2123 (HSS)
Amount per amended DORA (R'000)	R84 855
Amount received (R'000)	R84 855
Reasons if amount as per DORA was not received	n/a
Amount spent by the department (R'000)	R84 855
Reasons for the funds unspent by the entity	n/a
Reasons for deviations on performance	n/a
Measures taken to improve performance	n/a
Monitoring mechanism by the receiving department	A Business Plan for the grant is drafted at the beginning of every fiscal year. Monthly, quarterly DoRA Reports and reports to the Office of the Premier are submitted, where financial and non-financial achievements are reported. The HSS System will only allow payments to be authorized if there is an approved submission, appointment letter and certified original invoices submitted.

### Conditional Grant 3: Extended Public Works Programme

Department who transferred the grant	Department of Human Settlements
Purpose of the grant	To increase the labour intensity of government-funded infrastructure construction and maintenance projects using labour-intensive methods
Expected outputs of the grant	To create work for the EPWP target group; defined as: local, unemployed, low, or unskilled labour and such work must comply with the stipulations in the Ministerial Determination.
Actual outputs achieved	346 work opportunities created
Amount per amended DORA (R'000)	R1 943
Amount received (R'000)	R2 153
Reasons if amount as per DORA was not received	None
Amount spent by the department (R'000)	R1 798
Reasons for the funds unspent by the entity	Delays in the implementation of projects
Reasons for deviations on performance	Submission of monthly labour stats by all contracts
Measures taken to improve performance	To increase the labour intensity of government-funded infrastructure construction and maintenance projects using labour-intensive methods

<b>Monitoring mechanism by the receiving department</b>	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
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## 7. DONOR FUNDS

### 7.1 Donor Funds Received

None
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## 8. CAPITAL INVESTMENT

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

None
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# PART C

# GOVERNANCE



## 1. INTRODUCTION

The Department of Cooperative Governance, Human Settlements, and Traditional Affairs commits to upholding good corporate governance as espoused in the King III report and the Public Finance Management Act. We strive to promote good management practices in risk management, fraud prevention, ethics, procurement, and good governance and safeguard the department against 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 maintains effective, efficient, and transparent systems of risk management. The Public Sector Risk Management Framework gives effect to this section and provides, among other things, for processes of Risk Management.

For the 2023/2024 financial year, the department's Risk Management unit facilitated and implemented governance documents related to Risk Management, such as the Risk Management Policy, Risk Management Strategy, Risk Management Implementation Plan, and Charter approved by the Accounting Officer.

Quarterly Risk Management Committee (RMC) meetings, as per the RMC charter, are being conducted to discuss the outcomes of the risk assessment and reviews and to advise management on the overall system of risk management and the mitigation of unacceptable levels of risk. A risk mitigation plan has also been developed and updated quarterly after each risk review session. The appointed independent Chairperson submits quarterly reports to the accounting officer, including recommendations for actions and implementation. All senior managers also serve on the RMC, which gives them a greater insight into the risks facing the department.

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

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

There is synergy between the risk assessment outcome and the departmental strategic documents. Strategic risk reviews are part of the SMT agenda items. The strategic risk registers for the 2022/2023 financial year comprised 13 strategic risks. They were reviewed for the 2023/2024 financial year, and the number of strategic risks was reduced to 5, which indicates that actions to improve the management of the risks for the past year were effective.

Operational risk assessments are performed quarterly, and quarterly awareness sessions on risk management are conducted to create a risk management culture within the department.

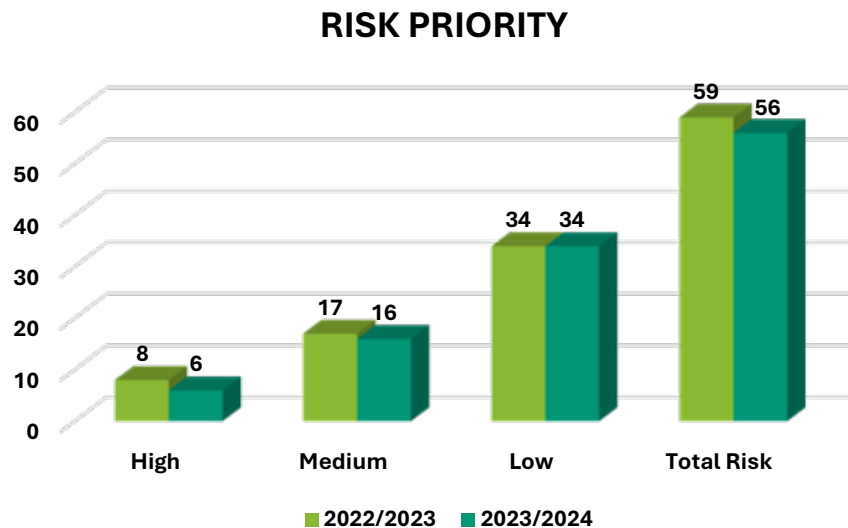
The table below provides an overview of the risk assessment between the last two financial years:

	2022/2023	2023/2024
High	8	6
Medium	17	16
Low	34	34
Total Risk	59	56

- The high risk for both years remains under ten which means that most internal controls are effective at keeping risks at the minimal level.

- The total number of risks identified in 2022/2023 was 59, and for 2023/2024, 56 risks were identified. This means that actions to improve risk management are effective.

The graph below illustrates the comparison of the risk profile of the Department:



### 3. FRAUD AND CORRUPTION

The Department has an approved fraud and anti-corruption policy and strategy, 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 and ethics management strategy, highlighting how officials can report fraud and corruption cases.

The department has established Ethics management. The unit has two ethics officers, and one vacant admin officer position. Awareness and anti-corruption workshops are conducted quarterly. Due to financial control measures instituted within the department, no fraud and corruption were reported for the year under review.

The fraud and anti-corruption hotlines are displayed on the departmental website and notice board for easy access and reporting. The officials are encouraged to visit the office of the Ethics Officer to report fraud and corruption, and reporting is considered a protected disclosure under the Protected Disclosure Act.

### 4. MINIMISING CONFLICT OF INTEREST

As the Minister of Public Service Administration indicates, all designated officials must submit compulsory financial disclosure on the e-disclosure system. The department has a financial disclosure policy with compulsory Annexures, which all officials subjected to the e-disclosure system must complete and submit to the ethics officer annually. Officials are further subjected to vetting to ensure they are issued with the correct level of security clearance. The department has also embarked on a lifestyle audit, which aligns with the e-disclosure system.

All Supply Chain Management Unit officials must declare any interest on the Declaration of Financial Disclosure forms. This control mechanism promotes good ethical behaviour amongst officials.

The applications of Remunerative Work Outside Public Service are thoroughly assessed to minimise the conflict of interest. The Ethics Officer ensures that Other Remunerative Work does not involve using state resources nor receiving gratification or gifts in the context of ORW. The Ethics Officer further verifies whether the company is conducting or planning to conduct business with any organ of the state.

The milestones achieved in the 2023/2024 financial year prove that the unit is taking its mandate seriously and aims to improve. The awareness campaigns have a positive impact, and employees better understand ethical conduct and integrity in the workplace. The unit is inundated with enquiries to mitigate conflict of interest from the initial stage.

## **5. CODE OF CONDUCT**

Employees need guidelines regarding their relationships with the legislature, political and executive office-bearers, other employees, and the public. These guidelines should indicate the spirit in which employees should perform their duties, what should be done to avoid conflicts of interest, and what is expected of them in terms of their personal conduct in public and private life.

The Code of Conduct is derived through a collective bargaining process at a national level, and deliberations and resolutions occur between the representatives of the employer and those of labour. It elucidates all types of acts of inadmissible conduct and prescribes the procedure to be followed when there is a case of misconduct reported to the department. For less severe misconduct cases, the Code of Conduct prescribes a less formal process that aligns with the principles of corrective justice and encourages issuing warnings. In cases of serious misconduct, an employee alleged to have committed misconduct is subjected to a formal disciplinary hearing within ten days of receiving the charge sheet. The employer must present evidence to prove its case, and the employee party can cross-examine those witnesses. The employee party also presents evidence in chief, and the employer cross-examines the employee party's witnesses. Closing arguments are then submitted, and the Chairperson decides whether the employee is guilty. If guilty, parties are required to submit mitigating and aggravating arguments for the Chairperson to determine the appropriate sanction.

The department is adhering to the Code, and consequence management has been implemented for all inadmissible conduct perpetrated by employees.

## **6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES**

The following processes are implemented to minimise conflict of interest relating to Health and Safety and Environmental issues:

- Collective agreement signed between the employer and recognised trade union for the designation of health and safety representatives;
- Health and Safety Committees established in all buildings and Union Members designated as advisory members on all H&S committees;
- Health and safety specifications for new buildings are developed and implemented when securing/procuring a new building,
- Hygiene control specifications for all buildings approved;
- Approved hazard investigation and risk assessment reports provided to all 16.2 appointees for implementation;
- Any new developments on occupational health and safety reported at a joint annual health and safety committee meeting for all buildings, and Health and safety directives issued as and when necessary;
- Standard operating procedure on injury on duty provided quarterly to all employees;
- Training provided to health and safety representatives and 16.2 appointees as and when required.

There has not been any conflict of interest since the recognised trade union and all relevant members are actively participating in the committees.



## 7. PORTFOLIO COMMITTEES

Date	Matters raised	Department's response
September 2023	Progress report on the implementation of the District Development Model in the province	<p><b>Implementation of DDM</b></p> <ul style="list-style-type: none"> <li>The DDM one plans endorsed by different district municipal councils were received;</li> <li>A letter with a template for the tracking of the implementation of the catalytic projects in the different DDM one plans was sent to be updated on the status of the project to different district offices;</li> <li>The status of some of the catalytic projects was update;</li> </ul> <p><b>JTG District</b> The district has identified 13 catalytic projects. 02 of the 13 projects (The regional airport and the disaster management centre).</p> <ul style="list-style-type: none"> <li>The department responsible for extending the existing hospital is busy with the preliminary design.</li> <li>The progress of the disaster management centre: Funding commitment and feasibility in progress.</li> </ul> <p><b>Frances Baard District</b> The district has identified 4 catalytic projects, and all four are in the status of implementation:</p> <ul style="list-style-type: none"> <li>The Redirile art school project is 98% complete and currently at 85% budget expenditure;</li> <li>The Vaalharts irrigation scheme project is a long-term project implemented in different stages and financial years. Currently, 3 reservoirs are in the design phase, 1 mainline is out on tender, and 1 sub-surface drainage system is in the design phase.</li> <li>The constriction of a new magistrate court – Jan Kempdorp project: The tender was advertised on 31 January 2024 and closed on 5 March 2024.</li> <li>Relocation of Warrenton Wastewater Treatment Work and Related Bulk Infrastructure project: Phases 2-4 are under implementation (scoping and inception report completed, technical report outstanding, feasibility report outstanding, preliminary design and research outstanding, implementation readiness report outstanding, and the business plan is outstanding.</li> </ul> <p><b>ZF Mgcawu District</b></p> <ul style="list-style-type: none"> <li>The district has 4 identified catalytic projects. 1 of the projects is currently in the implementation stages, the development of the Agri hub programme. There is development in the FPSU in the Dawid Kruiper LM.</li> </ul> <p><b>Pixley ka Seme District</b></p> <ul style="list-style-type: none"> <li>Has identified four (2) more catalytic projects from the previous quarter, quarter two (2) and all five (5) catalytic projects are not functional.</li> </ul> <p><b>Namakwa District</b></p> <ul style="list-style-type: none"> <li>The district has identified 7 catalytic projects. Of the 7 projects, only 2 projects are in the implementation stages: <ul style="list-style-type: none"> <li>Deep Sea Port Development in Boegoe Bay project Status: <ul style="list-style-type: none"> <li>The Port and Rail RFQ outcomes to be published that enable the key following task: <ul style="list-style-type: none"> <li>Transaction Advisor appointment to transition RFQ input towards RFP (3 Months)</li> <li>Issuance of the RFP to market and facilitation (7 months)</li> </ul> </li> <li>Closure and appraisal of the RFP (1,5 months)</li> <li>Parallel project development activities are key to enabling timeline pressures.</li> </ul> </li> <li>DTI Designation of the Namakwa SEZ adjacent to Black Mountain Zinc Mine, and a building of a new township in the area closer to the SEZ and Mine Project status: <ul style="list-style-type: none"> <li>Sasol has completed the pre-feasibility phase of the green hydrogen facility and renewable energy;</li> <li>Evaluation of port and rail RFQ is complete, as is the process to obtain Transnet management approval for port location and successful bidders;</li> </ul> </li> </ul> </li> </ul>

Date	Matters raised	Department's response		
		<div>➤ The draft master plan has been developed, and initial engagements with various stakeholders (public and private) have commenced;</div> <div>➤ CPA agreement for land access has been signed between NCEDA and the CPA as well as NCEDA and Sasol;</div> <div>➤ Completed pre-feasibility designs for the SEZ infrastructure.</div>		
	A comprehensive report on the roll-out and outstanding title deeds per municipality.	All targets must align with the budget as per the Approved Business Plan. The amount of R9 716 002.10 has been allocated to ensure the achievement of the target. The allocated budget is not sufficient for the overall target of 5000. Therefore, consideration will be given to the additional funding during the adjustment of the Business plan. Targets not achieved in Quarter Four of the 2023/2024 financial year will be re-prioritised to the 2024/2025 financial year.		
		Beneficiary verification:	332	
		Pre-1994 properties:	61	
		Post-1994 properties:	275	
		Post 2014-2019:	46	
Post-2019:	11			
Comprehensive report on all housing development projects in the province	Project list submitted quarterly.			
April 2024	Quarter 3 Report (23/24)	<div>1. Immediately conduct an investigation on the issuing of title deeds in Jurgenskamp and report back to the committee within 30 days of tabling this report. Report submitted.</div> <div>2. A report on progress made in terms of material irregularities. The department has one confirmed material irregularity, i.e. Lerato Park 458 project. The department appointed a legal firm to investigate the MI, which was concluded in February 2024. The report was submitted to the AGSA Material Irregularity Unit to assess the content thereof, follow up on the implementation of recommendations and assess whether adequate progress has been made on the implementation of recommendations as per the required timeframes. The matter was referred to the State Attorney to recover the financial loss from Bigen Africa.</div> <div>3. A report on spending on conditional grants. The department reports quarterly. It is covered in the Quarter 3 Performance Report and the Quarter 3 SOM Contract Report.</div> <div>4. An update on the filling of critical vacancies. The department reports quarterly on the departmental vacancy rate. It is covered in the Quarter 3 Performance Report.</div> <div>5. An update on infrastructure projects. The department reports quarterly on the ISUP Grant and the Municipal Infrastructure Grant. It is covered in the Quarter 3 Performance Report and the Quarter 3 SOM Contract Report.</div> <div>6. Progress report and update on litigations and legal claims.<div><div>• MEC COGHSTA vs Kareeberg municipality termination of municipal manager- The department is the Applicant-Judgement was in favour of the municipality</div><div>• Werner Christoph Jonker vs MEC COGHSTA &amp; 15 Other –judgement in favour of COGHSTA</div><div>• Rolf Mondrey Christie vs municipal manager of the Kheis Local Municipality</div></div></div> <div>Number of Contracts drafted - 1</div> <div>Taleni Godi Kupiso Inc.-Appointment of a service provider to investigate material irregularities (MI) IN THE Lerato Park 458 communities' residential units in Kimberley</div>		

Date	Matters raised	Department's response
		<p>Number of Attorneys instructed/Counsel briefed (directly or through State Attorney) against that number being black, female and local (provincial)</p> <p>Total Number = 1                      Black Female = 1</p> <p>7. An updated and detailed response on all contracting issues. The department would like to report the following minimal issues relating to contracts for quarter 3, 2023-2024:</p> <p>Leases (Office building rentals): Almost all contracts are active. However, the contract for Adistra Properties (Chapel Street) for the Frances Baard regional office remains unsigned by DRPW. A reminder letter was sent in January 2024 to fast-track the signatures, with no success. It is an ongoing problem that DRPW fails to sign contracts, extensions to contracts, and addendums to contracts, which negatively impacts the Department.</p> <p>Operational contracts (SITA): The contractor upgraded the telephone system after it expired. SITA has failed in various aspects in terms of service delivery issues. They have delayed the issue of a new service level agreement to be put in place after the contract with them for a telephone system expired on 30 September 2023. The new service level agreement was only issued and signed in February 2024, which caused a delay of invoices of 5 months to be paid, negatively impacting the Department's budget. For the past 3 years, SITA has failed to port the Telkom lines into their contract. The continued payment to Telkom has led to irregular expenditure, highlighted in the AG reports, for the past 3 financial years. Other service delivery issues related to delayed services and interruptions in operations related to the telecom system are a common denominator with SITA.</p>
	Section 47 Report	<p>Department must intervene to ensure that municipalities comply with MFMA</p> <p>1.1 The department will utilise the following forums:</p> <p>1.1.1 Muni-MEC – MEC consults with Mayors of municipalities on policy matters.</p> <p>1.1.2 Technical Muni-MEC – Department to engage with municipalities in preparation for Muni-MEC meetings.</p> <p>1.1.3 MEC either visits or invites municipalities to discuss critical matters.</p> <p>1.1.4 Compliance with Legislation (MFMA, Systems Act, Municipal Property Rates Act, etc.) to be included as an agenda item.</p> <p>1.1.5 Both municipalities and the province must report on the status of compliance.</p> <p>1.2 Monitor municipalities</p> <p>1.2.1 MEC to monitor municipalities in terms of MSA Section 105(1)(a), (b) and (c).</p> <p>1.2.2 Determine reasons for non-compliance and make recommendations and/or support them in terms of Section 154(1) of the Constitution.</p> <p>1.2.3 MEC may summon municipalities for engagement on non-implementation of recommendations made.</p> <p>1.2.4 Issue written directives for implementation after engagement.</p> <p>1.2.5 Hands-on support sessions will be arranged with municipalities to address compliance challenges.</p> <p>1.2.6 Special focus on the municipalities identified as dysfunctional during the MPAT assessments to improve their compliance.</p> <p>2. Promote equal opportunities and fair treatment in employment through the elimination of unfair discrimination to ensure equitable representation, especially at senior management level</p> <p>2.1 MEC will monitor the recruitment processes of municipalities in the province.</p> <p>2.2 To intervene where procedures are not followed, including applying for declaratory orders to the High Court.</p> <p>2.3 Monitor municipalities' compliance with their equity targets regarding applicable legislations and prescripts.</p>

Date	Matters raised	Department's response
		<p>3. Ensure that municipalities implement the audit action plan with the view to improving audit outcomes</p> <p>3.1 Closer collaboration with the Provincial Treasury (the department that monitors financial management processes) will be necessary.</p> <p>3.2 Departments should utilise the Muni-MEC, Technical Muni-MEC, and Provincial CFO Forum under PT to promote best practices in financial management.</p> <p>3.3 To monitor and guide municipalities on developing audit action plans to address the audit findings of the AG.</p> <p>3.4 The department will monitor and guide municipalities' implementation of tabled audit plans to address the AG's findings.</p> <p>3.5 Department, Provincial Treasury and SALGA to capacitate the MPACs in performing their oversight responsibilities in municipalities.</p> <p>3.6 Monitor that municipalities implement capacity-building measures to empower their officials in financial management.</p> <p>3.7 Departments (CoGHSTA &amp; PT) will monitor municipalities' implementation of consequence management. If they fail to act, the province will intervene, referring some cases to law enforcement agencies for further investigation.</p> <p>3.8 Support municipalities that request that, during the audit process, to deal with matters raised by the AG to improve on the audit outcomes.</p>
	Focus Intervention Study Report	Through the MECs office, the department has resolved to provide dedicated support to municipalities in all areas of Cooperative Governance - hence, the municipality was visited on June 6 and 7, 2024. A detailed response was provided.

## 8. SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
	Annual Report – Vote 9 – 2022/2023	Strengthen internal control systems in place that performance information and financial information must always be subjected to the requisite levels of review, and are accurate, complete, and valid prior to submission for auditing with adequate supporting evidence.	Intervention from the internal audit unit by providing guidance and assistance in addressing issues raised in the 2023 audit report. The credibility of the audit action plan was also a concern, as it did not accurately reflect the status quo. Management embarked on a vigorous process to review and update the audit action.	
		Establish a committee that investigates and manages officials that made or permitted persons irregular, unauthorised, and fruitless and wasteful expenditure. Subsequently, the Internal Audit Unit must on a quarterly basis submit a Consequence Management Progress Report to the committee that monitors implementation of consequence management against these officials.	The committee was established and had its first engagement meeting with the Provincial Treasury in July 2024 to address these challenges. It should be noted that these issues are historical in nature for procurements made at municipalities. Some processes were, but Provincial Treasury and the Auditor General have not accepted them over the years.	No
		Strengthen measures in place to ensure optimal spending of the allocated budget for the financial year.	The department spent 98,5% of its budget over the past year. The only savings realised were under employee compensation due to the moratorium placed on filling vacancies.	Yes
		Review the Annual Performance Report and the Annual Performance Plans in accordance with the Revised Fiscal Framework for Strategic Plans to address the indicators measuring governance and coordinating structures of municipal regions.	APP is reviewed and revised annually in accordance with the Revised Fiscal Framework for Strategic Plans.	Yes



		Strengthen measures in place to ensure that payments to all service providers are made within 30 days.	Continuous engagements with all role-players and suppliers to ensure timely submission of invoices. An e-mail system was introduced to centralise invoice submissions.	Yes
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## 9. PRIOR MODIFICATIONS TO AUDIT REPORTS

None

## 10. INTERNAL CONTROL UNIT

The internal control unit was established on 1 November 2023. The unit consists of a Deputy Director, of which two vacancies still need to be filled. The purpose of the internal control unit is to assess the internal control environment and make recommendations to management to address internal control deficiencies. The unit is also responsible for monitoring the implementation of internal and external audit findings raised as per the audit action plans.

## 11. INTERNAL AUDIT AND AUDIT COMMITTEES

### 11.1 Internal audit

The Executive Council of the Northern Cape Provincial Government has established an Internal Audit Unit (IAU) to provide internal audit services to all eleven departments, six listed public entities and one trading entity within the province. The shared Internal Audit Unit is divided into four clusters, Department of Co-operative Governance, Human Settlements and Traditional Affairs serviced by the Internal Audit Unit – Agriculture Cluster (Cluster 3). The IAU is an independent, objective assurance and consulting activity designed to add value and improve the client's operations.

#### Mandate

The Internal Audit Unit was established according to the Public Finance Management Act, 1999 (Act No 1 of 1999) section 38(a)(ii), which requires that the accounting officer establish a system of internal audit under the control and direction of an audit committee. Internal Audit assisted the department and management with the achievement of their objectives and remains a vital part of the department's governance and combined assurance structures. Internal Audit is the primary independent assurance provider on the adequacy and effectiveness of the department's governance, risk management and control structures, systems and processes. Internal audit operates in general conformance to the International Standards for the Professional Practice of Internal Audit (Standards).

#### Annual internal audit assurance statement

Internal Audit assurance can only be reasonable and not absolute and does not supersede the department and management's responsibility for the ownership, design, implementation, monitoring and reporting of governance, risk management and internal controls.

#### Independence and authority

The independence of internal audit is considered by the Chief Audit Executive and Audit Committee on an ongoing basis. It has been determined and confirmed that Internal Audit has remained independent of all operational functions and that the functional reporting to the Audit Committee and administrative reporting to the Treasury Head of Department have enabled appropriate organisational positioning. A shared internal audit model is in place, stationed in Provincial Treasury and operates in 4 clusters of 3 departments each. This contributed positively to independence. Internal Audit has access to all stakeholders and unrestricted access to all areas within the department.

#### Key activities of the internal audit:

The following internal audit work was completed during the year under review:

- Asset management

- Follow-up audit on the Auditor-General rectification plan for completeness and adequacy
- Follow-up audit on the Auditor-General rectification plan for implementation
- ICT governance review
- Leave management follow-up
- Performance information quarterly report review
- Recruitment and selection follow-up
- Review of the 6-month Interim Financial Statements
- Review of the draft Annual Financial Statements – 31 March 2023
- Review of the draft Annual Performance Report – 31 March 2023
- Risk, fraud and ethics management review
- Supply Chain Management- Supplier Performance Management
- Contract Management
- Title deeds

The internal audit unit also attended and contributed to the departmental risk management committee meetings and management meetings.

## 11.2 Audit Committee

### Key activities and objectives of the audit committee:

The Executive Council of the Northern Cape Provincial Government has established Cluster Audit Committees for the 11 Provincial Departments, six listed public entities and one trading entity. The Agriculture Audit Committee deals with three departments. The Audit Committee assists the department by providing advice relating to the reporting process, the system of internal control, the risk management processes, the internal and external audit process and the department's processes for monitoring compliance with laws and regulations and the code of conduct.

The Audit Committee consists of the members listed below. It meets as frequently as mandated by the approved Audit Committee charter and as often as necessary. After the AC meetings, the AC also provides the MEC with a written report to ensure the executive is informed about matters of concern.

During the financial year under review, five meetings were convened as per its charter, including a meeting convened to discuss the rectification plan status of implementation.

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

The term of audit committee members is three years, with an opportunity to be renewed for another 3-year term. The three-year term came to an end on 30 November 2023. The audit committee members and their attendance up to 30 November 2023 were as follows:

Name	Qualifications	Internal or external	Date appointed	No of Meetings attended
V. Pangwa (Chairperson)	Bachelor's degree in commerce accounting Bachelor's degree in commerce honours accounting CA(SA)	External	01/12/2017 – 30/11/2023	4
N. Jaxa	Bachelor's degree in commerce accounting Bachelor's degree in commerce honours accounting Master's degree in business administration	External	01/12/2020 – 30/11/2023	3
M Masibi	Bachelor's degree in commerce accounting Master's degree in public administration CCSA PIA	External	01/12/2020 – 30/11/2023	4
R. Miller	Bachelor's degree in commerce accounting Bachelor's degree in commerce honours accounting	Internal	01/12/2017 – 30/11/2023	3

Name	Qualifications	Internal or external	Date appointed	No of Meetings attended
I. Manyane	Post Graduate Diploma in Public Management BA Psychology	Internal	01/12/2020 – 30/11/2023	4

The MEC Finance, Economic Development and Tourism appointed new AC members from 1 December 2023 to 30 November 2026 on a three-year term. The audit committee members and their attendance up to 31 March 2024 were as follows:

Name	Qualifications	Internal or external	Term of appointment	No. of Meetings attended
C. Motau (Chairperson)	Doctor Technologiae: Computer Science and Data Master's degree in information technology Master's degree in business leadership Bachelor's Degree of Commerce	External	01/12/2023 – 30/11/2026	1
Z. Hlope	Post-Graduate-Diploma in Internal Auditing Bachelor's degree in accounting science (BCompt) Certified Internal Auditor (CIA) Certification in Control Self-Assessment (CCSA)	External	01/12/2023 – 30/11/2026	1
N. de Leeuw	B Compt Hons B Compt CA(SA) Certificate in Effectiveness Reporting and Auditing CIA (Certified Internal Auditor)	External	01/12/2023 – 30/11/2026	1
I. Manyane	Post Graduate Diploma in Public Management BA Psychology	Internal	01/12/2023 – 30/11/2026	1

## 12. AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 31 March 2024. The Audit Committee has been functional throughout the financial year.

### REPORT OF THE AUDIT COMMITTEE FOR 2023/24

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

### THE EFFECTIVENESS OF INTERNAL CONTROL

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

### List of internal audit assignments conducted during the year:

- Asset Management
- Contract Management
- Draft annual financial statements and annual report

- Follow up on AGSA action plan
- Follow up on Internal Audit action plan
- Follow up on Leave Management
- Follow up on Recruitment and Selection
- Information Communication Technology
- Interim Financial Statements
- Performance Information
- Recruitment and Selection
- Risk, Fraud and Ethics Management
- Supplier Performance
- Title deeds

**Areas of concern from internal audit assignments:**

**Governance**

Audit rectification plans were developed and not fully implemented on time, resulting in repeat audit findings by internal and external auditors.

**Risk management**

The departmental risk management committee did function for the year under review resulting in the implementation of risk mitigation action plans being monitored on an ongoing basis. Risk reports were submitted to the Audit Committee on a quarterly basis.

**Controls**

The system of internal control is partially adequate and/or effective, and does not provide reasonable assurance that business objectives will be met if the agreed actions are not corrected.

From the various reports and assessments of internal audit, it can be concluded that the internal control environment is partially adequate and partially effective.

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

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

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

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

**EVALUATION OF THE FINANCIAL STATEMENTS**

The Audit Committee has:

- Reviewed and discussed the annual financial statements and annual performance information report prepared by the department with the AGSA and the Accounting Officer for inclusion in the Annual Report;
- Reviewed the AGSA audit report;
- Reviewed the AGSA's management report and management's responses thereto;
- Reviewed the Department's compliance with legal and regulatory provisions;
- Reviewed significant adjustments resulting from the audit; and
- Reviewed the outcome of the evaluation of the annual financial statements.

**AGSA REPORT**



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

The AGSA also reported on material irregularities and potential losses under investigation. The Audit Committee requested the AGSA to provide quarterly progress updates and to acknowledge the Committee's oversight role in this process in AGSA guidance.

#### REPORT TO THE ACCOUNTING OFFICER AND EXECUTIVE AUTHORITY

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

#### CONCLUSION

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



**Dr C. Motau**

**Chairperson of the Audit Committee**

**Department of Cooperative Governance Human Settlements and Traditional Affairs**

**Date: 31 July 2024**

### 13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Has the Department applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following?		
Criteria	Response Yes/No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licenses, concessions or other authorisations in respect of economic activity in terms of any law?	No	Not applicable to the departmental operations.
Developing and implementing a preferential procurement policy?	Yes	Approved policies were operational over the year under review.
Determining qualification criteria for the sale of state-owned enterprises?	No	Not applicable to the departmental operations.
Developing criteria for entering into partnerships with the private sector?	No	The department does not have any intention of entering private partnerships.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	Investments are only allowed by the Provincial Treasury with the concurrence of the MEC of Finance in a province.









# PART D

## HUMAN RESOURCE MANAGEMENT



## 1. INTRODUCTION

The department strives to be an employer of choice by ensuring that its employees are capacitated, competent, and satisfied to ensure outstanding service delivery. Using the HR capability assessment, the Human Resource Management and Development directorate can identify where it needs to improve the support it provides to the department.

The reviewed and approved Departmental Organisational Structure was implemented, and the Service Delivery Model was approved in April 2024. Alignment of the structure to the establishment is an ongoing process, and obtaining approved JE outcomes remains a challenge due to the job evaluation and grading system not being available. However, the Department of Public Service and Administration (DPSA) is in its final stage of developing the new grading system. It anticipates implementing it in the first quarter of the 2024/5 Financial year. As the Organisational Functionality Assessment (OFA) pilot department, the tool assists the department in diagnosing its functionality and capacity constraints that negatively impact the department to deliver on its mandates. A departmental OFA report was submitted to the Office of the Premier and DPSA as required. The 2021 -2024 Human Resources Plan is still valid, and a new HRP will be submitted in August 2024. The HRP Implementation Report was also submitted as required.

The national directive on implementing control measures aimed at assisting Executive Authorities in managing fiscal sustainability while creating and filling vacant posts in departments outlined control measures implemented on PERSAL and was implemented from 1 October 2023. The directive was introduced whilst the department was busy with the recruitment and selection process for a total of 34 posts that were advertised internally and externally in July 2023. There is optimal management of conditions of service that ensure the effective processing of employees' benefits applications and payments. The PERSAL system is also optimally utilised and secured.

For this reporting period, a total of one hundred and forty-five (145) officials were trained, 77 males and 68 females. Bursaries were awarded to 23 officials, and combined with those continuing their studies from the previous year, the total number amounted to 73. The department experiences delays with the National School of Government (NSG), which poses a challenge since they are the only service providers who can conduct certain training, such as the Compulsory Induction Programme. The HRD forum discussed all the challenges that the departments experienced, and all concerns were to be elevated to NSG.

Employee Health and Wellness's four pillars are implemented through proactive and reactive services, and informative pamphlets are always distributed to all employees. EHW services are concentrated at the Provincial Office, and the regions are accommodated virtually and through other service providers. Hygiene specifications are implemented for different departmental buildings, including those in different regions. The different buildings' Hazard Identification and Risk Assessment reports were completed. Occupational Health and Safety specifications have been developed and provided to all relevant role players.

All reported misconduct, grievances, and dispute cases are handled as legislation prescribes. Readily available Presiding Officers are a significant challenge and affect the finalisation of cases. Thus, the department has pending cases moving into the first quarter of the new financial year.

## 2. OVERVIEW OF HUMAN RESOURCES

The Departmental Organisational Structure has been approved and implemented. The Human Resource Plan (HRP) was valid for the MTEF 2021 – 2024, and the department is developing a new HRP for the MTEF 2024 – 2027.

The priority has been to fill vacant posts, especially the most critical ones. The process has been challenged, mainly by the stringent measures imposed by the directive relating to cost containment. However, the department has not made much progress regarding decreasing the vacancy rate since some positions were filled by promotions of internal staff, which created another vacancy. Also, where we succeeded in recruiting scarce skills, we tend to lose them in a very short space of time.



In attracting and recruiting a skilled and capable workforce, the department will advertise the scarce skills posts with an open salary bracket per the OSD determination. The recruitment practitioner works with the manager of the vacant post's respective unit to finalise the duties of the position to be placed in the advert. An interview panel is appointed in consultation with the unit manager to fill the post.

The department is fully compliant with the EPMDS policy and the four pillars of Employee Health and Wellness.

**Achievements:**

- The department appointed 12 interns to permanent posts and five females to senior management positions.
- The Department has an approved SDM for 2023/24 and an approved reviewed bursary policy.
- Completed the revised Occupational Classification System project successfully.

**Challenges:**

- Delays in approval of submission seeking permission to advertise posts as per the directive.
- There were delays in the movement of promoted and transferred staff on PERSAL due to delays in providing authorisation codes for PERSAL.
- Obtaining approved JE outcomes for posts when conducting benchmarking exercises.
- Lack of capacity
- Lack of management commitment concerning Human Resources responsibilities.

### 3. HUMAN RESOURCES OVERSIGHT STATISTICS

#### 3.1 Personnel related expenditure

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

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

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

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	226 523	105 952	0	0	47	537
Human Settlements	456 803	126 748	0	0	28	487
Cooperative Governance	138 720	48 287	0	0	35	573
Traditional Affairs	243 42	16 569	0	0	68	188
<b>Total as on Financial System (BAS)</b>	<b>846 388</b>	<b>297 556</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>472</b>

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

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	4 325	1%	22	196 591
Skilled (Levels 3-5)	12 649	4%	44	287 477
Highly skilled production (Levels 6-8)	159 180	52%	355	448 394
Highly skilled supervision (Levels 9-12)	87 002	29%	121	719 025
Senior and Top management (Levels 13-16)	34 400	11%	24	1 433 333
<b>Total</b>	<b>297 556</b>	<b>98%</b>	<b>630</b>	<b>472 311</b>

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

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R' 000)	Salaries as a % of personnel costs	Amount (R' 000)	Overtime as a % of personnel costs	Amount (R' 000)	HOA as a % of personnel costs	Amount (R' 000)	Medical aid as a % of personnel costs
Administration	87 697	80%	0	0%	3 560	3%	6 067	6%
Cooperative Governance	102 669	79%	0	0%	4 832	4%	8 597	7%
Human Settlements	39 290	81%	0	0%	1 309	3%	2 807	6%
Traditional Affairs	14 515	87%	0	0%	383	2%	526	3%
<b>Total</b>	<b>244 172</b>	<b>80%</b>	<b>0</b>	<b>0%</b>	<b>10 084</b>	<b>3%</b>	<b>17 997</b>	<b>6%</b>

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

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R' 000)	Salaries as a % of personnel costs	Amount (R' 000)	Overtime as a % of personnel costs	Amount (R' 000)	HOA as a % of personnel costs	Amount (R' 000)	Medical aid as a % of personnel costs
Lower skilled (Levels 1-2)	3 023	72%	0	0%	310	7%	634	15%
Skilled (Levels 3-5)	9 891	81%	0	0%	633	5%	1 218	10%
Highly skilled production (Levels 6-8)	124 894	79%	0	0%	6 518	4%	12 365	8%
Highly skilled supervision (Levels 9-12)	73 153	87%	0	0%	1 780	2%	3 587	4%
Senior and Top management (Levels 13-16)	33 209	101%	0	0%	843	3%	193	1%
<b>Total</b>	<b>244 172</b>	<b>80%</b>	<b>0</b>	<b>0%</b>	<b>10 084</b>	<b>3%</b>	<b>17 997</b>	<b>6%</b>

### 3.2 Employment and Vacancies

The tables in this section summarize the position regarding 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 2023**

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	248	198	20,2	13
Cooperative Governance	284	261	8,1	3
Human Settlement	97	79	18,6	0

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Traditional Affairs	53	46	13,2	0
<b>Total</b>	<b>682</b>	<b>584</b>	<b>14,4</b>	<b>16</b>

**Table 3.2.2 Employment and vacancies by salary band as on 31 March 2023**

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (Levels 1-2)	22	22	0	0
Skilled (Levels 3-5)	52	44	15,4	0
Highly skilled production (Levels 6-8)	406	355	12,6	0
Highly skilled supervision (Levels 9-12)	158	121	23,4	0
Senior and Top management (Levels 13-16)	26	24	7,7	0
Contract (Levels 3-5), Permanent	1	1	0	1
Contract (Levels 6-8), Permanent	8	8	0	8
Contract (Levels 9-12), Permanent	4	4	0	3
Contract (Levels >= 13), Permanent	5	5	0	4
<b>Total</b>	<b>682</b>	<b>584</b>	<b>14,4</b>	<b>16</b>

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

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related, Permanent	101	101	0	2
Cartographic Surveying and Related Technicians, Permanent	2	2	0	0
Cleaners in offices Workshops Hospitals etc., Permanent	24	24	0	0
Client Inform Clerks (Switchboard Reception Inform Clerks), Permanent	4	4	0	0
Community Development Workers, Permanent	182	182	0	1
Engineering Sciences Related, Permanent	1	1	0	0
Engineers and Related Professionals, Permanent	3	3	0	0
Finance and Economics Related, Permanent	6	6	0	0
Financial and Related Professionals, Permanent	6	6	0	0
Financial Clerks and Credit Controllers, Permanent	24	24	0	0
Food Services Aids and Waiters, Permanent	3	3	0	0
General Legal Administration and Related Professionals, Permanent	3	3	0	0
Human Resources and Organisational Development and Relate Prof, Permanent	9	9	0	6
Human Resources Related, Permanent	19	19	0	0
Information Technology Related, Permanent	2	2	0	0
Inspectors of Apprentices Works and Vehicles, Permanent	11	11	0	0
Library Mail and Related Clerks, Permanent	9	9	0	1
Logistical Support Personnel, Permanent	8	8	0	0
Material-Recording and Transport Clerks, Permanent	3	3	0	0
Messengers Porters and Deliverers, Permanent	6	6	0	1
Not Available Permanent	98	0	100	0
Other Administrative and Related Clerks and Organisers, Permanent	32	32	0	1
Other Administrative Policy and Related Officers, Permanent	50	50	0	0
Other Information Technology Personnel, Permanent	3	3	0	0
Other Occupations, Permanent	22	22	0	0
Risk Management and Security Services, Permanent	1	1	0	0
Secretaries and Other Keyboard Operating Clerks, Permanent	13	13	0	0
Security Officers, Permanent	2	2	0	0
Senior Managers, Permanent	33	33	0	4
Trade Quality Controllers, Permanent	2	2	0	0
<b>Total</b>	<b>682</b>	<b>584</b>	<b>14,4</b>	<b>16</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 2024**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary Level 16	1	1	0,17%	0	0%
Salary Level 15	1	1	0,17%	0	0%
Salary Level 14	4	4	0,68%	0	0%
Salary Level 13	23	21	3,92%	2	0,2%
<b>Total</b>	<b>29</b>	<b>27</b>	<b>4,94%</b>	<b>2</b>	<b>0,2%</b>

**Table 3.3.2 SMS post information as on 30 September 2023**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary Level 16	1	1	0,17%	0	0%
Salary Level 15	1	1	0,17%	0	0%
Salary Level 14	4	4	0,68%	0	0%
Salary Level 13	23	21	3,92%	2	0,2%
<b>Total</b>	<b>29</b>	<b>27</b>	<b>4,94%</b>	<b>2</b>	<b>0,2%</b>

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

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Salary Level 13	2	2	2
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</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 2023 to 31 March 2024**

<b>Reasons for vacancies not advertised within six months</b>
The freezing of vacancies, benchmarking with other departments, and lack of a JE tool, which was supposed to be implemented as of 1 May 2024, consume a lot of time. The process of uploading the appointment submission to Treasury and OTP also consumes a lot of time.
<b>Reasons for vacancies not filled within twelve months</b>
The lack of adequate funding for the vacancies not filled within twelve months coupled with the lengthy process to be followed before advertising any vacancy.

**Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2023 to 31 March 2024**

<b>Reasons for vacancies not advertised within six months</b>
n/a
<b>Reasons for vacancies not filled within six months</b>
The lack of adequate funding for the vacancies not filled within twelve months coupled with the lengthy process to be followed before advertising any vacancy.

### 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 2023 to 31 March 2024**

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	22	0	0%	0	0%	0	0%
Skilled (Levels 3-5)	52	0	0%	0	0%	0	0%
Highly skilled production (Levels 6-8)	406	0	0%	0	0%	0	0%
Highly skilled supervision (Levels 9-12)	158	4	2,5%	0	0%	0	0%
Senior Management Service Band A	20	0	0%	0	0%	0	0%
Senior Management Service Band B	4	0	0%	0	0%	0	0%
Senior Management Service Band C	1	0	0%	0	0%	0	0%
Senior Management Service Band D	1	0	0%	0	0%	0	0%
Contract (Levels 3-5)	1	0	0%	0	0%	0	0%
Contract (Levels 6-8)	8	0	0%	0	0%	0	0%
Contract (Levels 9-12)	4	0	0%	0	0%	0	0%
Contract Band A	5	0	0%	0	0%	0	0%
<b>Total</b>	<b>682</b>	<b>4</b>	<b>2,5%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</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 2023 to 31 March 2024**

n/a	
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 2023 to 31 March 2024**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Management	4	11	12	Grade progression
Management	7	9	10	Grade progression
Administrative Personnel	1	8	9	Grade progression
Administrative Personnel	4	7	8	Grade progression
Service Delivery Facilitator	1	6	7	Grade progression
CDW	190	6	7	Grade progression
Administrative Personnel	1	5	6	Grade progression
<b>Total number of employees whose salaries exceeded the level determined by job evaluation</b>				<b>208</b>
<b>Percentage of total employed</b>				<b>(584 posts filled) 36%</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 2023 to 31 March 2024**

Gender	African	Asian	Coloured	White	Total
Female	71	0	48	1	120
Male	60	0	27	1	88
<b>Total</b>					<b>208</b>

<b>Employees with a disability</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>
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### 3.5 Employment Changes

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

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

Salary band	Number of employees at 1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower Skilled (Levels 1-2) Permanent	20	4	1	5
Skilled (Levels 3-5) Permanent	39	17	1	2,6
Highly Skilled Production (Levels 6-8) Permanent	371	6	16	4,3
Highly Skilled Supervision (Levels 9-12) Permanent	102	11	8	7,8
Senior Management Service Band A Permanent	19	0	0	0
Senior Management Service Band B Permanent	3	0	0	0
Senior Management Service Band C Permanent	1	0	0	0
Senior Management Service Band D Permanent	1	0	0	0
Contract (Levels 1-2) Permanent	1	0	0	100
Contract (Levels 3-5) Permanent	3	0	2	66,7
Contract (Levels 6-8) Permanent	10	2	2	20
Contract (Levels 9-12) Permanent	4	0	0	0
Contract Band A Permanent	2	1	0	0
<b>Total</b>	<b>576</b>	<b>41</b>	<b>31</b>	<b>5,4</b>

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

Critical occupation	Number of employees at 1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related, Permanent	96	7	6	6,3
Architects Town and Traffic Planners, Permanent	2	0	0	0
Cartographic Surveying and Related Technicians, Permanent	22	4	2	9,1
Cleaners in offices Workshops Hospitals etc., Permanent	4	0	0	0
Client Inform Clerks (Switchboard Reception Inform Clerks), Permanent	186	0	0	0
Communication and Information Related, Permanent	0	1	0	0
Community Development Workers, Permanent	3	2	2	66,7
Engineering Sciences Related, Permanent	6	0	0	0
Engineers and Related Professionals, Permanent	5	0	0	0
Finance and Economics Related, Permanent	25	1	2	8
Financial and Related Professionals, Permanent	3	0	0	0
Financial Clerks and Credit Controllers, Permanent	2	1	0	0
Food Services Aids and Waiters, Permanent	10	2	3	30
General Legal Administration and Related Professionals, Permanent	22	2	1	4,5
Human Resources and Organisational Development and Relate Prof, Permanent	1	0	0	0
Human Resources Clerks, Permanent	13	1	2	15,4
Human Resources Related, Permanent	10	1	1	10
Information Technology Related, Permanent	5	2	0	0

Critical occupation	Number of employees at 1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Inspectors of Apprentices Works and Vehicles, Permanent	4	0	0	0
Legal Related, Permanent	6	0	0	0
Library Mail and Related Clerks, Permanent	25	10	4	16
Logistical Support Personnel, Permanent	51	1	3	5,9
Material-Recording and Transport Clerks, Permanent	4	0	0	0
Messengers Porters and Deliverers, Permanent	22	1	1	4,5
Other Administrative and Related Clerks and Organisers, Permanent	2	0	1	50
Other Administrative Policy and Related Officers, Permanent	12	3	1	8,3
Other Information Technology Personnel, Permanent	2	0	0	0
Other Occupations, Permanent	30	2	1	3,3
Risk Management and Security Services, Permanent	2	0	1	4,5
Secretaries and Other Keyboard Operating Clerks, Permanent	12	3	1	50
Security Officers, Permanent	2	0	0	0
Senior Managers, Permanent	30	2	1	3,3
Trade Quality Controllers, Permanent	2	0	1	50
<b>Total</b>	<b>576</b>	<b>41</b>	<b>31</b>	<b>5,4</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 2023 to 31 March 2024**

Termination Type	Number	% of Total Resignations
Death, Permanent	3	9,7%
Resignation, Permanent	15	48,4%
Expiry of contract, Permanent	4	12,9%
Dismissal-misconduct, Permanent	1	3,2%
Retirement, Permanent	7	22,6%
Discharge due to ill-health	1	3,2%
Transfer out of the department	0	0%
<b>Total</b>	<b>31</b>	<b>100%</b>
<b>Total number of employees who left as a % of total employment</b>	<b>31</b>	<b>5,6%</b>

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

Occupation	Employees at 1 April 2021	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative Related	96	18	18,8%	63	65,6%
Architects Town and Traffic Planners	2	0	0%	1	50%
Cartographic Surveying and Related Technicians	22	0	0%	15	68,2%
Cleaners In Offices Workshops Hospitals Etc.	4	0	0%	2	50%
Client Inform Clerks (Switchboard Reception Inform Clerks)	0	0	0%	1	0%
Communication and Information Related	186	0	0%	6	3,2%
Community Development Workers	1	0	0%	0	0%
Engineering Sciences Related	3	0	0%	0	0%
Engineers and Related Professionals	6	1	16,7%	4	66,7%
Finance and Economics Related	5	0	0%	1	20%
Financial and Related Professionals	25	3	12%	15	60%
Financial Clerks and Credit Controllers	3	0	0%	2	66,7%
Food Services Aids and Waiters	2	0	0%	0	0%
General Legal Administration and Related Professionals	10	0	0%	0	0%
Human Resources and Organisational Development and Related Prof	22	5	22,7%	17	77,3%
Human Resources Clerks	1	1	100%	2	200%

Occupation	Employees at 1 April 2021	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Human Resources Related	13	1	7,7%	3	23,1%
Information Technology Related	0	0	0%	1	0%
Inspectors of Apprentices Works and Vehicles	10	0	0%	7	70%
Legal Related	5	3	60%	2	40%
Library Mail and Related Clerks	4	0	0%	0	0%
Logistical Support Personnel	6	0	0%	4	66,7%
Material-Recording and Transport Clerks	25	3	12%	186	744%
Messengers Porters and Deliverers	51	4	7,8%	40	78,4%
Other Administrative and Related Clerks and Organisers	4	0	0%	2	50%
Other Administrative Policy and Related Officers	22	0	0%	0	0%
Other Information Technology Personnel.	2	1	50%	1	50%
Other Occupations	12	0	0%	9	50%
Risk Management and Security Services	2	0	0%	1	75%
Secretaries and Other Keyboard Operating Clerks	30	1	3,3%	5	50%
Security Officers	2	0	0%	2	16,7%
Senior Managers	30	1	3,3%	5	16,7%
Trade Quality Controllers	2	0	0%	2	100%
<b>Total</b>	<b>576</b>	<b>41</b>	<b>7,10%</b>	<b>392</b>	<b>68,10%</b>

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

Salary Band	Employees at 1 April 2021	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower Skilled (Levels 1-2)	20	0	0%	12	60%
Skilled (Levels 3-5)	39	1	2,6%	24	61,5%
Highly Skilled Production (Levels 6-8)	371	16	4,3%	283	76,3%
Highly Skilled Supervision (Levels 9-12)	102	20	19,6%	59	57,8%
Senior Management (Levels 13-16)	24	4	16,7%	5	20,8%
<b>Total</b>	<b>556</b>	<b>41</b>	<b>43,2%</b>	<b>383</b>	<b>276,4%</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 2023**

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Legislators, senior officials and managers	20	5	0	0	0	3	3	0	1	0	31
Professionals	12	8	0	1	0	26	8	0	1	0	56
Technicians and associate professionals	54	17	1	2	0	68	19	0	4	0	165
Clerks	66	37	0	0	0	96	59	0	2	0	260
Service and sales workers	0	2	0	0	0	0	0	0	1	0	3
Craft workers	4	2	0	2	0	3	1	0	0	0	12
Labourers	31	4	0	0	0	11	10	0	0	0	56
<b>Total</b>	<b>187</b>	<b>75</b>	<b>1</b>	<b>5</b>	<b>0</b>	<b>207</b>	<b>100</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>584</b>
<b>Employees with disabilities</b>	<b>6</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15</b>



**Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2023**

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Top Management	1	1	0	0	0	0	0	0	0	0	2
Senior Management	12	3	0	0	0	2	4	0	1	0	22
Professionally qualified and experienced specialists and mid-management	44	17	0	3	0	39	14	0	4	0	121
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	103	45	1	2	0	130	71	0	3	0	355
Semi-skilled and discretionary decision making	13	4	0	0	0	24	2	0	1	0	44
Unskilled and defined decision making	7	1	0	0	0	5	9	0	0	0	22
Contract Senior Managers	4	1	0	0	0	0	0	0	0	0	5
Professional qualified contract	1	2	0	0	0	1	0	0	0	0	4
Contract skilled technical	2	0	0	0	0	6	0	0	0	0	8
Contract semi-skilled	0	1	0	0	0	0	0	0	0	0	1
<b>Total</b>	<b>187</b>	<b>75</b>	<b>1</b>	<b>5</b>	<b>0</b>	<b>207</b>	<b>100</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>584</b>

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

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Professionally qualified and experienced specialists and mid-management	5	2	0	0	0	3	1	0	0	0	11
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	4	1	0	0	0	0	1	0	0	0	6
Semi-skilled and discretionary decision making	3	1	0	0	0	12	1	0	0	0	17
Unskilled and defined decision making	1	0	0	0	0	1	2	0	0	0	4
Contract (Professionally qualified)	1	0	0	0	0	0	0	0	0	0	1
Contract (Skilled technical)	1	0	0	0	0	1	0	0	0	0	2
<b>Total</b>	<b>15</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>41</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

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

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Senior Management	5	0	0	0	0	2	2	0	0	0	9
Professionally qualified and experienced specialists and mid-management	27	12	0	3	0	24	9	0	4	0	79
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	65	40	1	0	0	128	62	0	3	0	299
Semi-skilled and discretionary decision making	9	1	0	0	0	12	2	0	1	0	25
Unskilled and defined decision making	2	1	0	0	0	2	7	0	0	0	12
Contract Senior Managers	1	0	0	0	0	0	0	0	0	0	1
Professional qualified contract	1	2	0	0	0	1	0	0	0	0	4
Contract skilled technical	1	0	0	0	0	1	0	0	0	0	2
Contract semi-skilled	0	1	0	0	0	0	0	0	0	0	1
Contract unskilled	0	0	0	0	0	0	1	0	0	0	1
<b>Total</b>	<b>111</b>	<b>57</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>170</b>	<b>83</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>433</b>
<b>Employees with disabilities</b>	<b>5</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>

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

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Professionally qualified and experienced specialists and mid-management	3	2	0	0	0	2	1	0	0	0	8
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	5	0	0	0	5	3	0	1	0	16
Semi-skilled and discretionary decision making	0	0	0	0	0	1	0	0	0	0	1
Unskilled and defined decision making	1	0	0	0	0	0	0	0	0	0	1
Contract skilled technical	1	1	0	0	0	0	0	0	0	0	2
Contract semi-skilled	1	0	0	0	0	1	1	0	0	0	3
<b>Total</b>	<b>16</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>31</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

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

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Final written warning	1	2	0	0	0	0	0	0	0	0	3
Written warning	1	1	0	0	0	2	0	0	0	0	4
Verbal warning	1	1	0	0	0	0	0	0	0	0	2
Dismissal	1	0	0	0	0	0	0	0	0	0	1
Final written warning with two month's suspension without salary	1	0	0	0	0	0	0	0	0	0	1

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

Occupational category	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Legislators, senior officials and managers	22	7	0	1	0	8	7	0	1	0	46
Technicians and associate professionals	21	14	0	0	0	23	15	0	1	0	74
Clerks	12	2	0	0	0	8	3	0	0	0	25
<b>Employees with disabilities</b>											<b>145</b>

### 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 2023**

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
Salary Level 15	1	1	1	100%
Salary Level 14	4	4	4	100%
Salary Level 13	20	20	19	95%
<b>Total</b>	<b>25</b>	<b>25</b>	<b>24</b>	<b>96%</b>

**Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2023**

Reasons
A letter of non-compliance was sent to SMS members in question to explain reasons for non-compliance. To date, reasons for non-compliance has not been provided.

**Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2023**

Reasons
No disciplinary action has been implemented yet.

### 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 2023 to 31 March 2024**

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	0	202	0	0	0
Male	0	181	0	0	0
<b>Asian</b>					
Female	0	0	0	0	0
Male	0	1	0	0	0
<b>Coloured</b>					
Female	0	100	0	0	0
Male	0	71	0	0	0
<b>White</b>					
Female	0	9	0	0	0
Male	0	5	0	0	0
<b>Total</b>	<b>0</b>	<b>569</b>	<b>0%</b>	<b>0</b>	<b>0</b>

**Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2023 to 31 March 2024**

Salary band	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total employment	Total Cost (R'000)	Average cost per employee
Lower Skilled (Levels 1-2)	0	22	0%	0	0
Skilled (Levels 3-5)	0	44	0%	0	0
Highly Skilled Production (Levels 6-8)	0	355	0%	0	0
Highly Skilled Supervision (Levels 9-12)	0	121	0%	0	0
<b>Total</b>	<b>0</b>	<b>542</b>	<b>0%</b>	<b>0</b>	<b>0</b>

**Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2023 to 31 March 2024**

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Financial Clerks and Credit Controllers	0	24	0%	0	0
Human Resources Clerks					
Security Officers	0	2	0%	0	0
Messengers Porters and Deliverers	0	6	0%	0	0
Human Resources and Organizational Development and Related Professions	0	9	0%	0	0
Risk Management and Security Services	0	1	0%	0	0
Finance and Economics Related	0	6	0%	0	0
Logistical Support Personnel	0	8	0%	0	0

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Other Administrative and Related Clerks and Organisers	0	32	0%	0	0
Other Occupations	0	22	0%	0	0
Legal Related	0	0	0%	0	0
Financial and Related Professionals	0	6	0%	0	0
Architects Town and Traffic Planners	0	0	0%	0	0
Administrative Related	0	101	0%	0	0
Communication and Information Related	0	0	0%	0	0
Secretaries and Other Keyboard Operating Clerks	0	13	0%	0	0
Cleaners in Offices, Workshops, Hospitals etc.	0	24	0%	0	0
Library Mail and Related Clerks	0	9	0%	0	0
Human Resources Related	0	19	0%	0	0
General Legal Administration and Related Professionals	0	3	0%	0	0
Cartographic Surveying and Related Technicians	0	2	0%	0	0
Material-Recording and Transport Clerks	0	3	0%	0	0
Other Administrative Policy and Related Officers	0	50	0%	0	0
Inspectors of Apprentices Works and Vehicles	0	11	0%	0	0
Senior Managers	0	33	0%	0	0
Client Inform Clerks (Switchboard Reception Information Clerks)	0	4	0%	0	0
Engineers and Related Professionals	0	3	0%	0	0
Other Information Technology Personnel	0	3	0%	0	0
Trade Quality Controllers	0	2	0%	0	0
Engineering Sciences Related	0	1	0%	0	0
Food Services Aids and Waiters	0	3	0%	0	0
Community Development Workers	0	182	0%	0	0
Information Technology Related	0	2	0%	0	0
<b>Total</b>	<b>0</b>	<b>496</b>	<b>0%</b>	<b>0</b>	<b>0</b>

**Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2023 to 31 March 2024**

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Total employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	0	23	0%	0	0	0%
Band B	0	4	0%	0	0	0%
Band C	0	1	0%	0	0	0%
Band D	0	1	0%	0	0	0%
<b>Total</b>	<b>0</b>	<b>29</b>	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0%</b>

### 3.9 Foreign Workers

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

**Table 3.9.1 Foreign workers by salary band for the period 1 April 2023 to 31 March 2024**

n/a
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**Table 3.9.2 Foreign workers by major occupation for the period 1 April 2023 to 31 March 2024**

n/a
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### 3.10 Leave Utilisation

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



**Table 3.10.1 Sick leave for the period 1 January 2023 to 31 December 2023**

Salary band	Total days	% Days with Medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Contract (Levels 3-5)	8	75%	3	0,8%	3	4
Contract (Levels 6-8)	31	51,6%	4	1,1%	8	24
Contract (Levels 9-12)	23	100%	3	0,8%	8	74
Highly skilled production (Levels 6-8)	1 805	80,2%	214	56,8%	8	3 090
Highly skilled supervision (Levels 9-12)	740	76,9%	85	22,5%	9	2 076
Lower skilled (Levels 1-2)	134	82,1%	18	4,8%	7	89
Senior management (Levels 13-16)	113	90,3%	12	3,2%	9	554
Skilled (Levels 3-5)	288	80,6%	38	10,1%	8	295
<b>Total</b>	<b>3 142</b>	<b>79,8%</b>	<b>377</b>	<b>100%</b>	<b>8</b>	<b>6 205</b>

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

Salary band	Total days	% Days with Medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Highly skilled production (Levels 6-8)	380	100%	11	61,1%	35	598
Skilled (Levels 3-5)	16	100%	2	11,1%	8	16
<b>Total</b>	<b>396</b>	<b>200%</b>	<b>13</b>	<b>72,2%</b>	<b>43</b>	<b>614</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 from being paid at the time of termination of service.

**Table 3.10.3 Annual Leave for the period 1 January 2023 to 31 December 2023**

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract (Levels 1-2)	14	1	14
Contract (Levels 13-16)	30	4	8
Lower skilled (Levels 1-2)	422	22	19
Senior management (Levels 13-16)	474	22	22
Skilled (Levels 3-5)	948	54	18
<b>Total</b>	<b>1 888</b>	<b>103</b>	<b>81</b>

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

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2021
Skilled (Levels 3-5)	0	0	0	21
Highly Skilled Production (Levels 6-8)	2	1	2	17
Highly Skilled Supervision (Levels 9-12)	3	1	3	13
Top and Senior Management (Levels 13-16)	0	0	0	25
<b>Total</b>	<b>5</b>	<b>2</b>	<b>5</b>	<b>76</b>

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

**Table 3.10.5 Leave pay-outs for the period 1 April 2023 to 31 March 2024**

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Annual - Discounting with Resignation (Work Days)	276	11	25 091
Annual - Gratuity: Death/Retirement/Medical Retirement (Work	249	12	20 750
Capped - Gratuity: Death/Retirement/Medical Retirement (Work	176	3	58 667
<b>Total</b>	<b>701</b>	<b>26</b>	<b>104 508</b>

### 3.11 HIV/AIDS & Health Promotion Programmes

**Table 3.11.1 Steps taken to reduce the risk of occupational exposure**

n/a
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**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. Keneilwe Moitsehang Senior Manager: Human Capital Management
2	Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		DD x 1 ASD x 2 SAO x 1 AO x 1  There is no allocated budget but an item for EHW was created with an annual budget of R150 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 Management Wellness Management Health and Productivity Management Sherq Management
4	Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		Mr. M Mali – Pixley ka Seme Mr. H Vass – ZFM Ms. M Joseph Karsten – Namaqua Mr. P Mpotsang – Service Delivery – Provincial Office Ms. P Thebe – Finance Ms. L Khumalo – Service Delivery – Provincial Office Mr. M Seleke – Human Settlements – Provincial Office Ms. R Keetile – JTG Mr. Mamapula – Nehawu Ms. S Mngoma Makhele – Frances Baard Mr. I Modise – Frances Baard Ms. H Dondolo – Communications Ms. L Holele – Traditional Affairs Mr. T Seheri – Persons with Disability Mr. D Harris – White Males Ms. N Julingalo – Gender – Provincial Office Ms. W Isaacs – Corporate Services - Provincial Office
5	Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		Policies are constantly being reviewed to accommodate all employees so to not discriminate against employees.
6	Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		The Department has an approved HIV/AIDS, TB & Sti Management Policy.
7	Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		The Department partners with Gems to present HCT opportunities to employees. During this financial year there were 5 different opportunities.
8	Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		X	

### 3.12 Labour Relations

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

Collective Agreements	Number
Total number of collective agreements	0

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

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

Outcomes of disciplinary hearings	Number	% of total
Verbal warning	2	18,1%
Written warning	4	36,3%
Final written warning	3	27,2%
Termination Section 17	1	9%
Suspension without pay	1	9%
<b>Total</b>	<b>11</b>	<b>99,6%</b>

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

Types of misconduct	Number	% of total
Dishonesty / Corruption	3	8,82%
Non - Disclosure	2	5,8%
Dereliction of duties	2	5,8%
Failure to comply with protocol	1	2,9%
Absenteeism	2	5,8%
Insolence	3	8,82%
Matters withdraw	4	11,76%
Break-in at employer premises	1	2,9%
Section 17 dismissal	1	2,9%
Acting of employee	1	2,9%
Disruption of interviews	1	2,9%
Failure to submit EPMDS documents	1	2,9%
RWOPS	1	2,9%
Insubordination	1	2,9%
Negligence	3	8,82%
Misuse of state vehicle	1	2,9%
Victimization	6	17,6%
<b>Total</b>	<b>34</b>	<b>99,3%</b>

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

Grievances	Number	% of Total
Number of grievances resolved	21	100%
Number of grievances not resolved	0	0%
<b>Total number of grievances lodged</b>	<b>21</b>	<b>100%</b>

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

Disputes	Number	% of Total
Number of disputes dismissed	1	20%
Number of disputes pending	4	80%
<b>Total number of disputes lodged</b>	<b>5</b>	<b>100%</b>

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

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 2023 to 31 March 2024**

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

### 3.13 Skills development

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

**Table 3.13.1 Training needs identified for the period 1 April 2023 to 31 March 2024**

Occupational category	Gender	Number of employees as at 1 April 2021	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Male	46	0	<ul style="list-style-type: none"> <li>• Introduction to Financial Management &amp; Budgeting</li> <li>• Policy drafting and development course</li> <li>• Advanced project management</li> </ul>	0	46
	Female	49	0	<ul style="list-style-type: none"> <li>• Monitoring and Evaluation training</li> <li>• Conflict Management course</li> <li>• Advanced Administrative Law course</li> <li>• Emerging Management Development programme</li> </ul>	0	49
Technicians and associate professionals	Male	38	0	<ul style="list-style-type: none"> <li>• Construction Management course</li> <li>• Contract Management course</li> <li>• Advanced Administrative Law</li> </ul>	0	38
	Female	65	0	<ul style="list-style-type: none"> <li>• Equity Management course</li> <li>• Public Management course</li> <li>• Disaster Management course</li> <li>• Fundamental Human Settlement course</li> </ul>	0	65
Clerks	Male	18	0	<ul style="list-style-type: none"> <li>• Office Administration course</li> <li>• Driving lessons</li> <li>• Basic Computer Training course</li> </ul>	0	18
	Female	24	0	<ul style="list-style-type: none"> <li>• Intermediate Computer Training</li> <li>• Advanced Computer training</li> </ul>	0	24
<b>Sub-Total</b>	Male	<b>102</b>	<b>0</b>		<b>0</b>	<b>102</b>
	Female	<b>138</b>	<b>0</b>		<b>0</b>	<b>138</b>
<b>Total</b>		<b>240</b>	<b>0</b>		<b>0</b>	<b>240</b>

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

Occupational category	Gender	Number of employees as at 1 April 2021	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Male	30	0	<ul style="list-style-type: none"> <li>• Bid Committee Training</li> <li>• Building Inspector Summit workshop</li> </ul>	0	30



Occupational category	Gender	Number of employees as at 1 April 2021	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes & other short courses	Other forms of training	Total
	Female	16	0	<ul style="list-style-type: none"> <li>Occupational Health and Safety workshop</li> <li>Performance Budgeting Training</li> </ul>	0	16
Technicians and associate professionals	Male	35	0	<ul style="list-style-type: none"> <li>Operation Management Framework</li> <li>Policy Formulation course</li> </ul>	0	35
	Female	39	0	<ul style="list-style-type: none"> <li>Initiating and chairing discipline hearing</li> <li>Bid Committee Training</li> <li>Building Inspector Summit workshop</li> <li>Basic: Computer Training</li> <li>Driving Lessons</li> <li>Ethics in the Public Service course</li> <li>Performance Budgeting Training</li> </ul>	0	39
Clerks	Male	12	0	<ul style="list-style-type: none"> <li>Office Administration course</li> <li>Driving lessons</li> <li>Basic Computer Training course</li> </ul>	0	12
	Female	13	0	<ul style="list-style-type: none"> <li>Intermediate Computer Training</li> <li>Advanced Computer training</li> </ul>	0	13
<b>Sub-Total</b>	Male	<b>77</b>	<b>0</b>		<b>0</b>	<b>77</b>
	Female	<b>68</b>	<b>0</b>		<b>0</b>	<b>68</b>
<b>Total</b>		<b>145</b>	<b>0</b>		<b>0</b>	<b>145</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 2023 to 31 March 2024**

Nature of injury on duty	Number	% of total
Required basic medical attention only	2	0,342%
Temporary Total Disablement	1	0,171%
<b>Total</b>	<b>3</b>	<b>0,513%</b>

### 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 2023 to 31 March 2024**

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 2023 to 31 March 2024**

n/a

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

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 2023 to 31 March 2024**

n/a

**3.16 Severance Packages**

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

n/a

[illegible]









# PART E

## PFMA

### COMPLIANCE

### REPORT



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

**1.1 Irregular expenditure**

**a) Reconciliation of irregular expenditure**

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	1 007 422	1 000 511
Add: Irregular expenditure confirmed	5 310	6 911
<b>Closing balance</b>	<b>1 012 732</b>	<b>1 007 422</b>

**Reconciling notes**

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure for the current year	5 310	-
<b>Total</b>	<b>5 310</b>	<b>-</b>

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

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure under assessment	2 353	2 027
Irregular expenditure under investigation	-	44 011
<b>Total</b>	<b>2 353</b>	<b>46 038</b>

Appointments of Senior Managers without the relevant qualifications for the posts under assessment. The department seeks guidance from the Office of the Premier to assist, but it still awaits feedback. During the supply chain audit, it was noted that awards amounting to R163 146.06 did not include the evaluation criteria as per the Preferential Procurement Policy Framework Act, 2000 (Act. No 5 of 2000). The department is disputing the finding based on the AG's technical interpretation of the regulations. The Department will conduct an investigation in the 2024/2025 financial year to determine the validity of the irregular expenditure. This issue has been escalated to National Treasury as well.

It was noted that variation orders (VO) amounting to R64 011 038.57 were approved on the project, Gamagara Kathu 5700 represent a variation of more than R20 million to the initial approved contract amount of R 295 288 500. Management is not in agreement with the R44 million reported in the 2022/23 financial year due to the fact that the auditors did not take into account the quantum increase on the project in their calculations. The approved variation order of R64 011 038, 57 is correctly calculated.

**c) Details of irregular expenditure condoned**

None
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**d) Details of irregular expenditure removed - (not condoned)**

None
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**e) Details of irregular expenditure recoverable**

None
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**f) Details of irregular expenditure written off (irrecoverable)**

None
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**Additional disclosure relating to Inter-Institutional Arrangements**

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

None
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**h) Details of irregular expenditure cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)**

Description	2023/2024	2022/2023
	R'000	R'000
Operating leases for buildings	3 725	3 687
Telkom – Contract expired	1 441	1 090
<b>Total</b>	<b>5 166</b>	<b>4 777</b>

Extension of lease contracts by the Department of Public Works in contravention of Treasury Instruction note 3 of 2016/17 where variances above 15% were not approved by Treasury.

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

None

**1.2 Fruitless and wasteful expenditure**

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

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	77 921	66 074
Add: Fruitless and wasteful expenditure confirmed	0	11 979
Less: Fruitless and wasteful expenditure recoverable	0	(132)
<b>Closing balance</b>	<b>77 921</b>	<b>77 921</b>

*Fruitless and wasteful expenditure includes fruitless expenditure incurred for Lerato Park 458 CRU's amounting to R11,667 million for remedial work performed in the prior year. An external service provider was appointed to investigate the matter. The material irregularity was confirmed, and the department is in the process of recovering the financial loss.*

**Reconciling notes**

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure for the current year	20	11 847
<b>Total</b>	<b>20</b>	<b>11 847</b>

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

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure under investigation	9 585	24 822
<b>Total</b>	<b>9 585</b>	<b>24 822</b>

*Fruitless and wasteful expenditure under investigation includes R5,287 million relating to Sol Plaatje Ivory Park 1175. Additional cost was incurred to make provision for high ground water and extension of time. A possible fruitless expenditure was incurred in the prior financial years amounting to R4,287 million in relation to De Aar 2386. The extent of the fruitless must still be determined.*

c) **Details of fruitless and wasteful expenditure recoverable**

None

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

None

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

None

**1.3 Unauthorised expenditure**

a) **Reconciliation of unauthorised expenditure**

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	11 713	11 713
<b>Closing balance</b>	<b>11 713</b>	<b>11 713</b>

*The department did not incur unauthorised expenditure in the 2023/24 financial year.*

**Reconciling notes**

None

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

None

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

a) **Details of material losses through criminal conduct**

None

**b) Details of other material losses**

None

**c) Other material losses recoverable**

None

**d) Other material losses not recoverable and written off**

None

**2. LATE AND/OR NON-PAYMENT OF SUPPLIERS**

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	2 792	579 530
Invoices paid <b>within</b> 30 days or agreed period	2 742	571 329
Invoices paid <b>after</b> 30 days or agreed period	50	8 201
Invoices older than 30 days or agreed period ( <i>unpaid and without dispute</i> )	-	-
Invoices older than 30 days or agreed period ( <i>unpaid and in dispute</i> )	-	-

*The department reported 50 invoices or 1,8% of the total invoices older than 30 days and not paid within 30 days from receipt thereof. A total of 2 742 invoices or 98,2% of valid invoices received were paid within 30 days from receipt thereof. This represents a slight improvement of 1% when compared to the invoices paid within 30 days for the 2022/2023 financial year. Bank queries, late submission of invoices are some of the issues impacting compliance.*

**3. SUPPLY CHAIN MANAGEMENT**

**3.1 Procurement by other means**

None

**3.2 Contract variations and expansions**

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Siyathemba 142	Diligent Work	VO	NC/18/2022 / A22110002	25 771	0	119
Barkly Road 1481	Gap Infrastructure Corporation (GIC)	VO & Quantum Increase	NC/21/2018 / A20120006	109 796	2 966	40 764
Barkly West 3529	Gap Infrastructure Corporation (GIC)	Quantum Increase	NC/21/2018 / A20070002	261 183	0	77 654
Carnarvon 1000	Gap Infrastructure Corporation (GIC)	Quantum Increase	NC/21/2018 / A20060001	75 915	0	22 546
Gamakor 1541	Gap Infrastructure Corporation (GIC)	VO & Quantum Increase	NC/21/2018 / A19100004	113 228	507	40 972
Goutrou 1512	Gap Infrastructure Corporation (GIC)	VO & Quantum Increase	NC/21/2018 / A19100008	111 112	3 028	64 276
Grobbershoop 1500	Gap Infrastructure Corporation (GIC)	VO & Quantum Increase	NC/21/2018 / A20070003	112 465	3 038	30 212
Ivory Park 1175	Gap Infrastructure Corporation (GIC)	VO & Quantum Increase	NC/21/2018 / A17030002	76 992	12 914	5 645
Opwag 730	Gap Infrastructure Corporation (GIC)	VO & Quantum Increase	NC/21/2018 / A20070008	45 839	10 857	14 442
Prieska 4108	Gap Infrastructure Corporation (GIC)	Quantum Increase	NC/21/2018 / A20080017	300 986	84 828	0
Kathu 5700	Gap Infrastructure Corporation (GIC)	VO & Quantum Increase	NC/13/2017 / A18010003	262 114	88 777	21 751
<b>Total</b>				<b>1 495 401</b>	<b>206 915</b>	<b>318 381</b>



**Notes**









# PART F

## FINANCIAL INFORMATION



# 1. REPORT OF THE AUDITOR-GENERAL TO NORTHERN CAPE PROVINCIAL LEGISLATURE ON VOTE NO. 9: DEPARTMENT OF COOPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Department of Cooperative Governance, Human Settlements and Traditional Affairs set out on pages **107 to 147**, which comprise the appropriation statement, statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as notes to financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Cooperative Governance, Human Settlements and Traditional Affairs as at 31 March 2024 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 1 of 1999 (PFMA) and the Division of Revenue Act 05 of 2023 (Dora).

### Basis for opinion

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

### Emphasis of matter

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

### Underspending of the vote

7. As disclosed in the Appropriation statement, the department materially underspent the vote on the following programs:
  - Programme 3: Human Settlement by R5 224 000
  - Programme 4: Traditional Institutional Management by R6 411 000

### Restatement of corresponding figures

8. As disclosed in note 30 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2024.



#### Other matter

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

#### Unaudited supplementary schedules

10. The supplementary information set out on pages **148 to 152** does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

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

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

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

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

#### Report on the audit of the annual performance report

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
16. I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected programmes that measure the department's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
<b>Programme 2:</b> <b>Human Settlement</b>	<b>37 - 43</b>	The purpose of the programme is to develop sustainable human settlements in the Northern Cape in the context of transforming cities, towns and rural communities, through the building of cohesive, sustainable and caring communities with closer access to work and other critical amenities.
<b>Programme 3:</b> <b>Cooperative Governance</b>	<b>44 - 49</b>	The purpose of the programme is to strengthen the capacity of 31 municipalities of the Northern Cape in order to render quality services to the communities.

17. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the department's planning and delivery on its mandate and objectives.
18. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives
  - all the indicators relevant for measuring the department's performance against its primary mandated and prioritised functions and planned objectives are included
  - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
  - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
  - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
  - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
  - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
19. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
20. I did not identify any material findings on the reported performance information for Programme 3: Cooperative Governance.
21. The material findings on the reported performance information for the selected programmes are as follows:

### Human Settlements

#### Various indicators

22. I could not determine the accuracy of various reported achievements, as the indicators were not well defined and I could not verify the methods and processes used to measure the achievements. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets have been achieved.

Indicator	Target	Reported achievement
Number of pre-1994 title deeds registered	500	61
Number of new title deeds registered	150	11
Number of post-1994 title deeds registered	3700	275
Number of post-2014 title deeds registered	650	40

#### Other matters

23. I draw attention to the matters below.

### Achievement of planned targets

24. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievement. This information should be considered in the context of the material findings on the reported performance information.
25. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved, as reported in the annual performance report. The reasons for any underachievement of targets/measures taken to improve performance are included in the annual performance report on pages 36 to 50.

### Human Settlements

Targets achieved: 18% Budget spent: 99%		
Key Service delivery indicator not achieved	Planned target	Reported achievement
Percentage of land acquired during 2014-2019 within the PDAs rezoned	100%	0%
Number of households that received subsidies through FLISP	20	13
Number of Breaking New Ground (BNG) houses delivered	568	105
Number of rental social housing units delivered	172	0
Number of informal settlements upgraded to phase 3 of the Upgrading of Informal Settlements Programme (UISP)	6	1
Number of pre-1994 title deeds registered	500	61
Number of post-1994 title deeds registered	3700	275
Number of post-2014 title deeds registered	650	40
Number of new title deeds registered	150	11

### Cooperative Governance

Targets achieved: 90% Budget spent: 99%		
Key Service delivery indicator not achieved	Planned target	Reported achievement
Number of municipalities supported to comply with MSA Regulations on the appointment of senior managers (Linked to MTSF 2019 – 2024, Priority 1)	31	29
Number of work opportunities reported through Community Works Programme (CWP) (MTSF 2019-2024, Priority 2)	21 000	20 515

### Material misstatements

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

### Report on compliance with legislation

27. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.
28. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

29. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the [type of auditee], clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
30. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

#### **Consequence management**

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

#### **Other information in the annual report**

32. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
33. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
34. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
35. The other information, I obtained prior to the date of this auditor's report is the disclosure of the unauthorised, irregular, and fruitless and wasteful expenditure, and the remaining information is expected to be made available to us after 31 July 2024.
36. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
37. When I do receive and read the remaining outstanding information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary

#### **Internal control deficiencies**

38. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
39. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion and, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.



40. Leadership did not establish an effective system for consequence management, aimed at investigating instances of unauthorized, irregular, and fruitless and wasteful expenditure. Consequently, the accounting officer could not ascertain individual accountability for possible losses incurred.
41. Leadership did not ensure the preparation of regular, accurate and complete performance reports that are supported and evidenced by reliable information. Moreover, they did not review and monitor compliance with applicable legislation.

#### **Material irregularities**

42. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

#### **Status of previously reported material irregularities**

##### **Payments for goods not delivered for Bhankara Bodulong 151 IN-SITU housing project**

43. The department made payments for goods not delivered. Additional in-fill material had to be used for the foundation of houses due to dolomite that was identified, however, payments were made to the contractor based on an approved deviation and not on the actual goods that were delivered. Financial Management and internal controls were not carried out adequately in contravention with PFMA Section 45 (a). The non-compliance could result in a likely financial loss.
44. I notified the accounting officer of the material irregularity on 26 July 2022 and invited the AO to make a written submission on the actions that will be taken to address the matter. I have completed the process of evaluating the responses from the accounting officer. I considered the representations made and the substantiating documents provided and have concluded that appropriate actions have been taken to address the material irregularity.

##### **Lerato Park project- Financial management and internal controls not carried out adequately to prevent remedial work done on the project**

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

- If it appears that the department suffered financial loss through criminal acts or possible criminal acts or omissions, this should be reported to the South African Police Service, as required by Treasury regulation 12.5.1.
47. On 27 February 2024, the accounting officer submitted a draft investigation report but no written submission on the implementation of the recommendations. I noted shortcomings in the accounting officer's response and a lack of substantiated documentation to support the facts stated in the investigation report. The shortcomings were communicated to the accounting officer on 4 March 2024 and a supplementary response was received on 6 March 2024. I assessed the written response and substantiating documentation provided and requested further documentation on 18 March 2024 to complete my assessment. No response was received, and a follow-up letter was issued to the accounting officer on 22 July 2024 to provide the requested information by 25 July 2024. A response was only received on 29 July 2024.
48. The accounting officer completed the investigation into the non-compliance and the scope of the investigation addressed the aspects of the material irregularity. The investigation concluded that the department maintained a financial management and internal control system but suffered a financial loss due to poor work quality, slow progress on the project as well as lack of oversight by the professional service provider that was responsible to oversee the project on behalf of the department.
49. The investigation recommended that the department recover the financial loss from the professional service provider subject to obtaining legal advice. The AO has subsequently instructed the Office of the State Attorney to recover the financial loss from the professional service provider through the performance guarantee issued in favour of the department.
50. The investigation report did not identify any officials for disciplinary action, as the failure was on the part of the professional service provider not managing the project and addressing the poor work quality of the contractor in terms of the contract timely.
51. The investigation did not identify any criminal conduct and no further actions were taken in this regard.
52. I will follow-up on the recovery of the financial loss during my next audit.

*Auditor General*

**Kimberley**  
**31 July 2024**



## **Annexure - Auditor-General's responsibility for the audit**

The annexure includes the following:

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

### **Auditor-General's responsibility for the audit**

#### **Professional judgement and professional scepticism**

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

#### **Financial statements**

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

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

#### **Communication with those charged with governance**

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

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



## 2. ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION STATEMENT for the year ended 31 March 2024

Appropriation per programme									
2023/24					2022/23				
Programme	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. ADMINISTRATION	221,294	-	5,265	226,559	226,522	37	100.0%	196,949	173,719
2. HUMAN SETTLEMENT	464,618	-	(2,591)	462,027	456,803	5,224	98.9%	609,308	601,469
3. CO-OPERATIVE GOVERNANCE	139,615	-	-	139,615	138,720	895	99.4%	157,603	131,372
4. TRADITIONAL INSTITUTIONAL MANAGEMENT	33,427	-	(2,674)	30,753	24,342	6,411	79.2%	36,671	24,894
Subtotal	858,954	-	-	858,954	846,387	12,567	98.5%	1,000,531	931,454

2023/24					2022/23				
			Final Budget	Actual Expenditure	Final Budget	Actual Expenditure			
			R'000	R'000	R'000	R'000			
TOTAL (brought forward)									
Reconciliation with statement of financial performance									
ADD									
Departmental receipts						1,351			-
Actual amounts per statement of financial performance (Total revenue)			858,954	846,387		1,001,882			931,454
Actual amounts per statement of financial performance (Total expenditure)				846,387					931,454

**APPROPRIATION STATEMENT**

for the year ended 31 March 2024

Appropriation per economic classification									
	Approved Budget	2023/24				2022/23			
		Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>427,460</b>	-	<b>(1,643)</b>	<b>425,817</b>	<b>414,129</b>	<b>11,688</b>	<b>97.3%</b>	<b>432,458</b>	<b>370,470</b>
Compensation of employees	307,978	-	(5,002)	302,976	297,556	5,420	98.2%	320,074	281,395
Goods and services	119,482	-	3,359	122,841	116,573	6,268	94.9%	112,384	89,075
<b>Transfers and subsidies</b>	<b>407,097</b>	-	<b>512</b>	<b>407,609</b>	<b>406,730</b>	<b>879</b>	<b>99.8%</b>	<b>552,631</b>	<b>552,631</b>
Non-profit institutions	1,088	-	96	1,184	1,184	-	100.0%	-	-
Households	406,009	-	416	406,425	405,546	879	99.8%	552,631	552,631
<b>Payments for capital assets</b>	<b>24,397</b>	-	<b>843</b>	<b>25,240</b>	<b>25,240</b>	-	<b>100.0%</b>	<b>15,442</b>	<b>8,329</b>
Buildings and other fixed structures		-						-	-
Machinery and equipment	24,397	-	196	24,593	24,593	-	100.0%	13,834	6,711
Intangible assets	-	-	647	647	647	-	100.0%	1,608	1,618
<b>Payments for financial assets</b>	-	-	288	288	288	-	100.0%	-	24
<b>Total</b>	<b>858,954</b>	-	-	<b>858,954</b>	<b>846,387</b>	<b>12,567</b>	<b>98.5%</b>	<b>1,000,531</b>	<b>931,454</b>

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2024

Programme 1: ADMINISTRATION									
			2023/24						2022/23
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final Budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1. OFFICE OF THE MEC	19,904	-	(2,610)	17,294	15,870	1,424	91.8%	16,849	13,217
2. CORPORATE SERVICES	201,390	-	7,875	209,265	210,652	(1,387)	100.7%	180,100	160,502
<b>Total for sub programmes</b>	<b>221,294</b>	<b>-</b>	<b>5,265</b>	<b>226,559</b>	<b>226,522</b>	<b>37</b>	<b>100.0%</b>	<b>196,949</b>	<b>173,719</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>201,412</b>	<b>-</b>	<b>3,718</b>	<b>205,130</b>	<b>204,948</b>	<b>182</b>	<b>99.9%</b>	<b>185,212</b>	<b>164,762</b>
Compensation of employees	106,134	-	-	106,134	105,952	182	99.8%	115,919	98,416
Goods and services	95,278	-	3,718	98,996	98,996	-	100.0%	69,293	66,346
<b>Transfers and subsidies</b>	<b>2,618</b>	<b>-</b>	<b>416</b>	<b>3,034</b>	<b>2,036</b>	<b>998</b>	<b>67.1%</b>	<b>1,132</b>	<b>1,132</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Households	2,618	-	416	3,034	2,036	998	67.1%	1,132	1,132
<b>Payments for capital assets</b>	<b>17,264</b>	<b>-</b>	<b>843</b>	<b>18,107</b>	<b>19,250</b>	<b>(1,143)</b>	<b>106.3%</b>	<b>10,605</b>	<b>7,801</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	17,264	-	196	17,460	18,603	(1,143)	106.5%	8,997	6,183
Intangible assets	-	-	647	647	647	-	100.0%	1,608	1,618
Payments for financial assets	-	-	288	288	288	-	100.0%	-	24
<b>Total</b>	<b>221,294</b>	<b>-</b>	<b>5,265</b>	<b>226,559</b>	<b>226,522</b>	<b>37</b>	<b>100.0%</b>	<b>196,949</b>	<b>173,719</b>

## APPROPRIATION STATEMENT

for the year ended 31 March 2024

Programme 2: HUMAN SETTLEMENT									
2023/24							2022/23		
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1. HOUSING NEEDS, RESEARCH AND PLANNING	13,719	-	(1,131)	12,588	9,943	2,645	79.0%	15,034	13,264
2. HOUSING DEVELOPMENT	439,061	-	(1,460)	437,601	423,251	14,350	96.7%	579,209	574,803
3. HOUSING ASSET MANAGEMENT	11,838	-	-	11,838	23,609	(11,771)	199.4%	15,065	13,402
<b>Total for sub programmes</b>	<b>464,618</b>	<b>-</b>	<b>(2,591)</b>	<b>462,027</b>	<b>456,803</b>	<b>5,224</b>	<b>98.9%</b>	<b>609,308</b>	<b>601,469</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>60,393</b>	<b>-</b>	<b>(2,591)</b>	<b>57,802</b>	<b>53,198</b>	<b>4,604</b>	<b>92.0%</b>	<b>59,178</b>	<b>51,339</b>
Compensation of employees	51,733	-	(2,127)	49,606	48,287	1,319	97.3%	52,011	43,116
Goods and services	8,660	-	(464)	8,196	4,911	3,285	59.9%	7,167	8,223
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>403,291</b>	<b>-</b>	<b>-</b>	<b>403,291</b>	<b>403,219</b>	<b>72</b>	<b>100.0%</b>	<b>549,671</b>	<b>549,671</b>
Households	403,291	-	-	403,291	403,219	72	100.0%	549,671	549,671
<b>Payments for capital assets</b>	<b>934</b>	<b>-</b>	<b>-</b>	<b>934</b>	<b>386</b>	<b>548</b>	<b>41.3%</b>	<b>459</b>	<b>459</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	934	-	-	934	386	548	41.3%	459	459
<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>464,618</b>	<b>-</b>	<b>(2,591)</b>	<b>462,027</b>	<b>456,803</b>	<b>5,224</b>	<b>98.9%</b>	<b>609,308</b>	<b>601,469</b>



**APPROPRIATION STATEMENT**  
for the year ended 31 March 2024

Programme 3: CO-OPERATIVE GOVERNANCE									
2023/24								2022/23	
	Approved Budget R'000	Shifting of Funds R'000	Virement R'000	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final budget %	Final Budget R'000	Actual expenditure R'000
<b>Sub programme</b>									
1. LOCAL GOVERNANCE	121,091	-	2,787	123,878	127,301	(3,423)	102.8%	139,157	120,171
2. DEVELOPMENT AND PLANNING	18,524	-	(2,787)	15,737	11,419	4,318	72.6%	18,446	11,201
<b>Total for sub programmes</b>	<b>139,615</b>	<b>-</b>	<b>-</b>	<b>139,615</b>	<b>138,720</b>	<b>895</b>	<b>99.4%</b>	<b>157,603</b>	<b>131,372</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>133,529</b>	<b>-</b>	<b>-</b>	<b>133,529</b>	<b>132,810</b>	<b>719</b>	<b>99.5%</b>	<b>153,227</b>	<b>131,171</b>
Compensation of employees	126,949	-	(201)	126,748	126,748		100.0%	128,360	123,889
Goods and services	6,580	-	201	6,781	6,062	719	89.4%	24,867	7,282
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>291</b>	<b>(191)</b>	<b>291.0%</b>	<b>201</b>	<b>201</b>
Households	100	-	-	100	291	(191)	291.0%	201	201
<b>Payments for capital assets</b>	<b>5,986</b>	<b>-</b>	<b>-</b>	<b>5,986</b>	<b>5,619</b>	<b>367</b>	<b>93.9%</b>	<b>4,175</b>	<b>-</b>
Buildings and other fixed structures								-	-
Machinery and equipment	5,986	-	-	5,986	5,619	367	93.9%	4,175	-
<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>139,615</b>	<b>-</b>	<b>-</b>	<b>139,615</b>	<b>138,720</b>	<b>895</b>	<b>99.4%</b>	<b>157,603</b>	<b>131,372</b>

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2024

Programme 4: TRADITIONAL INSTITUTIONAL MANAGEMENT									
				2023/24					2022/23
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1. TRADITIONAL INSTITUTIONAL ADMINISTRATION	33,427	-	(2,674)	30,753	24,342	6,411	79.2%	36,671	24,894
<b>Total for sub programmes</b>	<b>33,427</b>	<b>-</b>	<b>(2,674)</b>	<b>30,753</b>	<b>24,342</b>	<b>6,411</b>	<b>79.2%</b>	<b>36,671</b>	<b>24,894</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>32,126</b>	<b>-</b>	<b>(2,770)</b>	<b>29,356</b>	<b>23,173</b>	<b>6,183</b>	<b>78.9%</b>	<b>34,841</b>	<b>23,198</b>
Compensation of employees	23,162	-	(2,674)	20,488	16,569	3,919	80.9%	23,784	15,974
Goods and services	8,964	-	(96)	8,868	6,604	2,264	74.5%	11,057	7,224
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1,088</b>	<b>-</b>	<b>96</b>	<b>1,184</b>	<b>1,184</b>	<b>-</b>	<b>100.0%</b>	<b>1,627</b>	<b>1,627</b>
Non-profit institutions	1,088	-	96	1,184	1,184	-	100.0%	-	-
Households	-	-	-	-	-	-	-	1,627	1,627
<b>Payments for capital assets</b>	<b>213</b>	<b>-</b>	<b>-</b>	<b>213</b>	<b>(15)</b>	<b>228</b>	<b>(7.0%)</b>	<b>203</b>	<b>69</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	213	-	-	213	(15)	228	(7.0%)	203	69
<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>33,427</b>	<b>-</b>	<b>(2,674)</b>	<b>30,753</b>	<b>24,342</b>	<b>6,411</b>	<b>79.2%</b>	<b>36,671</b>	<b>24,894</b>

### NOTES TO THE APPROPRIATION for the year ended 31 March 2024

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

Detail of these transactions can be viewed in the note on Transfers and Subsidies, and Annexure 1A-H of the Annual Financial Statements.

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

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

#### 3. Detail on payments for financial assets

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

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

##### 4.1 Per programme

	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
Programme	R'000	R'000	R'000	%
Administration	226,559	226,522	37	0%

This Programme has spent R 226,522 million or 99 percent of its final appropriation of R 226 559 million as at the 31 March 2024. The programme realised an overall saving of R37 thousand of its final appropriation for the 2023/24 financial year. The programme has spent 100 percent or R98,996 million of its total allocated budget for Goods and Services. Spending on Compensation of Employees is R105,952 million or 99,8 percent of the total allocated budget of R106,134 million. It realised a saving of R 182 thousand. Payments for capital assets amount to R19, 251 million or 100 percent of the total allocation of R19, 250 million. Spending on machinery and equipment is R18, 603 million or 106,5 percent of the total allocation of R17, 460 million. The total budget is overspent by R1,143 million. Spending on Transport Equipment under Capital Assets is R11,178 million or 256,3 percent of its total allocation of R4, 362 million. The budget is overspent by 156,3 percent. As part of government's provision of tools of trade to deserving traditional leaders, the Department had procured vehicles to the eight traditional leaders in the Province. This is to ensure that traditional leaders can effectively deliver on their responsibilities tied to their positions. Included in Transport Equipment are payments made to Fleet Entity for the monthly lease of government vehicles.

Human Settlement	462,027	456,803	5,224	1%
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This Programme has spent with R 456, 803 million or 99 percent of its final appropriation of R 462, 027 million as at 31 March 2024. The savings reflected against the programme is mainly Goods and Services and Compensation of Employees. The programme has spent R53, 198 million or 92 percent of its total allocated budget of R57, 802 million for Current Payments. Human settlements by its very nature is a highly technical sector which requires very specialised type of skills such as civil engineering, town planning, environmentalist etc. Several technical posts could not be filled by end of March 2024. Three (3) construction project managers posts vacated their posts due to better offers and Engineering posts were advertised twice due to lack of suitable candidates. It is difficult for the department to create some sort of incentives to attract people with rare skills and make them stay in the province. A provincial allocation of R33,000 million was received in the 2023/24 adjusted budget. The funding was allocated to Programme 2 to assist the department to fast-track the delivery of small-scale housing projects. Payments for capital assets amount to R386 thousand or 41,3 percent of its total allocation of R934 thousand. The expenditure was mainly in relation to the procurement of machinery and equipment.

**NOTES TO THE APPROPRIATION  
for the year ended 31 March 2024**

Cooperative Governance	139,615	138,720	895	1%
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This Programme has spent R 138, 720 million or 99 percent of its final appropriation of R 139, 615 million as at 31 March 2024. The savings reflected against the programme mainly relates to Goods and Services. The programme has spent R6, 062 million or 89,4 percent of its total allocated budget of R6, 781 million for Goods and Services. Spending on Compensation of Employees is R126,748 million or 100 percent of the total allocated budget. The programme is responsible for support and interventions in municipalities across the province. The department had deployed Administrators to various municipalities in the current financial year and is responsible for the costs associated to such interventions. An amount of R5, 306 million was allocated to the Programme for the wage agreement addition in the 2023 adjustment budget. The upward adjustment of COE has assisted by alleviating the pressure on compensation of employees within the Programme.

Traditional Institutional Management	30,753	24,342	6,411	21%
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This Programme has spent R24,342 million or 79,1 percent of its final appropriation R30,753 million as at 31 March 2024. The savings reflected against the programme mainly relates to Goods and Services. The programme has spent 73,7 percent or R6, 605 million of its total allocated budget of R8, 964 million for Goods and Services. The programme underspent among others on Legal Services, Travel and Subsistence and Property Payments. The budget allocated for Training for traditional surgeons, care givers and principals involved in customary initiation practices was also unspent at year-end. Spending on Compensation of Employees is R16, 569 million or 80,8 percent of the total allocated budget of R20,488 million. An amount of R1, 184 million was transferred to the Traditional Council. The funding was used to augment salaries and wages of the employees appointed by the Traditional Councils. The programme received an amount of R3,917 million rolled over from the 2022/23 financial year for committed expenditure related Ba Ga Jantjie Commission of Inquiry and the Reconstitution of the Eight Traditional Councils in the 2023 adjustment budget.

#### 4.2 Per economic classification

Economic classification	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Budget %
<b>Current payments</b>				
Compensation of employees	302,976	297,556	5,420	2%
Goods and services	122,841	116,573	6,268	5%
<b>Transfers and subsidies</b>				
Provinces and municipalities	-	-	-	-
Non-profit institutions	1,184	1,184	-	0%
Households	406,425	405,546	879	0%
<b>Payments for capital assets</b>				
Buildings and other fixed structures	-	-	-	-
Machinery and equipment	24,593	24,593	-	0%
Intangible assets	647	647	0	0%
<b>Payments for financial assets</b>	<b>288</b>	<b>288</b>	<b>0</b>	<b>0%</b>
<b>Total</b>	<b>858,954</b>	<b>846,387</b>	<b>12,567</b>	<b>98.5%</b>

The department implemented cost containment measures introduced by Treasury as from 31 August 2023. These measures have assisted the department to reduce the pace of expenditure in the current financial year. Spending on Compensation of Employees was R116, 573 million or 94,9 percent of its total allocation of R122, 841 million. The department adjusted COE upwards in the 2023/2024 adjustment budget due to an additional allocation of R11, 306 million received for wage agreement addition. Delays were experienced in advertising vacant posts due to the implementation of the directive relating to cost containment which requires departments to seek approval from both the MEC for Finance and the Premier before advertising any vacancy. Spending on Machinery and Equipment was R24, 593 million or 100 percent of its total allocation. The department embarked on a bulk procurement for computers and equipment in the 2022/2023 financial year. However, due to delays in delivery of the computers, a roll over of R4, 947 million was requested and received in the 2023/24 adjustment budget. The department wrote off salary related debts amounting to R288 thousand in the 2023/2024 financial year.



**NOTES TO THE APPROPRIATION**  
**for the year ended 31 March 2024**

**4.3 Per conditional grant**

	Final Budget	Actual Expenditure	Variance	Variance as a percentage of Final Budget
Conditional grant	R'000	R'000	R'000	%
EPWP INTEGRATED GRANT FOR MUNIC	2,153	1,798	355	16%
HUMAN SETTLEMENTS DEVEL GRANT	285,336	285,336	-	0%
INFORM SETTL UPGR PART GRNT PROV	84,855	84,834	21	0%
<b>Total</b>	<b>372,344</b>	<b>371,968</b>	<b>376</b>	<b>0%</b>

For the financial year 2023/24, the Department's budget allocation amounts to R372,344 million, of which R285,336 million was allocated for Human Settlement Redevelopment Grant and R84, 855 million for Informal Settlement Upgrading Partnership Grant. Expenditure in relation to these conditional grants amount to 100 percent as at the end of the financial year. Expenditure in relation to EPWP grant amounts to R1, 798 million or 83,5 percent of its total allocation.

**STATEMENT OF FINANCIAL PERFORMANCE**  
**for the year ended 31 March 2024**

	<i>Note</i>	<b>2023/24 R'000</b>	<b>2022/23 R'000</b>
<b>REVENUE</b>			
Annual appropriation	1	858,954	1,000,531
Departmental revenue	2	-	1,351
<b>TOTAL REVENUE</b>		<b>858,954</b>	<b>1,001,882</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	3	297,556	281,395
Goods and services	4	116,573	89,075
		<b>414,129</b>	<b>370,470</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	6	406,730	552,631
		<b>406,730</b>	<b>552,631</b>
<b>Expenditure for capital assets</b>			
Tangible assets	7	24,593	6,711
Intangible assets	7	647	1,618
		<b>25,240</b>	<b>8,329</b>
Unauthorised expenditure approved without funding		-	-
<b>Payments for financial assets</b>	5	<b>288</b>	<b>24</b>
<b>TOTAL EXPENDITURE</b>		<b>846,387</b>	<b>931,454</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>12,567</b>	<b>70,428</b>

**Reconciliation of Net Surplus/(Deficit) for the year**

Voted funds		12,567	69,077
Annual appropriation		11,688	69,077
Conditional grants		879	-
Departmental revenue and NRF receipts	12	-	1,351
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>12,567</b>	<b>70,428</b>

**STATEMENT OF FINANCIAL POSITION**  
**as at 31 March 2024**

	<i>Note</i>	<b>2023/24 R'000</b>	<b>2022/23 R'000</b>
<b>ASSETS</b>			
<b>Current assets</b>		<b>1,648</b>	<b>61,000</b>
Cash and cash equivalents	8	1,573	60,868
Other financial assets		-	-
Prepayments and advances	9	-	-
Receivables	10	75	132
<b>Non-current assets</b>		<b>65</b>	<b>295</b>
Prepayments and advances		-	-
Receivables	10	65	295
Other financial assets		-	-
<b>TOTAL ASSETS</b>		<b>1,713</b>	<b>61,295</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>13,390</b>	<b>72,922</b>
Voted funds to be surrendered to the Revenue Fund	11	12,567	69,077
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	12	58	460
Bank Overdraft		-	-
Payables	13	765	3,385
<b>Non-current liabilities</b>			
Payables	14	-	5
<b>TOTAL LIABILITIES</b>		<b>13,390</b>	<b>72,927</b>
<b>NET ASSETS</b>		<b>-11,677</b>	<b>-11,632</b>
<b>Represented by:</b>			
Recoverable revenue		36	81
Unauthorised expenditure		-11,713	-11,713
<b>TOTAL</b>		<b>-11,677</b>	<b>-11,632</b>

**STATEMENT OF CHANGES IN NET ASSETS**  
**as at 31 March 2024**

	<i>Note</i>	<b>2023/24 R'000</b>	<b>2022/23 R'000</b>
<b>Recoverable revenue</b>			
Opening balance		81	26
Transfers:		<b>-45</b>	<b>55</b>
Irrecoverable amounts written off	5.1	-288	-24
Debts revised		243	-
Debts recovered (included in departmental revenue)		-	-
Debts raised		-	79
Closing balance		<b>36</b>	<b>81</b>
<b>Unauthorised expenditure</b>			
Opening balance		-11,713	-11,713
Unauthorised expenditure - current year			
Relating to overspending of the vote or main division within the vote		-	-
Incurred not in accordance with the purpose of the vote or main division		-	-
Less: Amounts approved by Parliament/Legislature with funding		-	-
Less: Amounts approved by Parliament/Legislature without funding and derecognised		-	-
Current		-	-
Capital		-	-
Transfers and subsidies		-	-
Less: Amounts recoverable			
Less: Amounts written off			
Closing Balance		<b>-11,713</b>	<b>-11,713</b>
<b>TOTAL</b>		<b>-11,677</b>	<b>-11,632</b>



**CASH FLOW STATEMENT**  
**for the year ended 31 March 2024**

	Note	2023/24 R'000	2022/23 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		859,586	1,002,612
Annual appropriation funds received	1.1	858,954	1,000,531
Departmental revenue received	2	632	2,081
Net (increase)/decrease in net working capital		-2,563	72,476
Surrendered to Revenue Fund		-70,111	-118,599
Surrendered to RDP Fund/Donor		-	-
Current payments		-414,129	-370,470
Interest paid		-	-
Payments for financial assets		-288	-24
Transfers and subsidies paid		-406,730	-552,631
<b>Net cash flow available from operating activities</b>	<b>15</b>	<b>-34,235</b>	<b>33,364</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	7	-25,240	-8,329
Proceeds from sale of capital assets		-	-
(Increase)/decrease in other financial assets		-	-
(Increase)/decrease in non-current receivables	10	230	27
<b>Net cash flow available from investing activities</b>		<b>-25,010</b>	<b>-8,302</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		-45	55
Increase/(decrease) in non-current payables		-5	-17
<b>Net cash flows from financing activities</b>		<b>-50</b>	<b>38</b>
Net increase/(decrease) in cash and cash equivalents		-59,295	25,100
Cash and cash equivalents at beginning of period		60,868	35,768
<b>Cash and cash equivalents at end of period</b>	<b>16</b>	<b>1,573</b>	<b>60,868</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2024

### PART A: ACCOUNTING POLICIES

#### Summary of significant accounting policies

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

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

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

1.	<b>Basis of preparation</b> The financial statements have been prepared in accordance with the Modified Cash Standard.
2.	<b>Going concern</b> The financial statements have been on a going concern basis.
3.	<b>Presentation currency</b> Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department
4.	<b>Rounding</b> Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
5.	<b>Foreign currency translation</b> Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.
6.	<b>Comparative information</b>
6.1	<b>Prior period comparative information</b> Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.
6.2	<b>Current year comparison with budget</b> A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
7.	<b>Revenue</b>
7.1	<b>Appropriated funds</b> Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective. Appropriated funds are measured at the amounts receivable. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.
7.2	<b>Departmental revenue</b> Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Departmental revenue is measured at the cash amount received. In-kind donations received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2024

7.3	<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>
8.	<b>Expenditure</b>
8.1	<b>Compensation of employees</b>
8.1.1	<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>
8.1.2	<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>
8.2	<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> <p>Donations made in kind are recorded in the notes to the financial statements on the date of transfer and are measured at cost or fair value.</p>
8.3	<p><b>Accruals and payables not recognised</b></p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost or fair value at the reporting date.</p>
8.4	<b>Leases</b>
8.4.1	<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. Operating lease payments received are recognised as departmental revenue.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
8.4.2	<p><b>Finance leases</b></p> <p>[Leases]</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> <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>
9.	<b>Aid assistance</b>
9.1	<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>CARA Funds are recognised when receivable and measured at the amounts receivable.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2024**

9.2	<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>
10.	<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>
11.	<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>
12.	<p><b>Investments</b></p> <p>Investments are recognised in the statement of financial position at cost.</p>
13.	<p><b>Financial assets</b></p>
13.1	<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 asset.</p> <p>At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
13.2	<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>
14.	<p><b>Payables</b></p> <p>Payables recognised in the statement of financial position are recognised at cost.</p>
15.	<p><b>Capital assets</b></p>
15.1	<p><b>Immovable capital assets</b></p> <p>Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.</p>
15.2	<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. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2024**

15.3	<p><b>Intangible capital 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 of a capital nature forms part of the cost of the existing asset when ready for use.</p>
15.4	<p><b>Project costs: Work-in-progress</b></p> <p>Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid. Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.</p> <p>Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.</p>
16.	<p><b>Provisions and contingents</b></p>
16.1	<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>
16.2	<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 that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
16.3	<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>
16.4	<p><b>Capital commitments</b></p> <p>Capital commitments are recorded at cost in the notes to the financial statements.</p>
17.	<p><b>Unauthorised expenditure</b></p> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p> <p>Unauthorised expenditure is recognised in the statement of changes in net assets 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 recorded in the notes to the financial statements comprise of</p> <ul style="list-style-type: none"> <li>• unauthorised expenditure that was under assessment in the previous financial year;</li> <li>• unauthorised expenditure relating to previous financial year and identified in the current year; and</li> <li>• Unauthorised incurred in the current year.</li> </ul>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2024

18.	<p><b>Fruitless and wasteful expenditure</b></p> <p>Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of:</p> <ul style="list-style-type: none"> <li>• fruitless and wasteful expenditure that was under assessment in the previous financial year;</li> <li>• fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and</li> <li>• fruitless and wasteful expenditure incurred in the current year.</li> </ul>
19.	<p><b>Irregular expenditure</b></p> <p>Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.</p> <p>Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of:</p> <ul style="list-style-type: none"> <li>• irregular expenditure that was under assessment in the previous financial year;</li> <li>• irregular expenditure relating to previous financial year and identified in the current year; and</li> <li>• irregular expenditure incurred in the current year.</li> </ul>
20.	<p><b>Changes in accounting policies, estimates and errors</b></p> <p>Changes in accounting policies are applied in accordance with MCS requirements.</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>
21.	<p><b>Events after the reporting date</b></p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
22.	<p><b>Principal-Agent arrangements</b></p> <p>The department is party to a principal-agent arrangement for the construction of houses. In terms of the arrangement the department is the principal and is responsible for building of houses for beneficiaries. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.</p>
23.	<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>
24.	<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 National/Provincial Revenue Fund when the underlying asset is disposed of and the related funds are received.</p>
25.	<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 National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written off.</p>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2024

26.	<p><b>Related party transactions</b></p> <p>Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>The full compensation of key management personnel is recorded in the notes to the financial statements.</p>
27.	<p><b>Inventories</b> <i>(Effective from date determined by the Accountant-General)</i></p> <p>At the date of acquisition, inventories are recognised at cost in the statement of financial performance.</p> <p>Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.</p> <p>The cost of inventories is assigned by using the weighted average cost basis.</p>
28.	<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>
29.	<p><b>Employee benefits</b></p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is recorded in the Employee benefits note.</p> <p>Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date.</p> <p>The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
30.	<p><b>Transfer of functions</b></p> <p>Transfer of functions are accounted for by the acquirer by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of transfer.</p> <p>Transfer of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.</p>
31.	<p><b>Mergers</b></p> <p>Mergers are accounted for by the combined department by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of the merger.</p> <p>Mergers are accounted for by the combining departments by derecognising or removing assets and liabilities at their carrying amounts at the date of the merger.</p>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2024**

**PART B: EXPLANATORY NOTES**

**1. Annual Appropriation**

**1.1 Annual Appropriation**

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

	2023/24			2022/23		
	Final Budget	Actual Funds Received	Funds not requested / not received	Final Budget	Appropriation Received	Funds not requested / not received
Programmes	R'000	R'000	R'000	R'000	R'000	R'000
ADMINISTRATION	226,559	226,559	-	196,949	196,949	-
HUMAN SETTLEMENT	462,027	462,027	-	609,308	609,308	-
CO-OPERATIVE GOVERNANCE	139,615	139,615	-	157,603	157,603	-
TRADITIONAL INSTITUTIONAL MANAGEMENT	30,753	30,753	-	36,671	36,671	-
<b>Total</b>	<b>858,954</b>	<b>858,954</b>	<b>-</b>	<b>1,000,531</b>	<b>1,000,531</b>	<b>-</b>

All appropriated funds were requested and received.

**1.2 Conditional grants**

	Note	2023/24 R'000	2022/23 R'000
Total grants received	32	372,344	551,619

*The Conditional Grants received consist of the Human Settlement Redevelopment Grant R285,336 million; the Expanded Public Works Programme Integrated Grant R2, 153 million as well as the Informal Settlements Upgrading Partnership Grant R84, 855 million. The decrease observed in the 2023/24 financial year was due to the R194,700 million received in the 2022/23 special adjustment for conditional grants.*

**2. Departmental revenue**

	Note	2023/24 R'000	2022/23 R'000
Tax revenue		-	-
Sales of goods and services other than capital assets	2.1	395	451
Transactions in financial assets and liabilities	2.2	237	1,630
<b>Total revenue collected</b>		<b>632</b>	<b>2,081</b>
Less: Own revenue included in appropriation	12	632	730
<b>Total</b>		<b>-</b>	<b>1,351</b>

*The decrease in transactions in financial assets and liabilities is due to interest received and paid over to the department when the Provincial Emergency Grant was paid back to the department in 2022/2023 by the Housing Development Agency.*



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2024**

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

	Note	2023/24 R'000	2022/23 R'000
Sales of goods and services produced by the department		395	451
Sales by market establishment		61	127
Administrative fees		-	-
Other sales		334	324
Sales of scrap, waste and other used current goods		-	-
<b>Total</b>	<b>2</b>	<b>395</b>	<b>451</b>

**2.2 Transactions in financial assets and liabilities**

	Note	2023/24 R'000	2022/23 R'000
Loans and advances			
Receivables			
Forex gain			
Other receipts including Recoverable Revenue		237	1,630
Gains on GFECRA			
<b>Total</b>	<b>2</b>	<b>237</b>	<b>1,630</b>

**2.2.1 Gifts, donations and sponsorships received in-kind (not included in the main note or sub-note)**

	Note	2023/24 R'000	2022/23 R'000
	<i>Annex 1H</i>		
Gifts			
Donations		87	-
Sponsorships		-	-
<b>Total gifts, donations and sponsorships received in kind</b>		<b>87</b>	<b>-</b>

**3. Compensation of employees**

**3.1 Analysis of balance**

	Note	2023/24 R'000	2022/23 R'000
Basic salary		213,093	191,001
Performance award		33	510
Service based		54	131
Compensative/circumstantial		3,113	4,824
Periodic payments		215	476
Other non-pensionable allowances		36,327	43,780
<b>Total</b>		<b>252,835</b>	<b>240,722</b>

*Increase in basic salary is due to appointments of new employees, promotions and absorption of contract employees in 2023/2024. Performance awards include appeals of qualifying employees for pay progression for the 2022/2023 performance cycle.*

### 3.2 Social contributions

		2023/24 R'000	2022/23 R'000
<b>Employer contributions</b>	<b>Note</b>		
Pension		26,347	23,389
Medical		18,309	17,219
UIF		-	3
Bargaining council		65	62
<b>Total</b>		<b>44,721</b>	<b>40,673</b>
 <b>Total compensation of employees</b>		 <b>297,556</b>	 <b>281,395</b>
 Average number of employees		 579	 577

### 4. Goods and services

		2023/24 R'000	2022/23 R'000
	<b>Note</b>		
Administrative fees		1,145	946
Advertising		305	488
Minor assets	4.1	944	73
Bursaries (employees)		1,026	925
Catering		1,633	1,407
Communication		2,306	1,091
Computer services	4.2	5,800	6,215
Consultants: Business and advisory services	4.9	10,563	13,894
Infrastructure and planning services		365	-
Laboratory services		-	-
Scientific and technological services		-	-
Legal services		11,942	1,717
Contractors		11,062	3,823
Agency and support / outsourced services		22	-
Entertainment		29	21
Audit cost - external	4.3	6,953	7,968
Fleet services		3,776	4,016
Inventories	4.4	3	51
Consumables	4.5	2,779	2,156
Housing		-	-
Operating leases		16,611	14,828
Property payments	4.6	22,591	12,587
Rental and hiring		65	586
Transport provided as part of the departmental activities		22	-
Travel and subsistence	4.7	12,564	12,003
Venues and facilities		1,127	1,698
Training and development		1,662	1,179
Other operating expenditure	4.8	1,278	1,403
<b>Total</b>		<b>116,573</b>	<b>89,075</b>

*Increase in Bursaries due to newly appointed officials participating in the 2023/24 financial year. The increase in Communication is mainly in respect of local radio engagements to reach out to communities, telecommunications, airtime and data for the newly appointed employees. Consultants: Business and advisory services include payments made to professional service provider for monitoring housing projects. Increase in Contractors is mainly due to payments made to contractors for the upgrading of Gordonia Hospital in Upington to office building. Increase in Legal Fees is due to the reconstitution of the traditional councils and payments in relation to the Commission of inquiry appointed for Ba Ga Jantjie Traditional Council. Property Payments include costs incurred for maintaining the buildings occupied by the department.*

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2024**

**4.1 Minor assets**

	<i>Note</i>	<b>2023/24 R'000</b>	<b>2022/23 R'000</b>
Tangible capital assets		944	73
Buildings and other fixed structures		-	-
Machinery and equipment		944	73
Intangible capital assets		-	-
Software		-	-
<b>Total</b>	<b>4</b>	<b>944</b>	<b>73</b>

**4.2 Computer services**

	<i>Note</i>	<b>2023/24 R'000</b>	<b>2022/23 R'000</b>
SITA computer services		5,005	5,774
External computer service providers		795	441
<b>Total</b>	<b>4</b>	<b>5,800</b>	<b>6,215</b>

**4.3 Audit cost - external**

	<i>Note</i>	<b>2023/24 R'000</b>	<b>2022/23 R'000</b>
Regularity audits		6,953	7,968
<b>Total</b>	<b>4</b>	<b>6,953</b>	<b>7,968</b>

**4.4 Inventories**

	<i>Note</i>	<b>2023/24 R'000</b>	<b>2022/23 R'000</b>
Clothing material and accessories		3	51
<b>Total</b>	<b>4</b>	<b>3</b>	<b>51</b>

**4.5 Consumables**

	<i>Note</i>	<b>2023/24 R'000</b>	<b>2022/23 R'000</b>
Consumable supplies		1,712	1,235
Uniform and clothing		414	251
Household supplies		958	603
IT consumables		135	136
Other consumables		205	245
Stationery, printing and office supplies		1,067	921
<b>Total</b>	<b>4</b>	<b>2,779</b>	<b>2,156</b>

**4.6 Property payments**

	<i>Note</i>	<b>2023/24 R'000</b>	<b>2022/23 R'000</b>
Municipal services		2,628	1,949
Property maintenance and repairs		9,587	542
Other		10,376	10,096
<b>Total</b>	<b>4</b>	<b>22,591</b>	<b>12,587</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2024**

**4.7 Travel and subsistence**

	<i>Note</i>	<b>2023/24 R'000</b>	<b>2022/23 R'000</b>
Local		12,564	10,738
Foreign		-	1,265
<b>Total</b>	<b>4</b>	<b>12,564</b>	<b>12,003</b>

**4.8 Other operating expenditure**

	<i>Note</i>	<b>2023/24 R'000</b>	<b>2022/23 R'000</b>
Resettlement costs		175	103
Other		1,103	1,300
<b>Total</b>	<b>4</b>	<b>1,278</b>	<b>1,403</b>

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

	<i>Note</i>	<b>2023/24 R'000</b>	<b>2022/23 R'000</b>
<b>Name of Commission / Committee of Inquiry</b>			
Risk Management Committee; Rental Housing Tribunal Committee		422	343
<b>Total</b>		<b>422</b>	<b>343</b>

*Sitting allowances paid to Housing Tribunal members for attending National and Provincial Meetings.*

**5. Payments for financial assets**

	<i>Note</i>	<b>2023/24 R'000</b>	<b>2022/23 R'000</b>
Debts written off	5.1	288	24
<b>Total</b>		<b>288</b>	<b>24</b>

*Irrecoverable salary related debts written off in the 2023/2024 financial year.*

**5.1 Debts written off**

	<i>Note</i>	<b>2023/24 R'000</b>	<b>2022/23 R'000</b>
<b>Nature of debts written off</b>			
Salary and Tax debt		288	24
<b>Total debt written off</b>	<b>5</b>	<b>288</b>	<b>24</b>



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**6. Transfers and subsidies**

	<b>Note</b>	<b>2023/24 R'000</b>	<b>2022/23 R'000</b>
Non-profit institutions	Annex 1F	1,184	1,543
Households	Annex 1G	405,546	551,088
<b>Total</b>		<b>406,730</b>	<b>552,631</b>

*Included in Transfers and Subsidies to Non-profit institutions was a once-off transfer made to Traditional Councils to augment salaries and wages of the administrative personnel. Households include Leave Gratuity payments made to employees and cash donations. A Peoples Housing Process allocation amounting to R33,000 million was received from Treasury in the 2023/24 adjustment budget for housing projects.*

**6.1 Gifts, donations and sponsorships made in kind (not included in the main note)**

	<b>Note</b>	<b>2023/24 R'000</b>	<b>2022/23 R'000</b>
	Annex 1J		
Donations		509	-
<b>Total</b>		<b>509</b>	<b>-</b>

**7. Expenditure for capital assets**

	<b>Note</b>	<b>2023/24 R'000</b>	<b>2022/23 R'000</b>
<b>Tangible capital assets</b>		24,593	6,711
Machinery and equipment		24,593	6,711
<b>Intangible capital assets</b>		647	1,618
Software		647	1,618
<b>Total</b>		<b>25,240</b>	<b>8,329</b>

*Capital Assets include expenditure for Transport equipment under a finance lease. Expenditure consists of daily tariffs paid in respect of GG vehicles allocated to the Department by Fleet Management. Daily tariffs are payable monthly, covering the operational costs, capital costs of replacement of vehicles and short-term leasing. The increase was as a result of expenditure in relation to the procurement of capital transport assets and bulk purchase for laptops. Vehicles were procured for the eight (8) traditional leaders in the 2023/2024 financial year as part of their tools of trade.*

**7.1 Analysis of funds utilised to acquire capital assets - Current year**

	<b>2023/24</b>		
	<b>Voted funds R'000</b>	<b>Aid assistance R'000</b>	<b>Total R'000</b>
<b>Name of entity</b>			
<b>Tangible capital assets</b>	24,593	-	24,593
Buildings and other fixed structures	-	-	-
Machinery and equipment	24,593	-	24,593
<b>Intangible capital assets</b>	647	-	647
Software	647	-	647
<b>Total</b>	<b>25,240</b>	<b>-</b>	<b>25,240</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**7.2 Analysis of funds utilised to acquire capital assets - Prior year**

Name of entity	2022/23		
	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
<b>Tangible capital assets</b>	6,711	-	6,711
Machinery and equipment	6,711	-	6,711
<b>Intangible capital assets</b>	1,618	-	1,618
Software	1,618	-	1,618
<b>Total</b>	<b>8,329</b>	<b>-</b>	<b>8,329</b>

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

Note	2023/24	2022/23
	R'000	R'000
Tangible capital assets		
Machinery and equipment	7,163	5,107
<b>Total</b>	<b>7,163</b>	<b>5,107</b>

**8. Cash and cash equivalents**

Note	2023/24	2022/23
	R'000	R'000
Consolidated Paymaster General Account	1,566	60,861
Cash receipts	-	-
Disbursements	-	-
Cash on hand	7	7
<b>Total</b>	<b>1,573</b>	<b>60,868</b>

*The decrease in cash in the 2023/2024 financial year was due to Provincial Emergency Grant funding that was transferred to 'HDA in the 2022/2023 financial year. The funds were paid back to the department and surrender to Treasury.*

**9. Prepayments and advances**

Note	2023/24	2022/23
	R'000	R'000
Staff advances	-	-
Travel and subsistence	-	-
Prepayments (Not expensed)	-	-
Advances paid (Not expensed)	-	-
SOCPEN advances	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
Analysis of Total Prepayments and advances		
Current Prepayments and advances	-	-
Non-current Prepayments and advances	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**9.1 Prepayments (Expensed) (“prepayments expensed” not permitted from 1 April 2024)**

	2022/23				
	Amount as at 1 April 2022	Less: Received in the current year	Add / Less: Other	Add Current year prepay- ments	Amount as at 31 March 2023
	R'000	R'000	R'000	R'000	R'000
Goods and services					
Transfers and subsidies	32,000	-	-32,000	-	-
Capital assets	-	-	-	-	-
Other	-	-	-	-	-
<b>Total</b>	<b>32,000</b>	<b>-</b>	<b>-32,000</b>	<b>-</b>	<b>-</b>

*Bigen Africa has been appointed the implementing agent for Lerato Park CRUs. No funds for capital expenditures were transferred in the 2023/2024 financial year.*

**10. Receivables**

	Note	2023/24			2022/23		
		Current	Non- current	Total	Current	Non- current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Recoverable expenditure	10.1	59	45	104	69	276	345
Staff debt	10.2	16	20	36	63	19	82
Other receivables		-	-	-	-	-	-
<b>Total</b>		<b>75</b>	<b>65</b>	<b>140</b>	<b>132</b>	<b>295</b>	

**10.1 Recoverable expenditure**

	Note	2023/24 R'000	2022/23 R'000
<i>Group major categories, but list material items</i>			
Sal Tax Debt		28	27
Sal Reversal Control		70	135
Sal ACB Recalls		6	-
Sal Income Tax		-	183
<b>Total</b>	<b>10</b>	<b>104</b>	<b>345</b>

**10.2 Staff debt**

	Note	2023/24 R'000	2022/23 R'000
Staff Debt e.g. bursary debt		36	82
<b>Total</b>	<b>10</b>	<b>36</b>	<b>82</b>

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

	Note	2023/24 R'000	2022/23 R'000
Opening balance		69,077	116,672
Prior period error			
As restated		69,077	116,672
Transferred from statement of financial performance (as restated)		12,567	69,077
Add: Unauthorised expenditure for the current year		-	-
Voted funds not requested/not received	1.1	-	-
Transferred to retained revenue to defray excess expenditure (Parliament/Legislatures)		-	-
Paid during the year		-69,077	-116,672
<b>Closing balance</b>		<b>12,567</b>	<b>69,077</b>

*Underspending of the department is mainly in relation to Compensation of Employees. Delays were experienced in advertising vacant positions due to the implementation of the directive relating to cost containment which requires departments to seek approval from both the MEC for Finance and the Premier before advertising any vacancy.*

**11.1 Reconciliation on unspent conditional grants**

	Note	2023/24 R'000	2022/23 R'000
Total conditional grants received	1.2	372,344	551,619
Total conditional grants spent		-371,968	-551,222
Unspent conditional grants to be surrendered		376	397
Less: Paid to the Provincial Revenue Fund by Provincial department			-
Approved for rollover			-
Not approved for rollover			-
<b>Due by the Provincial Revenue Fund</b>		<b>376</b>	<b>397</b>

*The EPWP Incentive grant was underspent by R355 thousand and the Informal Settlement Upgrading Partnership Grant was underspent by R21 thousand for the 2023/2024 financial year. The department did not apply for roll over in the 2023/2024 financial year.*

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

	Note	2023/24 R'000	2022/23 R'000
Opening balance		460	306
Prior period error	19.1		-
As restated		460	306
Transferred from statement of financial performance (as restated)		-	1,351
Own revenue included in appropriation		632	730
Paid during the year		-1,034	-1,927
<b>Closing balance</b>		<b>58</b>	<b>460</b>

**13. Payables - current**

	Note	2023/24 R'000	2022/23 R'000
Clearing accounts	13.1	389	-
Other payables	13.2	376	3,385
<b>Total</b>		<b>765</b>	<b>3,385</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**13.1 Clearing accounts**

	Note	2023/24 R'000	2022/23 R'000
<b>Description</b>			
<i>Identify major categories, but list material items</i>			
Salary Reversal		1	-
Salary ACB Recalls		1	-
Sal Pension Fund		-	-
Sal GEHS Refund		377	-
Sal Fin Other Institutions		10	-
<b>Total</b>	<b>13</b>	<b>389</b>	<b>-</b>

**13.2 Other payables**

	Note	2023/24 R'000	2022/23 R'000
<b>Description</b>			
Claims Rec		376	3,385
<b>Total</b>	<b>13</b>	<b>376</b>	<b>3,385</b>

**14. Payables - non-current**

	Note	2023/24				2022/23
		One to two years	Two to three years	Older than three years	Total	Total
		R'000	R'000	R'000	R'000	R'000
Other payables	14.1	-	-	-	-	5
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>

**14.1 Other payables**

	Note	2023/24 R'000	2022/23 R'000
<b>Description</b>			
Income Tax		-	5
<b>Total</b>	<b>14</b>	<b>-</b>	<b>5</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**15. Net cash flow available from operating activities**

	2023/24	2022/23
Note	R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance	12,567	70,428
Add back non-cash/cash movements not deemed operating activities	-46,802	-37,064
(Increase)/decrease in receivables	57	69,098
(Increase)/decrease in prepayments and advances	-	-
(Increase)/decrease in other current assets	-	-
Increase/(decrease) in payables - current	-2,620	3,378
Proceeds from sale of capital assets	-	-
Proceeds from sale of investments	-	-
(Increase)/decrease in other financial assets	-	-
Expenditure on capital assets	25,240	8,329
Surrenders to Revenue Fund	-70,111	-118,599
Surrenders to RDP Fund/Donors	-	-
Voted funds not requested/not received	-	-
Own revenue included in appropriation	632	730
Other non-cash items	-	-
<b>Net cash flow generated by operating activities</b>	<b>-34,235</b>	<b>33,364</b>

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

	2023/24	2022/23
Note	R'000	R'000
Consolidated Paymaster General account	1,566	60,861
Cash on hand	7	7
<b>Total</b>	<b>1,573</b>	<b>60,868</b>

**17. Contingent liabilities and contingent assets**

**17.1 Contingent liabilities**

Liable to	Nature	2023/24	2022/23
		R'000	R'000
Motor vehicle guarantees	Employees	-	-
Housing loan guarantees	Employees	50	50
Other guarantees		-	-
Claims against the department		106	251
Intergovernmental payables		604	604
<b>Total</b>		<b>760</b>	<b>905</b>

**18. Capital commitments**

	2023/24	2022/23
Note	R'000	R'000
Buildings and other fixed structures	-	-
Machinery and equipment	-	-
Intangible assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**19. Accruals and payables not recognised**

**19.1 Accruals**

	<i>Note</i>	<b>2023/24</b>			<b>2022/23</b>
		<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Listed by economic classification					
Goods and services		1,799	274	2,073	6,225
Interest and rent on land		-	-	-	-
Transfers and subsidies		43,105	148,214	191,319	-
Capital assets		-	-	-	-
Other		-	-	-	-
<b>Total</b>		<b>44,904</b>	<b>148,488</b>	<b>193,392</b>	<b>6,225</b>

	<i>Note</i>	<b>2023/24</b>	<b>2022/23</b>
		<b>R'000</b>	<b>R'000</b>
Listed by programme level			
Administration		1,888	5,718
Human Settlements		191,409	27
Co-Operative Governance		44	261
Traditional Institutional Management		51	219
<b>Total</b>		<b>193,392</b>	<b>6,225</b>

*The increase in accruals for Transfers and Subsidies is in relation to non-payment of claims of contractors and professional service providers appointed for housing projects. Claims received for services rendered by the 31 March 2024 could not be paid timeously due to insufficient cash flow.*

**19.2 Payables not recognised**

	<i>Note</i>	<b>2023/24</b>			<b>2022/23</b>
		<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Listed by economic classification					
Goods and services		2,854	10	2,864	2,868
Interest and rent on land		-	-	-	-
Transfers and subsidies		10,489	7,778	18,267	-
Capital assets		-	-	-	-
Other		10	-	10	302
<b>Total</b>		<b>13,353</b>	<b>7,788</b>	<b>21,141</b>	<b>3,170</b>

	<i>Note</i>	<b>2023/24</b>	<b>2022/23</b>
		<b>R'000</b>	<b>R'000</b>
Listed by programme level			
Administration		2,836	2,015
Human Settlements		18,274	83
Co-Operative Governance		1	200
Traditional Institutional Management		30	872
<b>Total</b>		<b>21,141</b>	<b>3,170</b>

*The increase in Payables for Transfers and Subsidies is in relation to non-payment of invoices received from contractors and professional service providers for housing projects as at year end. The department experienced cash flow constraints during the fourth quarter of 2023/24. These claims will be processed in the 2024/25 financial year.*

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2024**

**20. Employee benefits**

	2023/24	2022/23
Note	R'000	R'000
Leave entitlement	17,289	17,028
Service bonus	8,901	7,945
Performance awards	4,545	4,257
Capped leave	1,626	1,693
Other	52	115
<b>Total</b>	<b>32,413</b>	<b>31,038</b>

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

**21. Lease commitments**

**21.1 Operating leases**

2023/24				
Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	12,694	3,158	15,852
Later than 1 year and not later than 5 years	-	48,948	8,082	57,030
Later than 5 years	-	7,044	-	7,044
<b>Total lease commitments</b>	-	<b>68,686</b>	<b>11,240</b>	<b>79,926</b>

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

*The lease for Upington regional office expired and was terminated as at 31 March 2024. New building leased through DPRW. Sequira Brothers and ANND Properties has been extended for a period of eighteen months.*



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**21.2 Finance leases \*\***

<b>2023/24</b>					
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	2,791	2,791
Later than 1 year and not later than 5 years	-	-	-	3,710	3,710
Later than 5 years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,501</b>	<b>6,501</b>

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

*Refers to photocopy machines. All current contracts are 36 month contracts. In total 5 machines were replaced and 1 additional lease entered into. As at 31 March 4 contacts expired and will be renewed in the year 2024-25.*

**22. Unauthorised, Irregular and Fruitless and wasteful expenditure**

	<b>2023/24</b>	<b>2022/23</b>
<i>Note</i>	<b>R'000</b>	<b>R'000</b>
Unauthorised expenditure - current year		
Irregular expenditure - current year	5,310	6,911
Fruitless and wasteful expenditure - current year	20	180
<b>Total</b>	<b>5,330</b>	<b>7,091</b>

*Irregular Expenditures include non-compliance identified in prior year(s) where contracts are still active in the current financial year resulting in irregular expenditure in the current year. The non-compliance relates to operating lease agreements in contravention with Treasury Instruction 3 of 2016/17 paragraph 9. Variances above 15% were not approved by the relevant Treasury.*

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**23. Related party transactions**

	Note	2023/24 R'000	2022/23 R'000
<b>Payments made</b>			
Goods and services		187	304
<b>Total</b>		<b>187</b>	<b>304</b>

*The Housing Fund was set up as a conduit for national housing funding and to hold all housing assets in the Province. There has been a national decision to de-established the Housing Fund in all Provinces, however the legislative changes to the National Housing Act have not yet been enacted to allow for the de-establishment of the Northern Cape Housing Development Fund. The department is responsible for the payment of audit fees. Key management personnel is included in related parties.*

*Key management personnel as per note 24 form part of related parties due to the control and influence they have over the activities of the department.*

**24. Key management personnel**

	Note	2023/24 R'000	2022/23 R'000
<b>Political office bearers (provide detail below)</b>			
Officials:		2,159	2,099
Level 15		1,910	1,955
Level 13 and 14		8,424	8,283
Family members of key management personnel		553	559
<b>Total</b>		<b>13,046</b>	<b>12,896</b>

*Key management personnel include officials from Salary level 14 and above and Level 13 who have authority and responsibility for planning, directing, and controlling the activities of the department. It includes management acting on Level 14 and family members of key management.*

**25. Provisions**

	Note	2023/24 R'000	2022/23 R'000
Housing Retention Fees		18,830	18,144
<b>Total</b>		<b>18,830</b>	<b>18,144</b>

*Retention fees are calculated by using the actual retention amount withheld, in terms of housing projects, from the contractors as per the progress payment certificates paid to contractors on the milestones achieved. Retention monies are set aside as security for the due completion of work and to enable a fund to be available to rectify defects which have not been rectified by the contractor. The retention amount is further limited to the contract value as stated in the retention clause. The retention fees are paid out to contractors within the retention period from completion of a project. An uncertainty arises due to the timing of when the amount will be paid over to the contractors. The timing depends on when the project will be satisfactorily completed and signed off as such.*

**25.1 Reconciliation of movement in provisions - Current year**

	2023/24			
	Provision 1	Provision 2	Provision 3	Total provisions
	R'000	R'000	R'000	R'000
Opening balance	18,144	-	-	18,144
Increase in provision	9,864	-	-	9,864
Settlement of provision	-9,178	-	-	-9,178
<b>Closing balance</b>	<b>18,830</b>	<b>-</b>	<b>-</b>	<b>18,830</b>

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**for the year ended 31 March 2024**

**25.2 Reconciliation of movement in provisions - Prior year**

	2022/23			
	Provision 1	Provision 2	Provision 3	Total provisions
	R'000	R'000	R'000	R'000
Opening balance	25,695	-	-	25,695
Increase in provision	2,725	-	-	2,725
Settlement of provision	-10,276	-	-	-10,276
<b>Closing balance</b>	<b>18,144</b>	<b>-</b>	<b>-</b>	<b>18,144</b>

**26. Movable Tangible Capital Assets**

**26.1 Movement in movable tangible capital assets per asset register for the year ended 31 March 2024**

	2023/24				
	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>31,563</b>	<b>-</b>	<b>17,518</b>	<b>287</b>	<b>48,794</b>
Transport assets	4,576		5,067	-	9,643
Computer equipment	12,348		4,479	63	16,764
Furniture and office equipment	11,506		7,099	115	18,490
Other machinery and equipment	3,133		873	109	3,897
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>31,563</b>	<b>-</b>	<b>17,518</b>	<b>287</b>	<b>48,794</b>

**Movement in movable tangible capital assets per asset register for the year ended 31 March 2023**

	2022/23				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>30,759</b>	<b>-</b>	<b>1,689</b>	<b>885</b>	<b>31,563</b>
Transport assets	4,576		-	-	4,576
Computer equipment	12,721	-	163	536	12,348
Furniture and office equipment	10,491	-	1,291	276	11,506
Other machinery and equipment	2,971	-	235	73	3,133
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>30,759</b>	<b>-</b>	<b>1,689</b>	<b>885</b>	<b>31,563</b>

**26.1.1 Prior period error**

	Note	2022/23 R'000
Nature of prior period error		
Relating to 2022/23		313
Disposals from regional office JTG relating to furniture, other machinery, computer equipment.		313
<b>Total prior period errors</b>		<b>313</b>

*Disposals from regional office JTG not reported in financial year 2022-23*

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2024**

**26.2 Minor assets**

**Movement in minor capital assets per the asset register for the year ended 31 March 2024**

<b>2023/24</b>						
	<b>Specialised military assets</b>	<b>Intangible assets</b>	<b>Heritage assets</b>	<b>Machinery and equipment</b>	<b>Biological assets</b>	<b>Total</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>
Opening balance	-	810	-	7,042	-	7,852
Value adjustments	-	-	-	-	-	-
Additions	-	-	-	944	-	944
Disposals	-	-	-	595	-	595
<b>Total Minor assets</b>	<b>-</b>	<b>810</b>	<b>-</b>	<b>7,391</b>	<b>-</b>	<b>8,201</b>
	<b>Specialised military assets</b>	<b>Intangible assets</b>	<b>Heritage assets</b>	<b>Machinery and equipment</b>	<b>Biological assets</b>	<b>Total</b>
Number of R1 minor assets						
Number of minor assets at cost	-	442	-	3,913	-	4,355
<b>Total number of minor assets</b>	<b>-</b>	<b>442</b>	<b>-</b>	<b>3,913</b>	<b>-</b>	<b>4,355</b>

**Movement in minor capital assets per the asset register for the year ended 31 March 2023**

<b>2022/23</b>						
	<b>Specialised military assets</b>	<b>Intangible assets</b>	<b>Heritage assets</b>	<b>Machinery and equipment</b>	<b>Biological assets</b>	<b>Total</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>
Opening balance	-	810	-	7,320	-	8,130
Prior period error	-	-	-	-	-	-
Additions	-	-	-	104	-	104
Disposals	-	-	-	382	-	382
<b>Total Minor assets</b>	<b>-</b>	<b>810</b>	<b>-</b>	<b>7,042</b>	<b>-</b>	<b>7,852</b>
	<b>Specialised military assets</b>	<b>Intangible assets</b>	<b>Heritage assets</b>	<b>Machinery and equipment</b>	<b>Biological assets</b>	<b>Total</b>
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	446	-	3,866	-	4,312
<b>Total number of minor assets</b>	<b>-</b>	<b>446</b>	<b>-</b>	<b>3,866</b>	<b>-</b>	<b>4,312</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2024**

**26.2.1 Prior period error**

Note	2022/23 R'000
Nature of prior period error	
Relating to 2022/23	168
Disposals from regional office JTG relating to furniture, other machinery, computer equipment	168
<b>Total prior period errors</b>	<b>168</b>
<i>Disposals from regional office JTG relating to furniture, other machinery, computer equipment</i>	

**26.3 Movable tangible capital assets written off**

**Movable capital assets written off for the year ended 31 March 2023**

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

**27. Intangible Capital Assets**

**27.1 Movement in intangible capital assets per asset register for the year ended 31 March 2024**

	2023/24			
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
SOFTWARE	3,439	647	-	4,086
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>3,439</b>	<b>647</b>	<b>-</b>	<b>4,086</b>

**Movement in intangible capital assets per asset register for the year ended 31 March 2023**

	2022/23				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	1,821	-	1,618	-	3,439
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>1,821</b>	<b>-</b>	<b>1,618</b>	<b>-</b>	<b>3,439</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2024**

**28. Immovable Tangible Capital Assets**

**28.1 Movement in immovable, tangible capital assets per asset register for the year ended 31 March 2024**

<b>2023/24</b>				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	3,364	-	-	3,364
Other fixed structures	3,364	-	-	3,364
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>3,364</b>	<b>-</b>	<b>-</b>	<b>3,364</b>

**Movement in immovable, tangible capital assets per asset register for the year ended 31 March 2023**

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

**29. Principal-agent arrangements**

**29.1 Department acting as the principal**

	<b>Note</b>	<b>2023/24 R'000</b>	<b>2022/23 R'000</b>
Housing Development Agency			
Cash Resources as 31 March 2024		(3,867)	12, 350
Housing Development Agency Management Fees		-	487
<b>Total</b>		<b>(3,867)</b>	<b>12, 837</b>

*There is a principal/agent relationship between the Department and Bigen Africa and Housing Development Agency ("HDA"). The agents act on behalf of the Department and are responsible for implementing housing projects and undertaking transactions on behalf of the department as per service-level agreements. In the 2023/2024 financial year no funds were transferred by CoGHSTA to its implementing agents. All funds transferred in prior financial years for housing projects have been fully spent by year-end.*

*Should Bigen Africa have funds available the agreement stipulates that upon suspension or termination of the agreement between Bigen Africa and the Department of CoGHSTA, subject to the obligation of Bigen Africa to reduce expenditure to a minimum, CoGHSTA shall pay Bigen Africa all amounts due, the contractors and sub-consultants up to the date of termination or suspension, less amounts previously paid to Bigen Africa, contractors and sub-consultants, as well as reasonable costs incidental to the termination of the services to be delivered by Bigen Africa, the contractors and sub-consultants.*

*The remaining balance, inclusive of interest, with HDA at the end of 2022/2023 was R12,350 million. Unspent funds amounting to R12,895 million were surrendered to National Treasury in the 2023/2024 financial year. The department paid an amount of R1,513 million in the 2023/2023 financial year to HDA for operational expenses. The department owes HDA an amount of R3,867 million for operational expenditure as of year-end. In terms of the implementation protocol agreement between the two parties, upon termination of the agreement between CoGHSTA and HAD the parties shall pay over to each other all remaining and excess funds (including accrued interest) as well as transfer any liabilities, risks and rights.*

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2024**

**30. Prior period errors**

**30.1 Correction of prior period errors**

		2022/23		
		Amount bef error correction	Prior period error	Restated
	Note	R'000	R'000	R'000
<i>Expenditure: (E.g. Compensation of employees, Goods and services, Tangible capital assets, etc.)</i>				
Correction relating to disposals	27	572	313	885
<b>Net effect</b>		<b>572</b>	<b>313</b>	<b>885</b>

Disposals from the regional office JTG were not reported in the 2022/2023 financial year.

		2022/23		
		Amount bef error correction	Prior period error	Restated
	Note	R'000	R'000	R'000
<i>Liabilities: (E.g. Payables current, Voted funds to be surrendered, Commitments, Provisions, etc.)</i>				
Principal Agent		28,626	(16,276)	12,350
Management Fees		494	(7)	487
Contingent Liabilities – Claims against the department		9,140	(9,140)	-
<b>Net effect</b>		<b>38,260</b>	<b>(25,423)</b>	<b>12,837</b>

Correction was made in relation 2022/2023 financial year due to the submission of supporting documentation received from HDA to clear the account balances for prior years capital expenditure of R29 million to R12 million.

*Contingent Liabilities:*

*Cross Border Development - The Plaintiff instituted a claim against the Department for retention monies for R7.5 million. The retention was not due by the date of termination of the contract for non-completion of work and all amounts due to Cross Border were paid. Therefore, there was no obligation of a settlement.*

*KL Mohudi/Sol Plaatje Municipality and 2 Others - K Mohudi instituted legal action against Sol Plaatje, MEC CoGHSTA and Barzani Holdings (PTY) LTD. The department (client) has been indemnified by the subcontractor for all damages, injury or loss of life relating to health and safety. Therefore, there was no contingent liability.*

		2022/23		
		Amount bef error correction	Prior period error	Restated
	Note	R'000	R'000	R'000
<i>Other: (E.g. Unauthorised expenditure, Irregular expenditure, Fruitless and wasteful expenditure, etc.)</i>				
Key Management	24			
Political Office Bearers		2,099	-	2,099
Level 15		4,887	-2,932	1,955
Level 13 and 14		5,351	2,932	8,283
Family Members		559	-	559
<b>Net effect</b>		<b>12,896</b>	<b>-</b>	<b>12,896</b>

Key management personnel were re-classified for 2022/2023 financial year. The net effect on the note is zero.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2024

**31. Statement of conditional grants received**

Name of grant	2023/24					2022/23			
	GRANT ALLOCATION				Total Available	SPENT			Amount spent by department
	Division of Revenue Act / Provincial grants	Roll overs	DORA Adjust-ments	Other Adjust-ments		Amount received by department	Amount spent by department	Under- / (Overspen ding)	% of available funds spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Human Settlement Development Grant	285,336	-	-	-	285,336	285,336	285,336	-	100.0%
Consolidation support grant (EPWP)	2,153	-	-	-	2,153	2,153	1,798	355	83.5%
Informal Settlement Grant	84,855	-	-	-	84,855	84,855	84,834	21	100.0%
<b>TOTAL</b>	<b>372,344</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>372,344</b>	<b>372,344</b>	<b>371,968</b>	<b>376</b>	<b>551,619</b>
									<b>551,222</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2024**

**32. Broad Based Black Economic Empowerment performance**

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

**33. Natural disaster or relief expenditure**

	<i>Note</i>	<b>2023/24 R'000</b>	<b>2022/23 R'000</b>
Goods and services		3,096	-
<b>Total</b>	<i>Annex 11</i>	<b>3,096</b>	<b>-</b>

*In the year 2023/2024 the Provincial Disaster Management Centre procured 26 high pressure firefighting trailers for all local municipalities, assistance with extinguishing veldfires by procuring aerial support.*

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**

**for the year ended 31 March 2024**

**ANNEXURE 1F  
STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS**

Non-profit institutions	2023/24				2022/23			
	TRANSFER ALLOCATION			EXPENDITURE				
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers								
Pocket Money/Households (Trad Aff)	1,088	-	-	1,088	1,184	108.8%	1,543	1,543
TOTAL	1,088	-	-	1,088	1,184	-	1,543	1,543

*The department provides financial support through a transfer payment to the Traditional Council. The overspending is due to an increase in wages paid to employees at the Traditional Council.*

**ANNEXURE 1G  
STATEMENT OF TRANSFERS TO HOUSEHOLDS**

Household	2023/24				2022/23	
	TRANSFER ALLOCATION			EXPENDITURE		
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred
	R'000	R'000	R'000	R'000	R'000	%
Transfers						
H/H Empl S/Ben:Leave Grat	400	-	-	400	755	188.8%
Human Settlement Redev Pro	370,191	-	-	370,191	370,170	100.0%
H/H Claims against the State	-	-	-	-	-	-
H/H: Donations and Gifts	418	-	-	418	1,621	387.8%
Peoples Housing Process	-	-	-	-	33,000	-
TOTAL	371,009	-	-	371,009	405,546	-
					549,913	551,088

*An additional amount of R33 million as an equitable share was allocated in the 2023/2024 adjustment budget for the implementation of housing projects.*



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2024**

**ANNEXURE 1H**  
**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED**

Name of organisation	Nature of gift, donation or sponsorship	2023/24	2022/23
		R'000	R'000
Received in cash			
Donations			
LAPTOPS		87	-
Total donations		87	-
<b>TOTAL GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED</b>		<b>87</b>	<b>-</b>

**ANNEXURE 1J**  
**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE**

Nature of gift, donation or sponsorship <i>(Group major categories but list material items including name of organisation)</i>	2023/24	2022/23
	R'000	R'000
Made in kind		
Donations		
Donations	509	993
Total donations	509	993
<b>TOTAL GIFTS, DONATIONS AND SPONSORSHIPS MADE IN KIND</b>	<b>509</b>	<b>993</b>

**ANNEXURE 3A**  
**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2024 - LOCAL**

Guarantor institution	Guaranteee in respect of	Original guaranteed capital amount	Opening balance 1 April 2023	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2024	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2024
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ABSA	Housing	-	50	-	-	-	50	-	-
	<b>TOTAL</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2024**

**ANNEXURE 3B**  
**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2024**

Nature of liability	Opening balance 1 April 2023	Liabilities incurred during the year	Liabilities paid / cancelled / reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2024
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Pemberley Fleet	145	-	145	-	-
Fleet Management	106	-	-	-	106
<b>TOTAL</b>	<b>251</b>	<b>-</b>	<b>145</b>	<b>-</b>	<b>106</b>

**ANNEXURE 5**  
**INTERGOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 20YY/ZZ *	
	R'000		R'000		R'000		R'000	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	Payment date up to six (6) working days after year end	Amount
<b>DEPARTMENTS</b>								
Current								
Dept of Justice & Con Dev	-	-	327	327	327	327		
Dept Sport Arts and Culture	-	-	277	277	277	277		
<b>TOTAL INTERGOVERNMENT PAYABLES</b>	<b>-</b>	<b>-</b>	<b>604</b>	<b>604</b>	<b>604</b>	<b>604</b>		

The interdepartmental claim lodged by the Department of Sports, Arts and Culture is disputed by CoGHSTA due to insufficient documentation. Department of Justice remains unresolved at year-end due to insufficient documentation.

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2024**

**ANNEXURE 6**  
**INVENTORIES**

	Insert major category of inventory R'000	Insert major category of inventory R'000	Insert major category of inventory R'000	Insert major category of inventory R'000	Total R'000
<b>Inventories for the year ended 31 March 2024</b>					
Opening balance		1,671,327			1,671,327
Add/(Less): Adjustments to prior year balances		-			-
Add: Additions/Purchases - Cash		301,262			301,262
Add: Additions - Non-cash		-			-
(Less): Disposals		-			-
(Less): Issues		(331,979)			(331,979)
Add/(Less): Received current, not paid; (Paid current year, received prior year)		-			-
Add/(Less): Adjustments		-			-
<b>Closing balance</b>		<b>1,640,610</b>			<b>1,640,610</b>

	Insert major category of inventory R'000	Insert major category of inventory R'000	Insert major category of inventory R'000	Insert major category of inventory R'000	Total R'000
<b>Inventories for the year ended 31 March 2023</b>					
Opening balance		2,227,369			2,227,369
Add/(Less): Adjustments to prior year balances		(921,704)			(921,704)
Add: Additions/Purchases - Cash		476,679			476,679
Add: Additions - Non-cash		-			-
(Less): Disposals		-			-
(Less): Issues		(111,017)			(111,017)
Add/(Less): Received current, not paid; (Paid current year, received prior year)		-			-
Add/(Less): Adjustments		-			-
<b>Closing balance</b>		<b>1,671,327</b>			<b>1,671,327</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2024**

**ANNEXURE 10**  
**DEPARTMENT OF HUMAN SETTLEMENTS HOUSING-RELATED EXPENDITURE CLASSIFICATION**

	Note	2023/24 R'000	2022/23 R'000
<b>Inventories</b>			
<i>List the items for correct expenditure</i>			
Goods and Services		370,170	549,513
<b>TOTAL</b>		<b>370,170</b>	<b>549,513</b>

**ANNEXURE 11**  
**NATURAL DISASTER OR RELIEF EXPENDITURE**  
**Per quarter and in total**

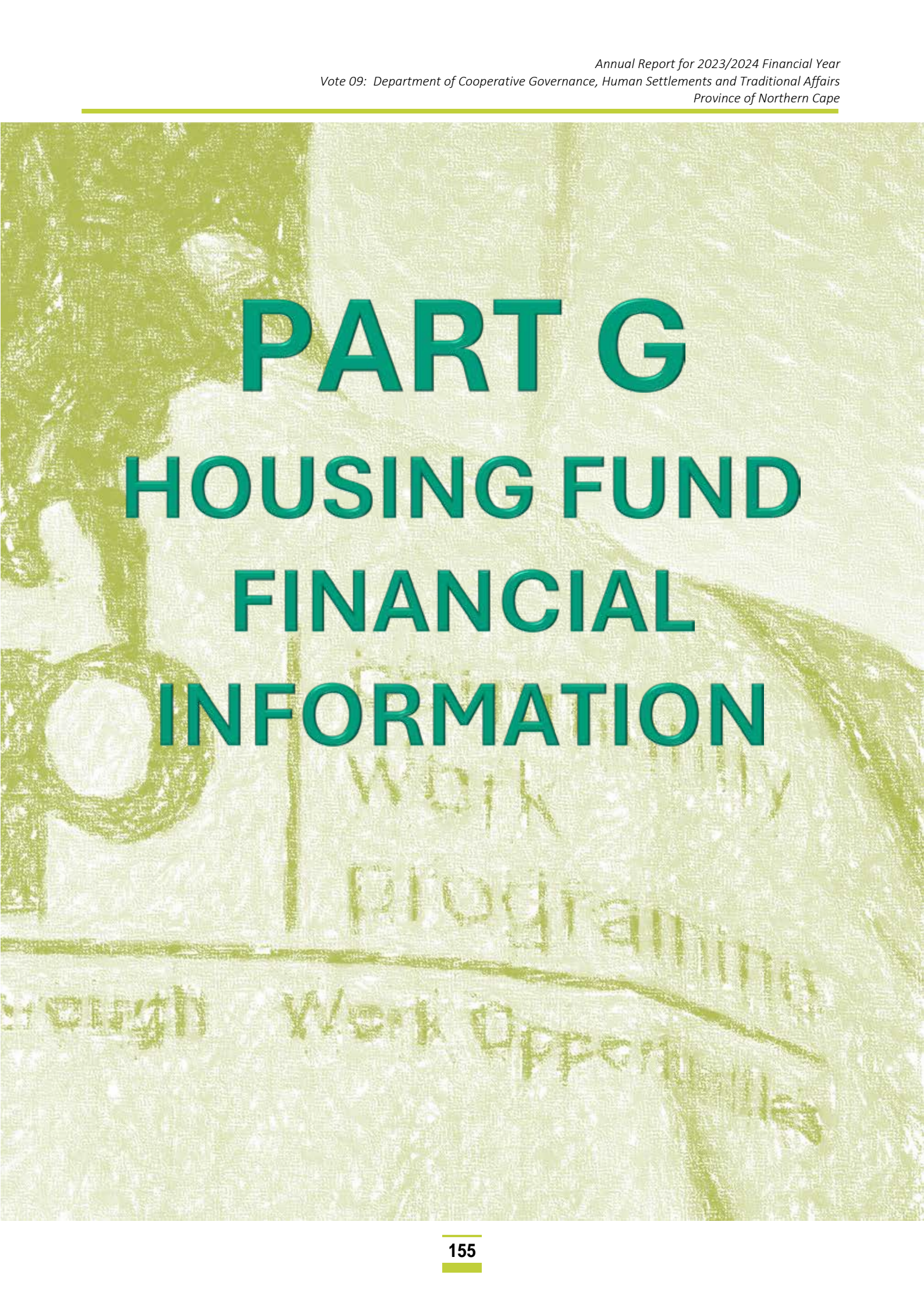
	2023/24					2022/23	
	Q1	Q2	Q3	Q4	Total	Total	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Expenditure per economic classification</b>							
<b>Compensation of employees</b>							
<b>Goods and services</b>	<b>1,106</b>	<b>1,770</b>	<b>-</b>	<b>220</b>	<b>3,096</b>		<b>-</b>
<i>List all applicable SCOA level 4 items</i>							
Contract Fire Fighting serv	1,106	1,770	-	220	3,096		-
<b>TOTAL NATURAL DISASTER OR RELIEF EXPENDITURE</b>	<b>1,106</b>	<b>1,770</b>	<b>-</b>	<b>220</b>	<b>3,096</b>		<b>-</b>

## Notes









# PART G

## HOUSING FUND

### FINANCIAL

### INFORMATION



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

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the Northern Cape Housing Development Fund set out on pages xx to xx, which comprise the statement of financial position as at 31 March 2024, statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Northern Cape Housing Development Fund as at 31 March 2024 and its financial performance and cash flows for the year that ended in accordance with the standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Housing Act (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 responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 13 to the financial statements, which indicates that there has been a national decision to de-establish the Housing Development Fund in all provinces. As stated in note 13, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

#### Responsibilities of the Accounting Officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the Housing Act (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.
9. In preparing the financial statements, the Accounting Officer is responsible for assessing the entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

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

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

## Report on the audit of the annual performance report

12. As the entity was dormant for the year under review, no work was performed on the audit of the annual performance report as the entity did not have performance information to report on for the year.

## Report on compliance with legislation

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

## Other information in the annual report

14. The Accounting Officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements and the auditor's report.
15. My opinion on the financial statements does not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
16. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
17. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected, this will not be necessary.

## Internal control deficiencies

18. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

*Auditor-General*  
Kimberley  
31 July 2024

## **Annexure to the auditor's report**

The annexure includes the following:

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

## **Auditor-general's responsibility for the audit**

### **Professional judgement and professional skepticisms**

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

### **Financial statements**

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

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

### **Communication with those charged with governance**

I communicate with the Accounting Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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



## 2. NORTHERN CAPE HOUSING DEVELOPMENT FUND ANNUAL FINANCIAL STATEMENTS

### Accounting Officer's Responsibilities and Approval

The accounting officer is required to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his responsibility to ensure that the annual financial statements satisfy the financial reporting standards as to form and content, and present fairly the statement of financial position, results of operations and cash flows of the entity, and explain the transactions and financial position of the operations of the entity at the end of the financial year.

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the entity and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity, and all employees are required to maintain the highest ethical standards in ensuring the entity's operations are conducted in a manner that, in all reasonable circumstances, is above reproach.

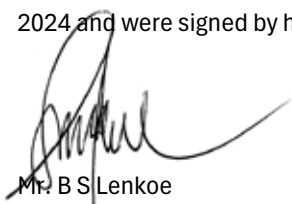
The focus of risk management in the fund is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The going concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources for the year up to 31 March 2024, the accounting officer has no reason to believe that the entity will not be a going concern in the foreseeable future. The annual financial statements support the viability of the entity.

The annual financial statements have been audited by the independent external auditing firm, Auditor General of South Africa, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the accounting officer and committees. The accounting officer believes that all representations made to the independent external auditors during the audit were valid and appropriate. The external auditor's audit report is presented on pages **156 to 158**.

The annual financial statements as set out on pages **160 to 168** were approved by the accounting officer on 31 July 2024 and were signed by him.



Mr. B S Lenkoe  
Accounting Officer  
Northern Cape Department of Cooperative Governance, Human Settlements and Traditional Affairs  
31 July 2024

**NORTHERN CAPE HOUSING DEVELOPMENT FUND**  
**Annual Financial Statements for the year ended 31 March 2024**

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023**

Figures in Rand	Note(s)	31 March 2024	31 March 2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Inventories	4	18,706,000	18,706,000
<b>Total Assets</b>		<b>18,706,000</b>	<b>18,706,000</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Accumulated surplus		17,452,833	18,063,863
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	6	1,253,167	642,137
<b>Total Equity and Liabilities</b>		<b>18,706,000</b>	<b>18,706,000</b>

**STATEMENT OF COMPREHENSIVE INCOME**

Figures in Rand	Note(s)	31 March 2024	31 March 2023
<b>Revenue</b>			
Services in kind	7	283,151	283,151
Consulting Fees	8	(41,688)	(59,432)
Auditors' remuneration - Fees	9	(186,655)	(223,719)
Rates and Taxes	10	(611,030)	(275,005)
<b>Other gains and losses</b>			
Fair value adjustments	11	-	10,000
<b>(Deficit) / Surplus from operating activities</b>		<b>(611,030)</b>	<b>(265,005)</b>
<b>(Deficit) / Surplus for the year</b>		<b>(611,030)</b>	<b>(265,005)</b>

**STATEMENT OF CHANGES IN EQUITY**

Figures in Rand	Accumulated surplus
<b>Balance at 1 March 2022</b>	18,328,868
<b>Changes in equity</b>	
Deficit for the year	(265,005)
Total comprehensive income for the year	(265,005)
<b>Balance at 31 March 2023</b>	<b>18,063,863</b>
<b>Balance at 1 April 2023</b>	18,063,863
<b>Changes in equity</b>	
Deficit for the year	(611,030)
Total comprehensive income for the year	(611,030)
<b>Balance at 31 March 2024</b>	<b>17,452,833</b>

**NORTHERN CAPE HOUSING DEVELOPMENT FUND**  
**Annual Financial Statements for the year ended 31 March 2024**

**STATEMENT OF CASH FLOWS**

Figures in Rand	<b>31 March 2024</b>	<b>31 March 2023</b>
<b>Cash flows from operations</b>		
Cash receipts from customers	-	-
<b>Cash paid to suppliers</b>	-	-
<b>Net cash flow from operations</b>	-	-
<b>Net cash flows from operating activities</b>	-	-

**NORTHERN CAPE HOUSING DEVELOPMENT FUND**  
**Annual Financial Statements for the year ended 31 March 2024**

**Accounting Policies**

**1. General Information**

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

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

The financial statements of Northern Cape Housing Development Fund have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, certain property, plant and equipment, biological assets and derivative financial instruments at fair value. They are presented in South African Rand.

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

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

**2.1 Financial instruments**

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

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

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

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

**Trade and other payables**

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

**NORTHERN CAPE HOUSING DEVELOPMENT FUND**  
**Annual Financial Statements for the year ended 31 March 2024**

**2.2 Inventories**

**Definition**

Inventories are assets:

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

**Recognition**

Inventories are recognised as an asset when

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

**Measurement**

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

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

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

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

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

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

**2.3**

**Revenue**

**Revenue recognition**

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

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

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

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



**NORTHERN CAPE HOUSING DEVELOPMENT FUND**  
**Annual Financial Statements for the year ended 31 March 2024**

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

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

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

**Measurement**

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

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

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

**Services in kind**

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

**Conditional grants and receipts**

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

**NORTHERN CAPE HOUSING DEVELOPMENT FUND**  
**Annual Financial Statements for the year ended 31 March 2024**

**2.4 Related parties**

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

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

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

**3. Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**3.1 Critical accounting estimates and assumptions**

The fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**3.2 New standards approved and Not Yet Effective**

**3.2.1 New standards approved and Not Yet Effective**

The fund has not applied the following new, revised or amended pronouncements that have been approved by the ASS as they are not yet effective for the annual financial year beginning 1 April 2023. The accounting officer anticipates that the new standards, amendments and interpretations will be adopted in the fund's financial statements when they become effective. The fund has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods

Standard	Standard effect date	Adopted in the current year (Y/N)	Future adopted (Y/N)
GRAP 1 Presentation on Financial Statements	To be determined by the Minister of Finance	N	Y
GRAP 103 Heritage Assets	To be determined by the Minister of Finance	N	N
GRAP 104 Financial Instruments	To be determined by the Minister of Finance	N	Y
GRAP 106 Transfer of Functions Between Entities not under Common Control	To be determined by the Minister of Finance	N	N
GRAP 107 Mergers	To be determined by the Minister of Finance	N	N
GRAP 105 Transfer of Functions Between Entities under Common Control	To be determined by the Minister of Finance	N	N

**NORTHERN CAPE HOUSING DEVELOPMENT FUND**  
**Annual Financial Statements for the year ended 31 March 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

Figures in Rand	31 March 2024	31 March 2023
<b>4. Inventories</b>		
<b>Inventories comprise:</b>		
Properties for devolution	18,706,000	18,706,000
	<b>18,706,000</b>	<b>18,706,000</b>

A register containing information on the properties owned by the Fund is available at the Fund's registered address.

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

**5. Segment reporting**

The fund has considered the financial reporting implications of GRAP 18: Segment reporting in the financial statements for the year ending 31 March 2024, the objective of GRAP 18 is to provide information about specific operational objectives and major activities of an entity as well as resources devoted to and costs of these objectives and activities.

A segment is an activity of an entity: - that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity); - whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and - for which separate financial information is available.

Management considered and assessed information internally reported by the fund for GRAP18 segment reporting purposes, this assessment included an evaluation of any activities of the fund which generate economic benefits or service potential or whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance.

Management deems all operations and activities of the fund to be administrative in nature, all the operations, management and reporting activities of the fund take place from one location, furthermore all services provided by the fund emanate from one location.

**6. Trade and other payables**

**Trade and other payables comprise:**

**Trade and other payables from non-exchange transactions comprise:**

Municipal rates and transfer costs	1,253,167	642,137
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**7. Revenue**

**Revenue comprises:**

**Revenue from non-exchange transactions comprises:**

NC CoGHSTA - Services in kind	228,343	283,151
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The Department, which is a related party, paid rates and taxes and property transfer fees, audit fees on behalf of the fund. This payment is treated as income in the accounting records of the housing fund.

**NORTHERN CAPE HOUSING DEVELOPMENT FUND**  
**Annual Financial Statements for the year ended 31 March 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

Figures in Rand	31 March 2024	31 March 2023
<b>8. Consulting Fees</b>		
<b>Consulting fees comprise:</b>		
Consultants	41,688	59,432
<b>9. Auditor's remuneration - Fees</b>		
<b>Auditor's remuneration – Fees comprise:</b>		
Auditor's remuneration - Fees	186,655	233,719
<b>10. Rates and Taxes</b>		
<b>Rates and Taxes comprise:</b>		
Assessment rates and municipal charges	611,030	275,005
<b>11. Other gains and (losses)</b>		
<b>Other gains and (losses) comprise:</b>		
Other fair value gains and (losses)	-	10,000
<b>12. Related parties</b>		
<b>12.1 Government related parties</b>		

Entity name	Nature of relationship
NC Department of CoGHSTA	The Housing Fund's operations and management decisions are controlled by the Northern Cape Department of Cooperative Governance, Human Settlements and Traditional Affairs.

<b>12.2 Related party transactions and balances</b>	<b>2024</b>	<b>2023</b>
<b>Related party transactions</b>		
Revenue - Services in kind: NC CoGHSTA	228,343	283,151

**13. Going Concern**

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

There has been a decision taken to de-establish the Housing Fund in all provinces, however, legislative changes to the National Housing Act, 1997 (Act No 107 of 1997) have not yet been enacted to allow for the de-establishment of the Northern Cape Housing Fund. It is currently not determinable when the Fund will transfer all remaining properties to local authorities. there is a material uncertainty related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern.

**NORTHERN CAPE HOUSING DEVELOPMENT FUND**  
**Annual Financial Statements for the year ended 31 March 2024**

**DETAILED INCOME STATEMENT**

Figures in Rand	Notes	31 March 2024	31 March 2023
<b>Revenue</b>	7	228,343	283,151
Services in kind			
<b>Consulting Fees</b>	8	(41,688)	(59,432)
Consulting fees			
<b>Administrative expenses</b>	9	(186,655)	(233,719)
Auditors' remuneration – Fees			
<b>Other expenses</b>	10	(611,030)	(275,005)
Assessment rates and municipal charges			
<b>Other gains and losses</b>	11		10,000
Fair value gain			
<b>Deficit from operating activities</b>		<b>(611,030)</b>	<b>(265,005)</b>
<b>Deficit for the year</b>		<b>(611,030)</b>	<b>(265,005)</b>





**PR: 125/2024**

**ISBN: 978-0-621-52056-9**