



KWAZULU-NATAL PROVINCE

HUMAN SETTLEMENTS

REPUBLIC OF SOUTH AFRICA



VOTE NO. 8

ANNUAL REPORT

2019/20 FINANCIAL YEAR



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KWAZULU-NATAL PROVINCE

HUMAN SETTLEMENTS

REPUBLIC OF SOUTH AFRICA



PART A:
GENERAL INFORMATION

I. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS / ACRONYMS

ACTT	Anti-Corruption Task Team	AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa	AO	Accounting Officer
APP	Annual Performance Plan	AR	Annual Report
ASGISA	Accelerated and Shared Growth Initiatives for South Africa	BBBEE	Broad Based Black Economic Empowerment
BEE	Black Economic Empowerment	BNG	Breaking New Ground
CBD	Central Business District	CETA	Construction Education and Training Authority
CFO	Chief Financial Officer	CG	Conditional Grant
CIDB	Construction Industry Development Board	CIP	Comprehensive Infrastructure Plan
COGTA	Cooperative Governance and Traditional Affairs	COP	Community of Practice
CRU	Community Residential Unit	DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution	DHS	Department of Human Settlements
DLA	Department of Land Affairs	DMV	Department of Military Veterans
DORA	Division of Revenue Act	DPSA	Department of Public Service and Administration
DTT	Departmental Task Team	EAAB	Estate Agency Affairs Board
EEDBS	Enhanced Extended Discount Benefit Scheme	EPRE	Estimates of Provincial Revenue and Expenditure
EPWP	Expanded Public Works Programme	FET	Further Education and Training
FLISP	Finance Linked Individual Subsidy Programme	GHS	General Household Survey
GIS	Geographical Information System	GRAP	Generally Recognized Accounting Practices
GVA	Gross Value Added	GWEA	Government Wide Enterprise Architecture
HDA	Housing Development Agency	HEAC	Housing Evaluation and Adjudication Committee
NHNR	National Housing Needs Register	HDP	Housing Development Plan
HH	Households	HOD	Head of Department
HSDG	Human Settlements Development Grant	HSP	Housing Sector Plan
IDP	Integrated Development Plan	IGRFA	Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005)
IRDP	Integrated Residential Development Programme	IRDS	Integrated Rural Development Strategy
ISDS	Integrated Sustainable Development Strategy	ISUP	Informal Settlement Upgrade Programme
ITB	Ingonyama Trust Board	KZN	KwaZulu-Natal
KZNDHS	KwaZulu-Natal Department of Human Settlements	KZNPA	KwaZulu-Natal Provincial Administration
LEFTEA	Less Formal Township Establishment Act, 1991	MBASA	Master Builders Association of South Africa
MEC	Member of Executive Council	MDG	Millennium Development Goals
MI	Mortgage Insurance	MIG	Municipal Infrastructure Grant
MINMEC	Ministers and Members of Executive Councils	MHDP	Municipal Housing Development Plan
MHSP	Municipal Housing Spatial Plan	MOU	Memorandum of Understanding
MSP	Master Spatial Plan	MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework	MYHD	Multi Year Housing Development Plan
NDHS	National Department of Human Settlements	NHBRC	National Home Builders Registration Council
NHFC	National Housing Finance Corporation	NHNR	National Housing Needs Register
NDP	National Development Plan	NSDA	Negotiated Service Delivery Agreement
NSDP	National Spatial Development Plan	NURCHA	National Urban Reconstruction & Housing Agency
NUSP	National Upgrading Support Programme	OSD	Occupational Specific Dispensation
OSS	Operation Sukuma Sakhe	OTP	Office of the Premier
PEHG	Provincial Emergency Housing Grant	PES	Provincial Equitable Share
PGDP	Provincial Growth and Development Plan	PFMA	Public Finance Management Act
PHDP	Provincial Housing Development Plan	PGDS	Provincial Growth and Development Strategy
PIAS	Provincial Internal Audit Services	PHP	Peoples Housing Process
PPC	Provincial Planning Commission	PIE	Prevention of Illegal Eviction from and Unlawful Occupation of Land Act
PSETA	Provincial Sector of Education and Training Agency	PSEDS	Provincial Spatial Economic Development Strategy
RHAF	Rental Housing Association Fund	RDP	Reconstruction and Development Programme
SABS	South African Bureau of Standards	RHLF	Rural Housing Loan Fund
SCM	Supply Chain Management	SALGA	South African Local Government Association
SDIP	Service Delivery Improvement Plan	SDG	Sustainable Development Goals
SHF	Social Housing Foundation	SHA	Social Housing Association



SHRA	Social Housing Regulatory Authority	SHI	Social Housing Institution
SIP	Strategic Infrastructure Project	SHSS	Sustainable Human Settlements Strategy
SMME	Small Medium and Micro Enterprises	SITA	State Information Technology Agency
SLA	Service Level Agreement	SOE	State Owned Enterprises
TR	Treasury Regulations	TEC	Technical Evaluation Committee
TRP	Title Deed Restoration Programme	TRA	Temporary Residential Accommodation



3. FOREWORD BY THE MEC



The Honourable Ms. N.P. Nkonyeni, MPL
Member of the Executive Council for
Department of Human Settlements and
Public Works, KwaZulu-Natal

In presenting this report, the Human Settlements portfolio in government gives a detailed summary of the implementation of priorities flowing from the National Development Plan; Provincial Growth and Development Plan; the State of the Nation and State of the Province addresses; conference resolutions of the African National Congress and the electoral mandate received from our people.

As in all our work in government, we are constrained by the available budgets. The needs of our people for housing are vast and increasing.

A harsh reality is that resources in the fiscus are in decline for a number of reasons including the global economic downturn, declining tax revenues and in the latter part of the financial year the shock impact of the COVID-19 pandemic. We must nevertheless respond to the expectations with all the resources available to us in the fastest possible time.

In the Freedom Charter our movement made the commitment:

“There Shall be Houses, Security and Comfort!

All people shall have the right to live where they choose, be decently housed, and to bring up their families in comfort and security;

Unused housing space to be made available to the people;

Rent and prices shall be lowered, food plentiful and no-one shall go hungry”

As an African National Congress-led government we have worked hard over the past twenty-six years of freedom and democracy to honour this covenant with our people.

Our track record of housing service delivery in our Province and nationally is a powerful one but much more still needs to be done. The performance data presented in this report is a cogent reflection of the work done in the year under review.

We are indeed proud of the outcomes achieved by the Head of Department, Mr MOS Zungu and the dedicated team he leads. Credit is also due to our stakeholders in municipalities, traditional leadership, our sister departments that make up the Provincial government, civil society organisations, the National Homebuilders Registration Council, implementing agents and institutional partners like banks.



While we note our successes, we are also mindful of areas in our programme of action that need greater momentum. Among the tools to enhance housing service delivery available to the Department is serviced sites. A policy for the Disposal of Serviced Sites was approved by the Executive Authority in November 2018.

The objective of the Serviced Sites Programme is to make available, through relevant processes, appropriately sized, well-located residential serviced sites to meet the gap market and affordable housing needs.

We define the gap market at two levels. The first is families earning between R3501-00 and R22 000-00 per month which place them outside the criteria for BNG government housing but usually not enough to secure a bank loan. The second category are families earning between R22 001-00 and R40 000-00.

Disposal of Serviced Sites at a fair market value to persons earning R22 001-R40 000 is limited to 30% of the project.

Our interventions are categorised over the short, medium and long term.

In the short term of up to twelve months, we have three approaches:

1. Individual Serviced Sites (infill) requiring geo-technical assessment and valuations prior being released;
2. Projects where planning has been completed with minimal pre-construction activities / processes envisaged prior to being serviced and / or bulk services to be finalised; and
3. Parcels of land, requiring sub-division and limited servicing.

In the medium term spanning 12 to 24 months we have provisions for:

1. Well-located land parcels requiring nominal town planning activities and servicing; and
2. Projects where planning has been completed and requires key pre-construction activities/ processes prior to being serviced and / or bulk services to be finalised.

In the longer term, exceeding 24 months, our considerations are:

1. Well-located land parcels requiring comprehensive town planning and associated specialist investigations prior to being serviced;
2. The proposed projects being adversely impacted due to no / inadequate bulk services; and
3. The acquisition of land, comprehensive planning and servicing of proposed projects on well-located private land parcels.

The rollout will enable the Department to sell serviced sites to beneficiaries who are willing to build their own homes with this kind of support from government. These various programmes are being actively marketed in the media to enable the broadest possible section of our people to access them.

Government's priority of advancing radical socio-economic transformation has predictably dominated our agenda in the past financial year. Our attention is focussed on youth, women, people with disabilities and military veterans.


We hosted special summits with the first three categories to gauge the impact we have had and what still needs to be done. The resolutions of those summits highlighted our shortcomings and informed our programme of action going forward.

We are steadfast in the commitment that we need to build a society in which historically vulnerable and neglected sectors in our society can be entrepreneurs and take their place in the economy of our country.

Our democratic state is a tool of radical socio-economic transformation and it is incumbent on every one of us to advance this programme at every opportunity.

Among the areas in which we can have real impact is through localisation – the local production and procurement of building materials and services.





We are mindful of the need for the appropriate training so that our empowered suppliers can meet the necessary quality standards set down by the South African Bureau of Standards (SABS) and related regulatory authorities.

This portfolio is both a challenging and fulfilling one. We are mindful of the enormity of the task and are working hard to meet the service delivery expectations of our people.

Umuntu Ngumuntu Ngekhaya

We are growing KwaZulu-Natal together.



NP Nkonyeni MPL
MEC for Human Settlements and Public Works in KwaZulu-Natal
30 September 2020



4. REPORT OF THE ACCOUNTING OFFICER



Mr. M.O.S. Zungu
Accounting Officer
KwaZulu-Natal Department of
Human Settlements

OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

Whilst it is acknowledged that the Department has made great strides towards human settlements development, the Department is still faced with a housing need that continues unabated. This coupled with the effects of urbanization and migration, limited funding for infrastructure development and capacity constraints within the built environment makes the provision of sustainable human settlements development challenging.

The new integrated district based approach to service delivery is therefore welcomed as it provides for an enabling environment for efficient service delivery, based on a coordinated, integrated and inter-sectoral approach to support human settlements infrastructure development. Strengthened stakeholder engagements and improved intergovernmental relations are vital for the effectiveness of the Department's service delivery initiatives. This together with the planning and implementation of human settlements programmes, aligned to the Department's Master Spatial Plan and Provincial Priority Housing Development Areas, will ensure that government investment is maximized and that economic and social transformation is achieved.

The implementation of complimentary programmes such as the Expanded Public Works Programme and the Siyakha Incubation Programme demonstrates the Department's commitment to addressing other pertinent social and economic challenges such as inequality and unemployment. In order to promote the economic agenda of government, focused attention will therefore be given to the provision of economic opportunities to women, youth and persons with disabilities.

One of the core challenges facing the Department is the financial constraints currently experienced due to the country's economic climate. My team and I are however committed to ensuring that service delivery is not compromised and has ensured the review and implementation of an organizational structure that supports the decentralized model of service delivery.

In meeting the core mandate of the Department, increased focus on urban human settlement developments will be given to address informal settlements upgrade, social and rental housing, integrated residential developments, the GAP income housing market and implementation of catalytic projects. The implementation of these initiatives will be undertaken within the ambit of sound planning methodology to promote social cohesion, integration and sustainability as well as spatial transformation. The housing needs for the vulnerable groups through Operation Sukuma Sakhe, provision of emergency housing, human settlements developments within the rural areas will also be addressed. The fast tracking of the Title Deed Restoration Programme also remains a key priority initiative as it upholds the ethos of restoring pride and dignity to all.



The Department has delivered to its citizens in KwaZulu-Natal, a total of **29,284 housing opportunities** in the form of completed houses, serviced sites, title deeds, rectification and maintenance of government-owned stock in the 2019/20 financial year.

The actual delivery per subsidy instrument is as follows:

Human Settlements Programme	Other	Sites	Units
Integrated Residential Development Programme		4,096	926
Informal Settlement Upgrading		1,856	1,294
Housing Finance Linked Individual Subsidies [R3,501 - R15,000]			401
People's Housing Process			2,111
Emergency Housing Assistance (OSS)			1,134
Rural Housing: Communal Land Rights			9,864
Military Veterans			19
Rectification And Refurbishment	1,790		
Number Of Title Deeds Issued	4,664		
Maintenance	1,129		
Total	7,583	5,952	15,749
Total Housing Opportunities			29,284

Our policies and programmes have therefore impacted positively on the lives of **29,284 families** in the 2019/20 financial year.

The Department is exhausting innovative interventions to ensure that the pace of service delivery is not relaxed. Indeed, we are leaving no stone unturned in the pursuit of a collective, concerted and controlled approach towards housing delivery.

We are also enforcing better management of business plans and stricter monitoring to avoid over-expenditure and to ensure quality control.

OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

The main appropriation of the Department was R4,006,642 billion. During the year, the Department received an additional allocation totalling R341,190 million. The Department spent 98.0% (R4,261,359 billion) of the total allocation.

A net under expenditure of R86,473 in Provincial Emergency Housing Grant (PEHG) and EPWP Grant is mainly from Transfers and subsidies to: Households under Programme 3 sub-programme Incremental Interventions, Emergency Disaster funding.

R151,243 million was allocated to the Department relating to the flood disaster that occurred in the Province in December 2018 to January 2019 and April 2019. These disaster funds were allocated by National Treasury to the PEHG for the construction of Temporary Residential Accommodation (TRA) in all affected areas such as Harry Gwala, Ugu, Umzinyathi, King Cetshwayo, Ilembe, Zululand, as well as the Umkhanyakude District.

The Department could not spend the entire R151,243 million allocation. A request for the roll-over of the PEHG funding amounting to R86,095 million not spent during the 2019/20 financial year has been submitted to Provincial Treasury. If the roll-over is approved it will be paid directly to the appointed service providers who are currently on site.

R15,090 million was allocated to the Department for EPWP Grant to alleviate poverty, reduce unemployment and provide livelihoods for the most disadvantaged sector of society. An amount of R50,000 was not spent during the 2019/20 and a roll-over request has been submitted to Provincial Treasury. If the roll-over is approved it will be paid directly to the appointed service provide in relation to stipend for learners.

Departmental Receipts

The table below shows the revenue budget and the actual revenue collected for 2019/20 financial year for the KZN Department of Human Settlements.



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

Departmental receipts	2019/2020			2018/2019		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts	-	-	-	-	-	-
Casino taxes	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-
Liquor licences	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-
Sale of goods and services other than capital assets	445	873	(427)	624	424	200
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	19	13,319	(13,300)	18	1	17
Sale of capital assets	635	5,772	(5,137)	779	27,668	(26,889)
Financial transactions in assets and liabilities	3,580	2,130	1,450	3,388	17,713	(14,325)
Total	4,679	22,093	(17,414)	4,809	45,806	(40,997)

The Department collected revenue totalling to R22,093 million in 2019/20 against the budget of R4,679 million, substantially exceeding the revenue target by R17,414 million. The revenue collected is in respect of the following categories:

- *Sale of goods and services other than capital assets* over-collected R873,000 against the budget of R445,000; this category relates to revenue received for rental from staff occupying the Department's buildings, parking, commission on PERSAL deductions and the sale of tender documents. The over-collection is mainly due to higher than anticipated tender fees. The participation in tenders depends mainly on public interest, hence revenue from tender fees is difficult to accurately predict.
- *Interest, dividends and rent on land* collected R13,319 million against the annual budget of R19,000. The over-collection was due to the interest received from Ithala Development Finance Corporation (Ithala) relating to the Military Veterans Project where funds were paid in 2016/17 but there has been little progress in this regard.
- *Sale of capital assets* collection amounted to R5,772 million against the annual budget of R635, 000. The over-collection is due to the sales of some units at Ridgeview Gardens through FLISP as per approval obtained from Provincial Treasury in June 2016. The Department requests Provincial Treasury to re-appropriate the funds to the Department as was done in the previous year.
- *Financial Transactions in assets and liabilities* collected R2,130 million against the annual budget of R3,580 million. Revenue from this source relates to recoveries from prior years' expenditure such as monies over-paid to suppliers, staff debt in respect of breached bursary contracts, etc. The under-collection was due to lower than anticipated recoveries of staff debts.



PROGRAMME EXPENDITURE

Programme Name	2019/2020			2018/2019		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	231,590	231,590	-	227,193	227,193	-
Housing Needs, Research and Planning	17,076	17,076	-	17,328	17,328	-
Housing Development	3,848,698	3,765,984	82,714	3,353,919	3,305,378	48,541
Housing Asset Management, Property Management	240,468	246,709	3,759	186,639	184,730	1,909
Total	4,347,832	4,261,359	86,473	3,785,079	3,734,629	50,450

The Department has a net under-expenditure of R86,473 million against the 2019/20 Final Appropriation. There were post-Adjustment virements undertaken between programmes and economic classification.

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

- Programme 1: Administration was fully spent. The full expenditure is after a virement of R17,096 million to Programme 3 to defray over expenditure incurred relating to projects due to the acceleration of service delivery in rural housing subsidy where some projects were moving faster than anticipated and they are ahead of the development programme as there is an urgent need for housing.
- Programme 2: Housing Needs, Research and Planning was fully spent, The full expenditure is after a virement of R1,199 million to Programme 3 to defray over-expenditure in the programme, as mentioned.
- Programme 3: Housing Development, which includes a significant portion of the HSDG, PEHG, TDRG reflects a net under-expenditure of R82,714 million.
R151,243 million was allocated to the Department relating to the flood disaster that occurred in the Province in December 2018 to January 2019 and April 2019. These disaster funds were allocated by National Treasury to the PEHG for the construction of temporary residential accommodation (TRA) in all affected areas such as Harry Gwala, Ugu, Umzinyathi, King Cetshwayo, Ilembe, Zululand, as well as Umkhanyakude District. The Department could not spend the entire R151,243 million allocated. A request for the roll-over of the PEHG funding amounting to R86,095 million not spent during the 2019/20 financial year has been submitted to Provincial Treasury. If the roll-over is approved it will be paid directly to the appointed Service Providers who are currently on site.
R15,090 million was allocated to the Department for EPWP Grant to alleviate poverty, reduce unemployment and provide livelihoods for the most disadvantaged sector of society. An amount of R50 000 was not spent during the 2019/20 and roll-over has been submitted to Provincial Treasury. If the roll-over is approved it will be paid directly to the appointed service provide in relation to stipend for learners.
- Programme 4: Housing Asset Management, Property Management comprises the KZN Housing Fund. This programme reflects under-expenditure of R3,759 million which is mainly from vacant posts such as Control Works Inspector, Senior Admin Officer, General Worker, etc. due to natural attrition and retirement. There were savings in respect of the TDRG due to delays in the issuing of rate clearance certificates by municipalities, as well as the township establishment processes which was taking longer than anticipated. These delays resulted in delays in the issuing of the title deeds.

VIREMENTS

Virements between the programmes

Virement of R18,295 million from Programme 1 and Programme 2 to Programme 3

From	Amount R'000	To	Amount R'000
<u>Equitable Share</u>		<u>Equitable Share</u>	
Programme 1: Administration		Programme 3: Housing Development	
Sub-programme: Corporate Services		Sub-programme: Rural Intervention	
Compensation of Employees	R6 386	Households	R18 295
Goods and Services	R10 710		
	R17 096		
Programme 2: Housing Needs, Research and Planning			
Sub-programme: Administration			
Compensation of Employees	R13		
Goods and Services	R40		
Sub-programme: Policy			
Compensation of Employees	R516		
Goods and Services	R50		
Sub-programme: Planning			
Compensation of Employees	R467		
Sub-programme: Research			
Goods and Services	R113		
	R1 199		
Total	R18 295	Total	R18 295

- (i) Savings amounting to **R17,096 million** were identified in Programme 1, Corporate services sub-programme against the following economic classifications:
- Compensation of employees, R6,386 million* due to the Chief Director: Human Capital, Deputy Director Rental Housing and Tribunal, Assistant Director: Financial Control. etc. This savings includes posts such as the Head of Department post which was filled in October 2019 and Director: Human Resource Management, where the official started work in April 2020; and
 - Goods and services, R10,710 million* due to the delays in the receiving invoices for Microsoft licence fees, which was received in April 2020 as well as provision made for the development of an electronic management system which was delayed due to the delay in the finalization of the procurement processes. Furthermore, provision was also made for the advertisement relating to the vacant budgeted posts as mentioned.
- (ii) Savings amounting to **R1,199 million** were identified in Programme 2 under the following sub-programme:-
- Savings amounting to **R53,000** were identified in Administration sub-programme against:
 - Compensation of Employees* amounting to **R13,000** due to over estimations made on salaries under this sub-programme.
 - Goods and Services* amounting to **R40,000** due to continuous implementation of cost cutting measures on travel and subsistence.

- b. Savings amounting to **R566,000** were identified in Policy sub-programme against:
- *Compensation of Employees* amounting to **R516,000** due to the savings experienced as a result of Deputy Director post which were vacant and only filled in the fourth quarter.
 - *Goods and Services* amounting to **R50,000** due to provision that was made for travel and subsistence costs for the vacant funded post.
- c. Savings amounting to **R467,000** were identified in Planning sub-programme against *Compensation of Employees* as a result of Director: Planning post which was vacated during in the previous financial year and only filled during the fourth quarter.
- d. Savings amounting to **R113,000** were identified in Research sub- *Goods and Services* due to provision made for Housing Consumer Education training in various municipalities such as Nqutu, Okhahlamba, Umngeni, etc. The training was postponed due other commitments clashing with the proposed dates.

These savings were moved to Programme 3 in Rural Interventions against *Transfers and subsidies to Households* to defray over expenditure incurred relating to projects due to the acceleration of service delivery in rural housing subsidy where some projects were moving faster than anticipated and they are ahead of the development programme as there is an urgent need for housing. These projects are Zidwadweni rural project, Matheni B rural project, Osuthu B rural project, Mkhonto rural project, Kwangwanase rural housing project, Kwambila rural project, Mpungose rural project, Siyathuthuka Phase 2 rural project, etc.

Virements within the Programmes of the Department between Economic Classifications

From	Amount R'000	To	Amount R'000
<u>Equitable Share</u>		<u>Equitable Share</u>	
Programme 1: Administration		Programme 1: Administration	
Sub-programme: Corporate Services		Sub-programme: Corporate Services	
Compensation of Employees	R642	Households	R55
		Payment of financial assets	R53
		<u>Covid-19</u>	
		Programme 1: Administration	
		Sub-programme: Corporate Services	
		Goods and Services	R534
Total	R642	Total	R642

From	Amount R'000	To	Amount R'000
<u>Equitable Share</u>		<u>Equitable Share</u>	
Programme 2: Housing Needs, Research and Planning		Programme 2: Housing Needs, Research and Planning	
Sub-programme: Planning		Sub-programme: Planning	
Compensation of Employees	R46	Goods and Services	R46
Sub-programme: Research		Sub-programme: Research	
Goods and Services	R177	Compensation of Employees	R156
		Households	R21
Total	R223	Total	R223

From	Amount R'000	To	Amount R'000
Equitable Share		Equitable Share	
Programme 3: Housing Development		Programme 3: Housing Development	
Sub-programme: Administration		Sub-programme: Administration	
Compensation of Employees	R3 102	Payment of financial assets	R12
Goods and Services	R678	Sub-programme: Rental Intervention	
		Households	R3 768
	R3 780		R3 780
Human Settlements Development Grant (HSDG)		Human Settlements Development Grant (HSDG)	
Programme 3: Housing Development		Programme 3: Housing Development	
Sub-programme: Financial Intervention		Sub-programme: Financial Intervention	
Compensation of Employees	R2 280	Households	R69 334
Goods and Services	R992	Building and other fixed structures	R3 201
Sub-programme: Incremental Intervention			
Households	R94 190		
Sub-programme: Social and Rental Intervention		Sub-programme: Rental Intervention	
Households	R70 241	Households	R95 168
	R167 703		R167 703
Total	R171 483	Total	R171 483

From	Amount R'000	To	Amount R'000
Equitable Share		Equitable Share	
Programme 4: Housing Assets Management		Programme 4: Housing Assets Management	
Sub-programme: Administration		Sub-programme: Sale and Transfer of Housing Properties	
Departmental agencies and accounts	R2 500	Departmental agencies and accounts	R2 500
Human Settlements Development Grant (HSDG)		Human Settlements Development Grant (HSDG)	
Programme 4: Housing Assets Management		Programme 4: Housing Assets Management	
Sub-programme: Housing Properties Maintenance		Sub-programme: Sale and Transfer of Housing Properties	
Departmental agencies and account	R9 596	Departmental agencies and account	R9 596
Total	R12 096	Total	R12 096

(a) **Virement of R642,000 within Programme 1: Administration**

Savings amounting to **R642,000** were identified against *Compensation of employees* due to posts of Assistant Director: Financial Control, Assistant Director: GAAS, Administration Officers, Senior State Accountants, etc. which were vacated during the financial year resulted from retirements and resignations.

These savings were moved as follows:

- **R55,000** to *Transfers and subsidies to Households* to defray expenditure incurred for staff exit costs which is difficult to project due to its nature.
- **R53,000** to *Payment of financial assets* relating to approval obtained to write-off staff debt for the deceased.
- **R534,000** to *Goods and Services* resulting from the impact of Covid-19 and were utilised to purchase hand sanitisers for staff within the Department and all individuals coming into the department. These sanitisers were distributed to all departmental offices.

(b) Virement of R223,000 within Programme 2: Housing Needs, Planning and Research

- Savings amounting to **R46,000** were identified in Planning sub-programme against *Compensation of Employees* as a result of Director: Planning post which was vacated during in the previous financial year and only filled during the fourth quarter. These savings were moved to *Goods and Services* to defray expenditure incurred for system access and information fees for WinDeed.
- Savings amounting to **R177,000** were identified in Research sub-programme against *Goods and Services* due to provision made for Housing Consumer Education training in various municipalities such as Nqutu, Okhahlamba, Umngeni, etc. The training was postponed due other commitments clashing with the proposed dates. These savings were moved to *Compensation of employees* amounting to **R156,000** to defray expenditure incurred relating to salaries for the official whom was transferred to the Youth and Women programme within the department and **R21,000** to *Transfers and subsidies to Households* to defray expenditure incurred for an arbitration claim by the official.

(c) Virement of R171,483 million within Programme 3: Housing Development**Equitable Share – R3,780 million**

- (i) Savings amount to **R3,768 million** were identified in Programme 3, Administration sub-programme against *Compensation of Employees* due to the savings experienced as a result of resignations, retirements and natural attrition. These posts are Deputy Director, Senior Administration Officers, Administration Officers, Driver, etc. These savings were moved to Programme 3 in Rural Interventions against *Transfers and subsidies to Households* to defray over expenditure incurred relating to projects due to the acceleration of service delivery in rural housing subsidy where some projects were moving faster than anticipated and they are ahead of the development programme as there is an urgent need for housing. These projects are Zidwadweni rural project, Matheni B rural project, Osuthu B rural project, Mkhonto rural project, Kwangwanase rural housing project, Kwambila rural project, Mpungose rural project, Siyathuthuka Phase 2 rural project, etc.
- (ii) Savings amounting to **R12,000** were identified in Administration sub-programme against *Goods and Services* mainly from travel and subsistence due to ongoing implementation of cost cutting measures. These savings were moved to *Payment of financial assets* relating to approval obtained to write-off staff debt for the deceased.

Human Settlement Development Grant (HSDG) – R167,703 million

- (i) Savings amounting to **R2,280 million** were identified in Financial Interventions sub-programme against *Compensation of employees* due to the delays in the filling vacant budgeted posts such as Project Construction Managers, Inspectors, etc.
- (ii) Savings amounting to **R992,000** were identified in Financial Interventions sub-programme against *Goods and Services* due to the over estimations made in respect of rental and hiring activity for the community participation and outreach programme.
- (iii) Savings amounting to **R70,241 million** were identified in Social and Rental Interventions sub-programme against *Transfers and subsidies to Households* under the N11 CRU, Ubuhlebezwe CRU, Kokstad CRU and Rocky Park CRU due to the delays in the approval processes resulted from the following issues such as political issues, municipal water line cutting across all platforms on the critical path, etc. The projects has since been approved and the contractor is on site.
- (iv) Savings amounting to **R94,190 million** were identified in Incremental Interventions sub-programme against *Transfers and subsidies to Households* mainly due to the following:
 - A number of projects in Ethekwini District did not perform due to challenges and delays in the supply chain management processes at the Municipality. These projects are such as Kingsburgh, Kloof Ext. 15 and 21 Phase 3 and Etafuleni. Furthermore, Lamontville Slums Clearance has been stalled due to challenges with social issues. The community is disputing the validity of the beneficiary allocation list.



- The Madadeni H39 in Amajuba District could not spend due to the contractor not being able to claim for completion because of beneficiaries having constructed units which are in the way of services. The contractor is in the process of moving these beneficiaries out of the constructed units in order to complete the services and claim for completion.
- The Makhoba housing project in the Harry Gwala District had challenges with the installation of bulk water supply which delayed the project.
- In the Umzinyathi District, Greytown Slums Clearance housing project NHBRC raised non-compliance issues on the work of the Contractor on Phase 1, which resulted in non-approval of Phase 2. However, this has since been resolved and the contractor is back on site.
- In the Zululand District, Mangosuthu housing project had challenges with social issues on the ground, which delayed the contractor from commencing with construction. However, these challenges have been resolved and the contractor is on site.
- The Masinenge housing project in Ugu District had challenges on site due to the termination of the contractor as a result of poor performance. The Department has since appointed a new contractor, who is currently on site.

These savings were moved as follows:

- **R72,535 million** to Financial Interventions sub programme to cater for the following:
 - **R69,334 million** over expenditure under Transfers and subsidies to Households for enrolment fees of housing projects with National Home Builders' Registration Council. The budget for these enrolment fees was inclusive in the project allocations under Transfers and subsidies to Households. These projects are Cornubia, Richmond Farm, Welbedacht, Malangeni, Argosy Farm, etc.
 - **R3,201 million** under Buildings and other Fixed Structures due to the accelerated performance by the contractor appointed in respect of the Social and Economic Amenities programme. This programme was delayed in the previous financial year due to delays in appointing new implementing agents for the construction of social and economic amenities.
- **R95,168 million** to Rural Interventions sub programme under Transfers and subsidies to Households to defray over expenditure incurred relating to projects due to the following:
- There was acceleration of service delivery in rural housing subsidy where some projects were moving faster than anticipated and they are ahead of the development programme as there is an urgent need for housing. These projects are Zidwadweni rural project, Matheni B rural project, Osuthu B rural project, Mkhonto rural project, Kwangwanase rural housing project, Kwambila rural project, Mpungose rural project, Siyathuthuka Phase 2 rural project, etc.

There were projects which were not included in 2019/20 HSDG business plan due to various reasons, e.g. projects that were anticipated to complete in 2018/19 financial year and they delayed due to social issues which were later resolved. These projects were Mpembeni rural projects, Emadungeni rural project, Ezibomvini rural project, Ngudwini rural project, etc.

ROLLOVERS

R151,243 million was allocated to the Department relating to the flood disaster that occurred in the Province in December 2018 to January 2019 and April 2019. These disaster funds were allocated by National Treasury to the PEHG for the construction of temporary residential accommodation (TRA) in all affected areas such as Harry Gwala, Ugu, Umzinyathi, King Cetshwayo, Ilembe, Zululand, as well as Umkhanyakude District.

The Department could not spend the entire R151,243 million allocated. A request for the roll-over of the PEHG funding amounting to **R86,095 million** not spent during the 2019/20 financial year has been submitted to Provincial Treasury. If the roll-over is approved it will be paid directly to the appointed Service Providers who are currently on site.



R15,090 million was allocated to the Department for EPWP Inc Grant to alleviate poverty, reduce unemployment and provide livelihoods for the most disadvantaged sector of society. An amount of **R50,000** was not spent during the 2019/20 and roll-over has been submitted to Provincial Treasury. If the roll-over is approved it will be paid directly to the appointed service provide in relation to stipend for learners.

UNAUTHORISED, FRUITLESS AND WASTEFUL, AND IRREGULAR EXPENDITURE

During the 2019/20 financial year, the Department incurred **Unauthorised Expenditure** as follows:

- Programme 3: Housing Development – R3,431 million in respect of acceleration in service delivery. This emanates from under-spending of R82,714 million within Programme 3 and the request of a roll-over of R86,145 million which effectively will contribute to R3,431 million unauthorised expenditure.

During the year under review, the Department incurred **Fruitless and Wasteful expenditure** as follows:

- R30,511 in respect of interest incurred on invoices from Propell body corporate. The system of processing invoices by the body corporate and the subsequent receipt of these invoices by the Department was addressed but due to some challenges with the body corporate being based in Cape Town and the postal services, these invoices were not received timeously.
- In respect of these interest payments, internal investigations have been conducted and the necessary action was taken against two officials.

During the year under review, the Department incurred **Irregular Expenditure** as follows:

- The irregular expenditure disclosed in the Annual Financial Statements (Note 24) relates to procurement of service providers undertaken by Municipalities within the Province for housing projects. SCM documentation was not provided by the Municipalities in this regard to support the procurement of service providers. The Department as the funding agent for these housing projects was not involved in the procurement although monitoring mechanisms must be in place to ensure SCM processes are complied with when funding is transferred to other entities.

With respect to these projects, the Department maintains that the 4 pillars of SCM have been achieved i.e.:

- Equity
- Value for money
- Fair dealing
- Competitiveness

The 5th pillar which relates to Transparency is in doubt as authentic supporting documentation is not on hand to support this pillar.

The Department is confident that value for money was attained as high standards are maintained when construction takes place and work is duly certified before payment is effected.

The Department has commenced with the submission to National Treasury for the condonement of irregular expenditure including the provision of all SCM documentation and reports by an independent service provider who has assessed the projects and performed a verification exercise on the existence of the houses (value for money) where expenditure was incurred.

FUTURE PLANS OF THE DEPARTMENT / KEY STRATEGIC PRIORITIES

The following key strategic priorities will be undertaken during the 2020/21 financial year:

- The implementation of complimentary programmes such as the Expanded Public Works Programme and the Siyakha Incubation Programme demonstrates the Department's commitment to addressing other pertinent social and economic challenges such as inequality and unemployment. In order to promote the economic agenda of government, focused attention will therefore be given to the provision of economic opportunities to women, youth and persons with disabilities;
- Increased focus on integrated urban development, with emphasis on informal settlements to address the high demand due to rapid urbanisation, land invasion/occupation;
- Radical economic transformation programmes
- Fast track the implementation of the TRP;
- Address housing needs for the vulnerable groups (OSS and emergency housing);
- Improved IGR and strengthened collaboration with stakeholders;
- Improved and integrated planning through the conceptualisation of a holistic long term integrated plan;
- Facilitate youth development and women empowerment initiatives inclusive of implementing the summit resolutions of Women and Youth as well as people with disabilities;
- Implementation of the Military Veterans Programme;
- Increased focus on the implementation of FLISP;
- Promoting occupational health and safety measures within the work environment with specific emphasis on COVID-19 mitigation measures;
- Provision of permanent housing solutions for households affected by disasters;
- Focused attention on the effective implementation of EPWP;
- Strengthened and focused attention on improving organisational service delivery culture and ethics; and
- Undertake a holistic Human Settlement Consumer Education programmes.

BUDGET REDUCTION: 2020/21 FINANCIAL YEAR

The table below reflects the budget reduction in the 2020/21 financial year due to the financial implications of the Covid-19 pandemic which has resulted in budget reprioritization within the province:

ALLOCATION	2020/21 R'000
Revised 2020/21 MTEF allocation of which:	3,490,754
• HSDG	3,020,763
• EPWP	11,638
• Title Deeds Restoration Grant	36,740
• Equitable Share	421,613
Conditional Grant	3,069,141
Equitable Share	421,613
Baseline allocation	3,929,897
HSDG budget cut due to Covid-19	(358,294)
TDRG budget cut due to Covid-19	(69,406)
Equitable Share budget cuts due to provincial Covid-19 response	(11,443)
Adjusted Allocation	3,490,754

The budget cut for 2020/2021 forced the department to reduce the number of units to be constructed for low income households, from 13 796 to 11 020. This decline in delivery targets impacts negatively on the most vulnerable citizens who have been approved for housing subsidies, they will now wait longer periods to receive their houses.

There has also been a reduction in the title deed restoration grant, which also forced the department to revise the business plan and delivery targets downwards. The targets were reduced from 8 131 to 5 501. The reduced delivery also reduced the department's ability to ensure that all approved beneficiaries who received houses before 2014 have full title ownership of the houses.

The reduction in the allocated funds have a direct impact on service delivery. The department has a responsibility to provide decent shelter to the needy, any reduction therefore means the moving target of housing backlogs will be difficult to eliminate.

PUBLIC-PRIVATE PARTNERSHIPS

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

DISCONTINUED ACTIVITIES / ACTIVITIES TO BE DISCONTINUED

There are no discontinued activities or activities to be discontinued.

NEW OR PROPOSED ACTIVITIES / ENVISAGED POLICY INTERVENTIONS

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

SUPPLY CHAIN MANAGEMENT

- **There were no unsolicited bids for the year under review.**

All bids are advertised publicly to ensure that the system is fair and transparent. Bid Committees have been appointed and training has been provided by the Provincial Treasury to ensure that they perform their functions efficiently and effectively. At the beginning of the financial year a Departmental Procurement Plan is developed indicating goods and services that will be procured in that financial year. The Procurement Plan is linked to the budget and it is approved by the Head of Department. Bids are only invited for goods and services that are in the Departmental Procurement Plan.

- **SCM processes and systems are in place to prevent irregular expenditure**

- SCM processes and systems in place include financial delegations, policies, practice notes and relevant prescripts and legislation.
- Bid committees (specification, evaluation and adjudication) are in place and members are appointed in writing.
- When invoices are received, they are verified against the checklist to establish possible irregular expenditure.
- The Supply Chain Management Policy is in place and it is reviewed regularly in line with SCM prescripts.
- All acquisitions are done in line with Supply Chain Management Policy and Standard Operating Procedures.
- Bid Committee meetings – meetings for the whole year are scheduled at the beginning of the year to ensure the availability of members and invitations and reminders are sent electronically.

- **Challenges experienced in SCM and how they were resolved**

- Delays in finalising the bid process – in order to expedite the bid process the Department has appointed multiple bid evaluation committees and has adopted the strategy of appointing bid committees on a procurement by procurement basis.
- Poor response from service providers registered in the CSD resulting in non-compliance with the requirements of the minimum number of quotation for different thresholds – An SCM circular was issued to state that in addition to inviting quotations via e-mail, a telephonic follow-up needs to be made with the service providers. Amendments have also been made in the SCM Process Delegations to allow the SCM Manager and the CFO to approve procurement where less than 3 quotations have been obtained.
- IT assets not properly updated on the Movable Asset Register – SCM has taken over the function of allocation of computer equipment to users. The SCM Unit has also started a process of dealing with unfound assets and this process is being implemented in a phased approach.
- Unauthorized movement of assets – The unit implemented a process of spot audits in order to deal with unauthorised movements of assets.

GIFTS AND DONATIONS RECEIVED IN KIND FROM NON-RELATED PARTIES

Annexure 1E of the Annual Financial Statements reflects all gifts or donations received in kind from non-related parties.

EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

Accounting officers' reporting responsibilities according to section 40(1)(d) states that the accounting officer for a department, trading entity or constitutional institution - must submit within five months of the end of a financial year to the relevant treasury and, in the case of a department or trading entity, also to the executive authority responsible for that department or trading entity - (i) an **annual report** on the activities of that department, trading entity or constitutional institution during that financial year; (iii) the financial statements for that financial year after those statements have been audited; and (iii) the Auditor-General's report on those statements.

On 31 March 2020, the Minister of Finance signed Gazette No. 43188, Public Finance Management Act (1/1999): Exemption from Act and Regulations, exempting functionaries and institutions from complying with the deadlines contained in the following sections and regulations of the PFMA for the 2019/20 financial year as a result of the National State of Disaster: (a) sections 8(1)(b), 8(5), 19(1)(b), 19(5), 40(1)(c), 40(1)(d), 55(1)(c), 55(1)(d) and 65(2) of the Act; (b) a regulation made or instruction issued in terms of section 76 of the Act which is associated with the provisions referred to in paragraph (a). The relevant functionary or institution must comply with a provision referred to above within one month after the deadline in the applicable provision. If the lock-down regarding the movement of persons and goods as a result of the national state of disaster is extended, the relevant functionary or institution must comply with a provision referred to in subparagraph (1) within two months after the deadline in the applicable provision.

EVENTS AFTER THE REPORTING DATE

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

ACKNOWLEDGEMENT OR APPRECIATION

The Department conveys its acknowledgement and appreciation to all stakeholders and sector partners for their valuable engagements and support during the financial year, especially in their contribution to the successes and mitigation of challenges experienced during the implementation of the Department's service delivery mandate.

CONCLUSION

In conclusion, I would like to acknowledge the efforts made by the entire management team and staff of the Department, who work tirelessly to assist individuals and families with the provision of housing opportunities. To our partners, Municipalities, Implementing Agents and other Departments, thank you for helping us for not only improving the lives of our people, but for also ensuring a dignified life.

APPROVAL AND SIGN OFF

The Annual Financial Statements set out on pages 168 to 242 have been approved by the Accounting Officer.



Mr. M. O.S. Zungu
Accounting Officer
KwaZulu-Natal Department of Human Settlements
Date: 30 September 2020

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

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

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

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2020.

Yours faithfully



Mr. M. O.S. Zungu
Accounting Officer
KwaZulu-Natal Department of Human Settlements
Date: 30 September 2020

6. STRATEGIC OVERVIEW

6.1 Vision

Together Breaking New Ground to achieve decent, integrated and sustainable human settlement patterns.

6.2 Mission

To deliver suitably located housing opportunities and security of tenure over the next five years through collaborative partnership, legislative planning processes and empowerment of women in construction.

6.3 Values

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

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

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

7. LEGISLATIVE AND OTHER MANDATES

LEGISLATIVE MANDATES

LEGISLATION	MANDATE
1. Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)	Chapter 2: Bill of Rights: Section 26: Everyone has the right to have access to adequate housing. The State must take reasonable legislative and other measures, within its available resources, to achieve the progressive realization of this right. No one may be evicted from their home, or have their home demolished, without an order of court made after considering all the relevant circumstances. No legislation may permit arbitrary evictions.
2. Housing Act, 1997 (Act No. 107 of 1997)	Part 1: Section 2: The national, provincial and local spheres of government must give priority to the needs of the poor in respect of housing development, consult meaningfully with individuals and communities affected by housing development. Ensure that housing development provides a wide choice of housing and tenure options as is reasonably possible which is economically, fiscally, socially and financially affordable and sustainable, is based on integrated development planning and is administered in a transparent, accountable and equitable manner, and upholds the practice of good governance
3. Housing Consumer Protection Measures Act, 1998 (Act No. 95 of 1998)	Chapter 1: Section 3: The object of the Council is to: <ul style="list-style-type: none"> (a) represent the interests of housing consumers by providing warranty protection against defects in new homes; (b) regulate the home building industry; (c) provide protection to housing consumers in respect of the failure of home builders to comply with their obligations in terms of this Act; (d) establish and to promote ethical and technical standards in the home building industry; (e) improve structural quality in the interests of housing consumers and the home building industry; (f) promote housing consumer rights and to provide housing consumer information; (g) communicate with and to assist home builders to register in terms of this Act; (h) assist home builders, through training and inspection, to achieve and to maintain satisfactory technical standards of home building; (i) regulate insurers; and (j) in particular, to achieve the stated objects of this section in the subsidy housing sector.
4. Rental Housing Act, 1999 (Act No. 50 of 1999)	Chapter 2: Section 1: Provides that Government must promote a stable and growing market that progressively meets the latent demand for affordable rental housing among persons historically disadvantaged by unfair discrimination and poor persons, by the introduction of incentives, mechanisms and other measures that: <ul style="list-style-type: none"> (i) improve conditions in the rental housing market; (ii) encourage investment in urban and rural areas that are in need of revitalization and resuscitation; and (iii) correct distorted patterns of residential settlement by initiating, promoting and facilitating new development in or the redevelopment of affected areas

LEGISLATION	MANDATE
5. Sectorial Titles Act, 1986 (Act No. 95 of 1986, as amended by Act No. 24 & 29 of 2003)	<p>The Act provides for the division of buildings into sections and common property and for the acquisition of separate ownership in sections coupled with joint ownership in common property.</p> <p>The Act further provides for:</p> <ol style="list-style-type: none"> The control of certain incidents attaching to separate ownership in sections and joint ownership in common property; The transfer of ownership of sections and the registration of sectional mortgage bonds over, and real rights in sections; The conferring and registration of rights in, and the disposal of, common property; The establishment of bodies corporate to control common property and for that purpose to apply the rules; and The establishment of a sectional titles regulation board.
6. Prevention of Illegal Eviction and Unlawful Occupation of Land Act, 1998 (Act No. 19 of 1998)	<p>Provides that: in circumstances of an eviction, an organ of state may institute proceedings for the eviction of an unlawful occupier from land which falls within its area of jurisdiction, except where the unlawful occupier is a mortgagor and the land in question is sold in a sale of execution pursuant to a mortgage, and the court may grant such an order if it is just and equitable to do so, after considering all the relevant circumstances, and if:</p> <ol style="list-style-type: none"> the consent of that organ of state is required for the erection of a building or structure on that land or for the occupation of the land, and the unlawful occupier is occupying a building or structure on that land without such consent having been obtained; or it is in the public interest to grant such an order. <p>It further provides that an organ of state contemplated in subsection may before instituting such proceedings; give not less than 14 days' written notice to the owner or person in charge of the land to institute proceedings for the eviction of the unlawful occupier.</p>
7. Home Loan and Mortgage Disclosure Act, 2000 (Act No. 63 of 2000)	<p>Provides that an office of disclosure must be established in order to deal with financial institutions financial statements. The work incidental to the performance of the functions of the Office must be performed by a secretariat consisting of officials of the Department designated for that purpose by the Minister. The Director-General of Housing is the Accounting Officer for the Office and must cause the installation of the necessary financial controls and management measures by the Office to ensure full accountability for expenses incurred by the Office.</p>
8. Disestablishment of South African Trust Limited Act, 2002 (Act No. 26 of 2002)	<p>Provides that: All rights and assets of the Company, including the administrative, financial and other records of the Company, vest in the National Housing Finance Corporation (as per the Housing Act), all obligations and liabilities of the Company now vest in the Government as part of the national debt. Thus the Government must meet these obligations and liabilities.</p>
9. Constitutional Court judgment of 2000, on the enforceability of social and economic rights (Government of the Republic of South Africa and Others v Grootboom and Others)	<p>The court held that the State was obliged to take positive action to meet the needs of those living in extreme conditions of poverty, homelessness or intolerable housing. The interconnectedness of the rights and the Constitution as a whole had to be taken into account in interpreting the socio-economic rights and in particular, in determining whether the State had met its obligations in terms of them. The court held that the national government bore the overall responsibility for ensuring that the State complied with the obligations imposed on it by Section 26. The land program adopted by the metropolitan council, on the face of it, met the obligation of the State towards persons in the position of the respondents to the extent that the national housing program did not. The existence of the program was, however, only the starting point. Effective implementation of it required at least adequate budgetary support by national government. As at the date of the launch of the application, the State had not been meeting the obligation imposed on it by section 26 within the relevant area. In particular, the programs adopted by the State fell short of the section's requirements, in that no provision was made for relief to categories of people in desperate need. The Constitution obliged the State to act positively to ameliorate these conditions. This obligation was to devise and implement a coherent and coordinated program, designed to provide access to housing, healthcare, sufficient food and water and social security to those unable to support themselves and their dependents. The State also had to foster conditions to enable citizens to gain access to land on an equitable basis. Those in need had a corresponding right to demand that this be done. However, section 26 (and also section 28) did not entitle the respondents to claim shelter or housing immediately on demand.</p>

LEGISLATION	MANDATE
10. KwaZulu-Natal Housing Act, 1998 (Act No. 12 of 1998 as amended)	<p>Chapter 4 provides that:</p> <p>The Department shall be responsible for the administration of the bank account of the Fund and manage and co-ordinate housing development in the Province.</p> <p>The department shall, subject to national and provincial housing policy and after consultation with the Minister, on behalf of the Provincial Government:</p> <ol style="list-style-type: none"> undertake projects; maintain, sell, or lease dwellings and other immovable property; notwithstanding anything to the contrary in any law and either with the prior consent of the owner or following the expropriation of such land, perform such work and undertake such projects on privately owned land as the Minister may, subject to such terms and conditions as he or she may determine, approve; determine provincial policy in respect of housing development; promote the adoption of provincial legislation to ensure effective housing delivery; and prepare and maintain a multi-year plan in respect of the execution in the province of every national and provincial housing programme, which is consistent with a national and provincial housing policy.
11. Housing Development Schemes for Retired Persons Act, 1998 (Act No. 65 of 1988) as amended by Act No. 20 of 1998	The Act amends the Housing Development Schemes for Retired Persons Act, 1988, so as to amend the definition of "housing development scheme", to provide that land subject to a housing interest may be occupied only by a retired person or the spouse of a retired person, and to repeal section 10 of the Act.
12. National Building Regulations and Building Standards Act, 1997 (Act No. 103 of 1977)	Part A, A1 provides that the plans and particulars in respect of any building to be erected by or on behalf of the State shall be accompanied by a certificate, signed by the head of the State Department concerned or an officer designated by him, setting out in full details as to the respect in which such erection will not comply with the requirements of these regulations.
13. Construction Industry Development Board Act, 2000 (Act No. 38 of 2000)	Section 5 (1) states that the Board must within the framework of the procurement policy of Government promote the standardization of the procurement process with regard to the construction industry.
14. Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)	Provides that an organ of State must determine its preferential procurement policy and the specific goals therein may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability.
15. Social Housing Act, 2008 (Act No. 16 of 2008)	Section 32 makes provision that an agreement entered and concluded between the Regulatory Authority and Provincial Governments which sets out the respective roles and responsibilities of the Regulatory Authority and the Provinces in respect of social housing, specifies the proposed restructuring zones, specifies the process to approve, allocate and administer capital grants as contemplated in the social housing investment plan, and also sets out the process for determination of annual social housing programme and institutional subsidy allocation, the approvals process and timelines and the payments process and timelines.
16. Housing Development Agency Act, 2008 (Act No. 23 of 2008)	In terms of Section 5 the following provision is made: The Minister may in consultation with the relevant MEC, where there is lack of capacity in any organ of State to identify, acquire, hold, develop and release land for residential and community purposes for the creation of sustainable human settlements.
17. National Environmental Management Act, 1998 (Act No. 107 of 1998) as amended by Act No. 8 of 2004	Provides for the cooperative environmental governance by establishing principles for decision making on matters affecting the environment. Section 16 provides that each provincial government must ensure that the relevant provincial environmental implementation plan is complied with by each municipality within its province and that municipalities adhere to the relevant environmental implementation; and management plans, and the principles of this Act in the preparation of any policy, programme or plan, including the establishment of integrated development plans and land development objectives.
18. Communal Land Rights, 2004 (Act No. 11 of 2004)	<p>Makes provision for:</p> <ol style="list-style-type: none"> The legal security of tenure by transferring communal land, including KwaZulu-Natal Ingonyama land, to communities, or by awarding comparable redress; conducting of a land rights enquiry to determine the transition from old order rights to new order rights; the democratic administration of communal land by communities; to provide for Land Rights Boards; and The co-operatives performance of municipal functions on communal land.

LEGISLATION	MANDATE
19. Communal Property Associations, 1996 (Act No. 28 of 1996)	This Act enables communities to form juristic persons, to be known as communal property associations in order to acquire, hold and manage property on a basis agreed to by members of a community in terms of a written constitution. This Act prescribes the type of communities, who qualify, the registration process which needs to be followed as well as the rights, obligations and duties of parties once the juristic person has been established.
20. Deeds Registries Act, 1937 (Act No. 47 of 1937)	The Act deals with the administration, registration of land and State land and details the procedures which need to be followed during same.
21. Extension of Security of Tenure Act, 1997 (Act No. 62 of 1997)	The Act promotes: <ul style="list-style-type: none"> a) long term security of tenure for occupiers of land, where possible through the joint efforts of occupiers, landowners. and government bodies; b) extending the rights of occupiers whilst giving due recognition to the rights, duties and legitimate interests of owner; and c) regulating the eviction of vulnerable occupiers from land in a fair manner.
22. Land Administration Act, 1995 (Act No. 2 of 1995)	The Act makes provision for the delegation of powers and the assignment of the administration of laws regarding land matters to the provinces as well as the creation of uniform land legislation.
23. Expropriation Act, 1951 as repealed by Act No. 63 of 1975	The Act provides for the expropriation of land and other property for public and certain other purposes.
24. State Land Disposal Act, 1961 (Act No. 48 of 1961)	This Act provides for the disposal of certain State land and to prohibit the acquisition of State land by prescription.

POLICY AND PROGRAMME MANDATES

NAME OF POLICY	MANDATE
1. Informal Settlement Upgrading Strategy for KwaZulu-Natal	<p>A key objective of the Strategy is to give effect to the KwaZulu-Natal Elimination and Prevention of Re-Emergence of Slums Act (Act No. 6 of 2007). The purpose of this Act is to provide for: 'the progressive elimination of slums in the Province of KwaZulu-Natal; measures for the prevention of the re-emergence of slums and the upgrading and control of existing slums.' The Act obliges all</p> <p>Municipalities to assess the status of informal settlement and to plan accordingly. An additional and overriding objective for the KZN Department is however also to address and comply with the National Departments Outcome 8 National Development Agreement which places a high priority on the upgrading of Informal Settlements with access to basic services and secure tenure.</p> <p>In addition to this the more specific objectives of the Strategy include:</p> <ul style="list-style-type: none"> • enhancing the Housing Sector Planning process by including a Slum Clearance Programme; • promoting sector alignment in terms of IDP, Integrated Sustainable Human Settlements, Area Based Planning, Spatial Restructuring; • developing an informal settlement plan of action and to implement it together with the affected municipalities; and • promoting community participation in formulation and implementation of Slum Clearance Programme.

NAME OF POLICY	MANDATE
<p>2. The Integrated Sustainable Rural Development Strategy, November 2000</p>	<p>The Strategy is designed to realize a vision that will attain socially cohesive and stable rural communities with viable institutions, sustainable economies and universal access to social amenities, able to attract and retain skilled and knowledgeable people, who are equipped to contribute to growth and development.</p> <p>Section 1 outlines evaluation of international approaches to rural development, which have hinged around inadequate local capacity and tendencies to excessive centralization of decision making.</p> <p>Section 2 presents a characterization of rural South Africa. It identifies those that are widely associated with rural conditions around the world.</p> <p>Section 3 outlines the legal and policy framework for rural development in South Africa and outlines some achievements in the period 1994 to 2000.</p> <p>Section 4 presents the elements behind the vision of the ISRDS namely; rural development, sustainability, integration and the rural safety net.</p> <p>Section 5 presents the operational approach of the ISRDS i.e. build immediately on existing programmes of government through a well- coordinated, bottom-up approach to rural local economic development.</p> <p>Section 6 highlights some complementary measures to support the ISRDS namely; human resource development and capacity building, land reform, community based income generation projects, social assistance and safety nets and rural finance.</p> <p>Section 7 presents the proposed institutional arrangements, which will operate in the political and operational areas.</p> <p>Section 8 identifies five implementation elements of the strategy which comprises of; institutional arrangements, establishment of an information and knowledge base, development of planning and monitoring systems, establishing mechanisms of coordination and stakeholder mobilization.</p>
<p>3. The National Housing Code, 2009</p>	<p>The Code sets the underlying policy principles, guidelines and norms and standards which apply to Government's various housing assistance programmes introduced since 1994 and updated. It also identifies various housing subsidy instruments available to assist low income households to access adequate housing. It further provides for the qualification criteria per subsidy instrument and the process that needs to be followed in order to access the specific instrument.</p>

NAME OF POLICY	MANDATE
<p>4. The National Spatial Development Perspective, 2006</p>	<p>The document comprises:</p> <ul style="list-style-type: none"> • A set of principles and mechanisms for guiding infrastructure investment and development decisions; • A description of the spatial manifestations of the main social, economic and environmental trends that should form the basis for a shared understanding of the national space economy; and • An interpretation of the spatial realities and the implications for government intervention. <p>In order to contribute to the broader growth and development policy objectives of Government the document advocates the following five principles:</p> <p>Principle 1: Rapid economic growth that is sustained and inclusive is a pre-requisite for the achievement of other policy objectives, among which poverty alleviation is key.</p> <p>Principle 2: Government has a constitutional obligation to provide basic services to all citizens (e.g. water, energy, health and educational facilities) wherever they reside.</p> <p>Principle 3: Beyond the constitutional obligation identified above, government spending on fixed investment should be focused on localities of economic growth and/or economic potential in order to gear up private-sector investment, to stimulate sustainable economic activities and to create long-term employment opportunities.</p> <p>Principle 4: Efforts to address past and current social inequalities should focus on people, not places.</p> <p>Principle 5: In order to overcome the spatial distortions of apartheid, future settlement and economic development opportunities should be channelled into activity corridors and nodes that are adjacent to or that link the main growth centres.</p>
<p>5. Building capacity of housing stakeholders (especially municipalities)</p>	<p>The Housing Act, 1997 (Act No. 107 of 1997) provides that all reasonable and necessary steps to support municipalities in the exercise of their power and the performance of their duties in respect of housing development.</p> <p>Section (2) (e) states that National and Province must support and strengthen the capacity of municipalities to manage their own affairs to exercise their powers and performs their duties in respect of housing development.</p> <p>The Housing Accreditation programme is meant to support the municipalities.</p>
<p>6. Outcome 8: Medium Term Strategic Framework 2014-2019</p>	<p>The Framework focuses on policy and funding reforms to achieve the following:</p> <ul style="list-style-type: none"> • Better spatial planning to better target resource allocation; • Ensuring that poor households have adequate housing in better living environments; • Supporting the development of a functionally and equitable residential property market improving institutional capacity; and coordination <p>In order to achieve the vision of sustainable human settlements and improved quality of household life the DoHS drives effective programmes to achieve the following:</p> <ul style="list-style-type: none"> • Adequate housing and improved quality living environments; • A functionally equitable residential property market; and • Enhanced (institutional) capabilities for effective coordination of spatial investment decisions.

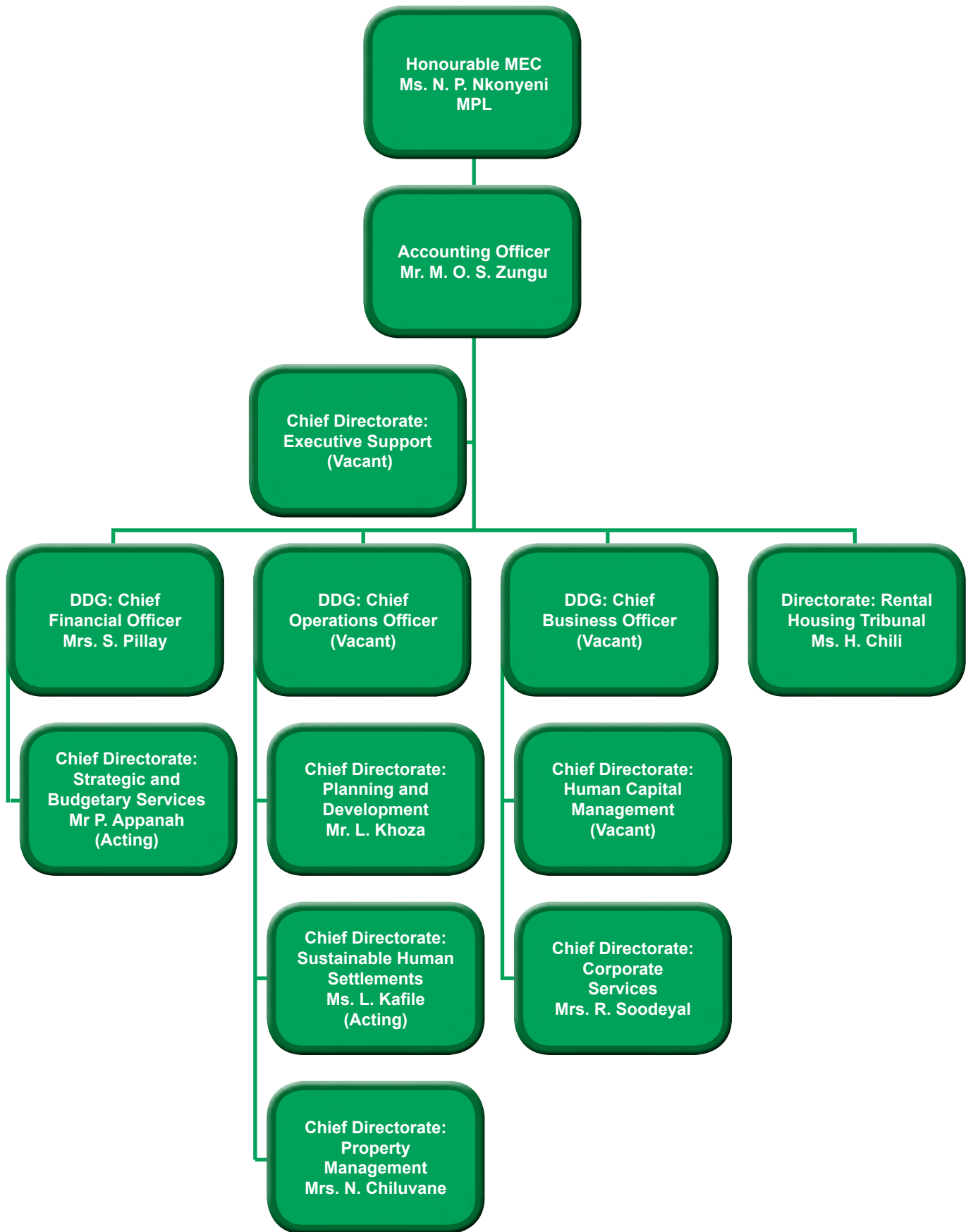
NAME OF POLICY	MANDATE
7. Provincial Growth and Development Plan	<p>Strategic Objective 3.4: Sustainable Human Settlements</p> <p>The provision of a house remains an important part of human settlements it is now common cause that liveable human settlements require decent planning that involves: designing a safe environment, infrastructure that allows and enables economic activity, delivery of services and social facilities as well as good maintenance capacity. This desired human settlement has been slow to materialize. The causes are many and varied, yet not insurmountable. This intervention is about finding an appropriate institutional mechanism to achieve a coordinated and aligned service delivery programme, with DoHS being the driver of this institutional mechanism as they are most acutely affected by the uncoordinated service delivery response.</p> <p>Proposed interventions are as follows:</p> <p>Intervention 3.4.a: Establishment of a joint provincial forum addressing integrated development planning</p> <p>A human settlement in particular requires co-ordination such that houses, water, electricity and sanitation are an immediate part of the same product, whilst community life is also enabled by provision of schools, and other social facilities. It is not clear why this co-ordination is not possible despite it having been long recognized to be a requirement. This intervention is about providing a model for this alignment and co-ordination of government efforts for improved delivery of sustainable Human Settlement. This forum will use as its departure point the Provincial Spatial Development Framework, which has identified KZN's areas of opportunity and intervention.</p> <p>Intervention 3.4.b: Densification of settlement patterns.</p> <p>This intervention recognizes that the current settlement patterns are not conducive to cost effective service delivery or environmentally sustainable settlements. This is as a result of dispersed and fragmented settlement patterns that require people to travel long distance to access economic opportunities or lesser density per hectares that are more expensive to service. This intervention proposes an alternative densification model that uses current housing instruments to achieve greater urban densities and more coherent integrated settlements around identified emerging nodes.</p> <p>Intervention 3.4.c: Transformation of Informal Settlements</p> <p>This intervention is about providing housing opportunities to people at the low end of the housing market. It proposes to transform these informal settlements via the business instruments of: Informal Settlements Upgrade; Integrated Residential Development Programme; and Enhanced Peoples Housing Programme. In this way, people living in informal settlements have greater opportunity to access tenure of housing, economic and social opportunities.</p>

NAME OF POLICY	MANDATE
	<p>Intervention 3.4.d: Develop Provincial Strategy and Plan to address housing Gap & Middle Income / Affordable Market</p> <p>This intervention seeks to provide housing subsidy for people, who earn between R3,501 – R22,000 per month. The Finance Linked Individual Subsidy Programme (FLISP) instrument addresses this housing subsidy market.</p> <p>The policy on FLISP distinguishes income categories as follows:</p> <p>R3,501 – R7,000 (GAP Market: as such income category market do not qualify for a free BNG house nor do they qualify for a mortgage bond usually, hence referred to as “gap”). This category is therefore accommodated by inclusion of gap income market in all new IRDP housing projects.</p> <p>R7,000 – R22,000 (Middle Income / Affordable market. The financial institutions refer to this category as “affordable”, and this income category allows for the subsidising of a purchase of a first home, with a mortgage bond, in primary (new builds) or secondary market. The subsidy is availed to reduce the mortgage bond debt OR to be used as a deposit OR where 100% bond is not granted.</p> <p>Intervention 3.4.e: Expand the Social Housing Programme and Rental Programme</p> <p>This intervention is to address the current lack of housing opportunities for low end housing market entrants. The intervention seeks to provide well located accommodation on a rental basis for income brackets between (R3,501 - R7,500). The current housing instruments being used to achieve this are the Social Housing Programme, the Institutional Subsidy Programme and the Community Residential Units Programme. These instruments either purchase or build units for rental purposes as well as refurbish previous hostels.</p>
8. National Development Plan	<p>Chapter 8: Transforming Human Settlements</p> <p>The objectives include the following:</p> <ul style="list-style-type: none"> • Strong and efficient spatial planning system, well integrated across the spheres of government; • Upgrade all informal settlements on suitable, well located land by 2030; • More people living closer to their places of work; and • More jobs in or close to dense, urban townships. <p>Actions:</p> <ul style="list-style-type: none"> • Reforms to the current planning system for improved coordination. • Develop a strategy for densification of cities and resource allocation to promote better located housing and settlements. • Introduce spatial development framework and norms, including improving the balance between location of jobs and people. • Conduct a comprehensive review of the grant and subsidy regime for housing with a view to ensure diversity in product and finance options that would allow for more household choice and greater spatial mix and flexibility. • Introduce mechanisms that would make land markets work more effectively for the poor and support rural and urban livelihoods.

NAME OF POLICY	MANDATE
<p>9. Breaking New Ground - A Comprehensive Plan for the Development of Sustainable Human Settlements</p>	<p>The specific objectives include:</p> <ul style="list-style-type: none"> • Accelerating the delivery of housing as a key strategy for poverty alleviation; • Utilizing provision of housing as a major job creation strategy; • Ensuring property can be accessed by all as an asset for wealth creation and empowerment; • Leveraging growth in the economy; • Combating crime, promoting social cohesion and improving quality of life for the poor; and • Supporting the functioning of the entire single residential property market to reduce duality within the sector by breaking the barriers between the first economy residential property boom and the second economy slump. <p>The Department will enhance its contribution to spatial restructuring by:</p> <ul style="list-style-type: none"> • Progressive Informal Settlement Eradication; • Promoting Densification and Integration; • Enhancing Spatial Planning; • Enhancing the location of new housing projects; • Supporting Urban Renewal and Inner City Regeneration; • Developing social and economic infrastructure; and • Enhancing the Housing Product.



8. ORGANISATIONAL STRUCTURE



9. ENTITIES REPORTING TO THE MEC

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



KWAZULU-NATAL PROVINCE

HUMAN SETTLEMENTS

REPUBLIC OF SOUTH AFRICA



PART B:

PERFORMANCE INFORMATION



I. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 163 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1. Service Delivery Environment

The Department has performed well over the last financial year. The targets for beneficiaries and units were both exceeded. However, the number of sites serviced and properties transferred fell short of expectations. The under-performance in sites serviced can be attributed to the delay from the municipalities on the installation of the bulk infrastructure. The land and legal issues such as the lack of township layouts and registers prevented the transfer of title deeds to home owners.

2.2. Service Delivery Improvement Plan

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

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Provision of low income housing	Qualifying South African Citizens who earn less than R3,500 per month	Compliance with NHRBC, SABS and norms that all houses conform to the standards	18,541	15,749

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

Current/actual arrangements	Desired arrangements	Actual achievements
Road Shows	Radio talk show and newsletters	Increase awareness on know your services right campaign
Izimbizo, Exhibitions Summits, Project launches and Handover, implementing Agency meeting Municipalities Forum meeting, OSS	Izimbizo, Summits, Project launches and Handover, implementing Agency meeting Municipalities Forum meeting, Help desk	Improve determination of need and expectation of the ender user of services
Consumer Management Forum	Access on TV service in department offices, information brochures. Stakeholders forum Meeting.	Improve service delivery and improve awareness

Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
Road Shows	Radio talk show and newsletters	Increase awareness on know your services right campaign
Izimbizo, Exhibitions Summits, Project launches and Handover, implementing Agency meeting Municipalities Forum meeting, OSS	Izimbizo, Summits, Project launches and Handover, implementing Agency meeting Municipalities Forum meeting, Help desk	Improve determination of need and expectation of the ender user of services
Consumer Management Forum	Access on TV service in department offices, information brochures. Stakeholders forum Meeting.	Improve service delivery and improve awareness



Complaints mechanism

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

2.3. Organisational environment

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

In terms of the transformation profile of the Department as at March 2020:

- 70% of the black employees are at senior management level;
- 59% of senior management level employees are female; and
- 1,88% of people with disabilities are employed.

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

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

The Department has identified scarce skills in Geo-technology Engineering, Engineering Civil/Structural, Quantity Surveying, and Construction Project Management. In addressing the skills disparities of the Department, the following skills development programmes are being conducted which also equip unemployed graduates with necessary skills, knowledge, values and work experiences in order to improve their chances of employment within and outside the Public Service:

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

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

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



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

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

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

2.4. Key policy developments and legislative changes

No key policy or legislative changes.



3. STRATEGIC OUTCOME ORIENTED GOALS

The table below highlights the core service delivery achievements for the Department.

Further detailed information is disclosed in Part B of the Annual Report.

Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Integrated Residential Development Programme: Number of houses completed	2,755	1,533	2,307	2,675	926	(1,749)	Challenges: 1) Inyoni Project: delayed due to missing beneficiaries. Houses cannot be built for beneficiaries who cannot be located. 2) Makhoba Project: there are delays in the provision of bulk water infrastructure by the district municipality due to a tender appeal. The district municipality was ordered to re-advertise the tender. Remedial Actions: 1) Inyoni Project: It was agreed with all stakeholders to advertise these missing beneficiaries. Firstly with posters placed strategically around Mandeni. Then in local newspapers after lockdown. Completions are programmed to be accelerated. 2) Makhoba Project: the municipality has re-advertised the tender and the process is at an advanced stage.



Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Informal Settlements Upgrade Programme: Number of houses completed	4,212	2,972	1,221	3,287	1,294	(1,993)	Challenges: 1) Steve Biko Project: houses completed were delayed due to delays in installation of internal services as there are people settled in the way of services. 2) Thubalethu ISU Project had delays due to completion of bulk sewer outfall completion by the district Municipality. Remedial Actions: 1) Steve Biko project: Transit camps are almost complete, people in the way of services will be moved out of the way of services to create more working areas for the contractor 2) Thubalethu ISU Project: Revised programme and recovery plan was requested and received for progress monitoring purposes.
Enhanced Peoples Housing Process Number of houses completed	3,691	2,943	3,929	1,763	2,111	348	Over-performance is attributed to Vulindlela Housing Project that is nearing completion. Increased delivery will allow enough time for the project close-out.



Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of Social housing units completed	971	558	208	200	-	(200)	<p>Challenge: The projected units were to be delivered by the commencement of the Bridge City Social Housing Project which experienced delays in the finalisation of Consolidated Capital Grant contract and property transfer of the development site to the developers.</p> <p>Remedial Action: Bridge City Social Housing Project is currently being monitored to resolve all outstanding matters preventing the commencement of construction on the ground. Units expected in the next financial year.</p>
Number of units completed in terms of the FLISP Programme	315	377	245	300	401	101	Over-performance is due to the revision of the FLISP policy in July 2018, where Qualifying subsidy quantum has been increased per salary bracket. Performance under this instrument has been rapidly improved as a result, to the extent that a further budget of R15 million had to be requested at adjustment to the budget for the financial year being exhausted.



Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of Community residential units completed	77	108	48	530	-	(530)	Challenges: 1) N11 Projects CRU: The project incurred delays in the approval process, A 7 month delay was incurred. The project also suffered delays in its implementation due to political interference. 2) Ubuhlebezwe CRU: Project experience delays in the finalisation of assessment reports and could not start in time. 3) Kokstad CRU : This projects was affected by delays incurred in the approval processes and delays as a result of the Municipal water line that was cutting across all platforms on the critical path



Programme 3: Outcome 8

Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
							4) Jika Joe CRU: Currently productivity is healthy, and substantial progress has been made in the erection of the superstructure. However, the finishing trades were programmed for the 4th quarter, and units cannot be declared as a complete unless they are completely so, site was affected by the shutdown thus units could not be completed in time. There are difficulties in achieving the bulk electrical connection, and efforts are ongoing to resolving this. Project also has been affected by Social issues with lead to a 2 week delay on site. Currently there are 308 units at finishing stage in Jika Joe.



Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
							Remedial Actions: 1) N11 Project: The project has since been approved and the contractor is on site. A meeting with the community and its' structures has been convened to further articulate the CRU policy and its objectives including disseminating information pertaining to the project. The community has since been on board and in support of the project. 2) Ubuhlebezwe CRU: The project has since been approved and the Contractor is on site. 3) Kokstad CRU: The project has since been approved and the Contractor is on site. The Municipal water line has since been diverted.



Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
							4) JIKA JOE The Department is engaging with the municipality to resolve the challenge with electrification of units. A submission for funding is expected from the municipality that will address the challenge. Project is monitored closely. All social issues in the project currently being resolved. Progress to date there are 308 units at finishing stage.

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1. Programme 1: Administration

This Programme undertakes to provide strategic leadership, effective management and improvement of business processes and systems, as well as improved inter-governmental relations, in order to ensure that the key strategic objectives are met. It is through effective strategic planning, and active monitoring of expenditure trends as well as improvements on the Department's information management, IT governance, IT infrastructure, IT security and reporting systems that this Department provides for a supportive and enabling environment to improve service delivery.

Strategic objectives, performance indicators, planned targets and actual achievements

The significant achievements in Programme 1 relate to the reduction of the Departmental vacancy rate to 5% in line with the Cabinet Resolution. This has assisted the Department in ensuring the provisioning of skilled human resources. The successful HSDG business plan reviews and the three-year financial plan linked to HSDG business plan have ensured the financial viability of the Department.

Strategic objectives

Programme 1: Administration					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Facilitate the financial viability of the Department: Approved HSDG business plan	1	1	1	-	Target Achieved
Facilitate the financial viability of the Department: Approved Medium Term Expenditure Framework Database with Estimated Provincial Revenue and Expenditure Report (EPRE) for Human Settlements	1	1	1	-	Target Achieved
Implement the approved Human Resource Development Plan: Approved Human Resource Plan reviewed annually	1	1	1	-	Target Achieved
Improve information systems: Approved IT (Information Technology) Strategy reviewed annually	1	1	1	-	Target Achieved
Provide strategic leadership to achieve good governance: Approved Litigation Management Strategy reviewed annually	1	1	1	-	Target Achieved
Provide strategic leadership to achieve good governance: Approved Communication Strategy reviewed annually	1	1	1	-	Target Achieved

Performance Indicators

Programme 1: Administration							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Approved ICT Governance Framework reviewed annually	4	1	1	1	1	-	Target achieved
Approved Fraud Prevention Plan reviewed annually	1	1	1	1	1	-	Target achieved
Approved Risk Management Plan reviewed annually	-	1	1	1	1	-	Target Achieved
Number of litigation cases mitigated	-	-	14	4	8	4	Target exceeded. It should however be note that in respect of litigation the target is set based on the previous year performance and the number of litigation matters at an advanced stage. It is important to note that litigation matters are finalised by outside parties (namely a judge or arbitrator). The claimant is in control of the process as an initiator therefore we as the defendant are constrained. Department is not fully in control of the process hence we cannot predict the outcome.
Approved MPAT Improvement Plan reviewed annually	-	1	1	1	1	-	Target Achieved



Programme 1: Administration

Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
All payments due to creditors to be settled within 30 days of receipt of an invoice (unless determined otherwise in a contract or agreement)	-	-	-	100%	98,4%	(1,6%)	<p>Challenge: Target not achieved mainly due to invoices received late in December and processed in January due to the high volume and festive holidays. During the month of May 2019, the one Region had a challenge with the server that delayed processing of claims.</p> <p>Remedial Action: The issue has been addressed with the Responsibility and Programme managers through budget meetings and adherence to cash-flow projections reiterated.</p>

Strategy to overcome areas of under performance

The Department has implemented measures to ensure all invoices are settled within 30 days of receipt. Due to unforeseen circumstances, invoices will at times exceed the 30 days payment period but this is communicated with the service providers.

Changes to planned targets

There were no changes to planned targets.

Linking performance with budgets

Sub-programme expenditure

Sub- Programme Name	2019/2020			2018/2019		
	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
Corporate Services	231,590	231,590	-	227,193	227,193	-
Total	231,590	231,590	-	227,193	227,193	-



4.2. Programme 2: Housing Needs, Research and Planning

The strategic thrust of this Programme is to ensure that housing development is undertaken in an integrated and sustainable manner. The promotion and implementation of sound planning principles is therefore pivotal for the creation of sustainable human settlements with strengthened capacity and the effective development of policies that support and facilitate housing delivery.

Strategic objectives, performance indicators, planned targets and actual achievements

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

Strategic objectives

Programme 2: Housing Needs, Research and Planning					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Planning of integrated and sustainable human settlements in line with the KZN HSMSP Municipal Spatial Development plans aligned to the KZN HSMSP's focus areas	3	20	-	(20)	Challenge: Target could not be achieved since the HSMSP was not adopted in time for the inclusion in the Municipal IDP Review process. Remedial Action: The departmental target will be aligned with the municipal financial year in the 2020/21 financial year.
Planning of integrated and sustainable human settlements in line with the KZN HSMSP Approved beneficiary capacitation strategy on home ownership reviewed annually	-	1	1	-	Target achieved



Performance indicators

Programme 2: Housing Needs, Research and Planning							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of Catalytic Projects implemented	-	-	4	5	5	-	Target achieved
Number of households provided with consumer education	-	-	23,147	8,000	13,892	5,892	The demand for HCE Trainings has increased due to the Ministerial training requests for hand-overs which were not initially planned as well as ad-hoc requests from the municipalities that could not be turned down.
Number of land parcels assessed for suitability for human settlements development	-	-	-	2	2	-	Target achieved
Number of Hectares of land procured/proclaimed	89	1,180	-	152	174	22	Over-performance is attributed to the social dynamics on the project which necessitated the purchase of more land.
Number of projects in planning	-	-	118	41	35	(6)	Challenge: Secretariat has not updated the approvals on the system due to the National Covid-19 Lockdown. Remedial Action: Approvals will be updated after the National Covid-19 Lockdown.



Programme 2: Housing Needs, Research and Planning							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of policies approved	2	-	4	2	3	1	Target was exceeded because EPWP Guidelines were identified by Auditor General as being outdated and the policy was reviewed to take into consideration the amendments to EPWP Policy.
Approved multi-year housing development plan reviewed annually	1	1	1	1	1	-	Target achieved
Number of accredited municipalities provided with institutional support	-	-	7	7	-	(7)	Challenge: No payments were made to the municipalities in the current quarter because the original Implementation Protocol had expired. Remedial Action: The Accreditation Programme is currently under review by the management.
Number of emerging contracts provided with construction management training	-	-	-	20	-	(20)	Challenge: Target was not achieved due to the delays in the appointment of the service provider. Remedial Action: The Directorate Youth, Women and People with Disabilities is finalising the appointments and training will commence in the next financial year.



Programme 2: Housing Needs, Research and Planning							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of municipalities with established NHNR System	-	-	-	4	4	-	Target achieved
Number of farm dwelling projects in planning	-	-	-	1	-	(1)	<p>Challenge: Target has not been achieved due to the delays from the National Department of Human Settlements in providing the National Policy to be used by the Provincial Department in order to develop the Provincial Policy.</p> <p>Remedial Action: The National Policy has been received and the Provincial Policy Unit is currently finalising consultation document with the Farmers.</p>

Strategy to overcome areas of under performance

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

Changes to planned targets

There were no changes to planned targets.

Linking performance with budgets

Sub-programme expenditure

Sub- Programme Name	2019/2020			2018/2019		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	398	398	-	377	377	-
Policy	3,786	3,786	-	4,048	4,048	-
Planning	3,292	3,292	-	4,179	4,179	-
Research	9,600	9,600	-	8,724	8,724	-
Total	17,076	17,076	-	17,328	17,328	-



4.3. Programme 3: Housing Development

This Programme is responsible for the implementation and monitoring of Human Settlement developments / projects through the various subsidy mechanisms in terms of National and Provincial policy provisions.

The main objective of Programme 3 is to promote effective and efficient housing delivery. The bulk of this programme provides for various housing subsidies. The subsidy programmes implemented include amongst others, FLISP, ISU, IRDP, emergency housing, social housing, rectification, social and economic facilities and rural housing.

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

Strategic objectives, performance indicators, planned targets and actual achievements

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

Strategic objectives

Programme 3: Housing Development					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
<p>Implement the upgrading of informal settlements, integrated residential developments, enhanced peoples housing process, middle income market housing, social/rental housing and community residential units (Outcome 8)</p> <p>Number of Urban Housing Opportunities created in line with National Service Delivery Outcome 8, National Development Plan, the Provincial Growth and Development Strategy, Integrated Urban Development, Framework KZN HSMSP</p>	4,244	8,941	2,809	(6,132)	<p>Challenges:</p> <ol style="list-style-type: none"> 1) Charlestown Project delayed by social issues. 2) The delays in the completion of bulk services resulted in various projects not meeting targets within uMgungundlovu district. 3) There were delays in the transfer of the parent property in Willowdale project, thus delaying the construction of houses. 4) Delays in the completion of bulk services in various projects in Ilembe district. 5) The topographical challenges in Cornubia necessitated a redesign, which delayed the tender process for contractors. <p>Remedial Actions:</p> <ol style="list-style-type: none"> 1) Charlestown Project social issues have now been resolved, construction will go ahead after lockdown. 2) The bulk services have been completed in uMgungundlovu, projects can now proceed. 3) Willowdale transfer has been done, project will resume after lockdown. 4) District municipalities are being engaged continuously to deal with the delays in the provision of bulks infrastructure for projects. 5) The tender process in Cornubia is at an advanced stage, appointment is expected in July 2020.



Programme 3: Housing Development					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Fast-track the implementation of the Title Deeds Restoration Programme (From 01 April 1994 to 31 March 2019): Approved implementation plan to fast track the implementation of the Title Deeds Restoration Programme (From 01 April 1994 to 31 March 2014) reviewed annually	1	1	1	-	Target Achieved
Fast-track issuing of title deeds (From 01 April 2014 to 31 March 2016): Approved implementation plan to fast track the issuing of the Title deeds which were not issued during the “swopping” of project milestones during 01 April 2014 to 31 March 2016 reviewed annually	1	1	1	-	Target Achieved



Performance indicators

Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of informal Settlements upgraded	-	-	1	2	-	(2)	<p>The targeted projects could not be closed out due to the following challenges:</p> <p>1) Missing beneficiaries which led to the delays in the issuing of title deeds.</p> <p>2) Ownership disputes since the houses were no longer occupied by the approved beneficiaries.</p> <p>Remedial Actions:</p> <p>1) Advertisements for missing beneficiaries were placed in newspapers and municipal notice boards.</p> <p>2) Department has resolved to set up Dispute Resolution Committees in the municipalities.</p>



Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of households benefiting from informal settlements upgrading	-	-	1,221	5,653	4,331	(1,322)	<p>Challenges:</p> <p>1) The following projects have been affected by delays in appointment of contractors by EtheKwini Municipality: Etafuleni, Oakford Priory, Lamontville, Kloof Ext. 15&21 Phase 3, Umlazi Infill.</p> <p>2) Other projects such as Cato crest and Folweni were affected by excess people settling in the area.</p> <p>3) Masinenge project was delayed due to the termination of a poor performing contractor, which led to houses being left incomplete.</p> <p>Remedial Actions:</p> <p>1) Etafuleni: the issue of the appeal has been resolved and contractor was only appointed in the 4th quarter of 2019/20 and is now on site.</p>



Programme 3: Housing Development

Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
							<p>Oakford Priory Project: the tender is now at an advanced stage, and anticipated to be awarded by mid-2020.</p> <p>In Umlazi, Kloof Ext. 15&21 Phase 3 and Lamontville, contractors have been appointed and top-structures started before the lockdown closure.</p> <p>2) Cato Crest project: the Municipality has identified alternative land and planning is complete as well as sites serviced. Top-structures to start by end July 2020.</p> <p>Folweni project: the Municipality is currently undertaking an assessment of the project to determine available land and work to re-start by end October 2020.</p> <p>3) Masinenge project: a new contractor has been appointed and concluded all assessments of incomplete units. Site establishment and work on incomplete units commenced in February 2020, however was disrupted by the lockdown.</p>



Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of housing units for subsidy sub-market provided (All housing programmes excluding Rectification and middle income market)	-	-	20,381	18,241	15,348	(2,893)	The under-performance and remedial actions in this indicator are linked to all the subsidy instruments delivering houses except for FLISP.
Number of Social housing units completed	971	558	208	200	-	(200)	<p>Challenge: The projected units were to be delivered by the commencement of the Bridge City Social Housing Project which experienced delays in the finalisation of Consolidated Capital Grant contract and property transfer of the development site to the developers.</p> <p>Remedial Action: Bridge City Social Housing Project is currently being monitored to resolve all outstanding matters preventing the commencement of construction on the ground. Units expected in the next financial year.</p>



Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of Community residential units completed	77	108	48	530	-	(530)	<p>Challenges:</p> <p>1) N11 Projects CRU: The project incurred delays in the approval process, A 7 month delay was incurred. The project also suffered delays in its implementation due to political interference.</p> <p>2) Ubuhlebezwe CRU: Project experience delays in the finalisation of assessment reports and could not start in time.</p> <p>3) Kokstad CRU : This projects was affected by delays incurred in the approval processes and delays as a result of the Municipal water line that was cutting across all platforms on the critical path</p>



Programme 3: Housing Development

Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
							<p>4) Jika Joe CRU: Currently productivity is healthy, and substantial progress has been made in the erection of the superstructure. However, the finishing trades were programmed for the 4th quarter, and units cannot be declared as a complete unless they are completely so, site was affected by the shutdown thus units could not be completed in time. There are difficulties in achieving the bulk electrical connection, and efforts are ongoing to resolving this. Project also has been affected by Social issues with lead to a 2 week delay on site. Currently there are 308 units at finishing stage in Jika Joe.</p>



Programme 3: Housing Development

Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
							<p>Remedial Actions:</p> <p>1) N11 Project: The project has since been approved and the contractor is on site. A meeting with the community and its' structures has been convened to further articulate the CRU policy and its objectives including disseminating information pertaining to the project. The community has since been on board and in support of the project.</p> <p>2) Ubuhlebezwe CRU: The project has since been approved and the Contractor is on site.</p> <p>3) Kokstad CRU: The project has since been approved and the Contractor is on site. The Municipal water line has since been diverted.</p>



Programme 3: Housing Development

Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
							4) JIKA JOE The Department is engaging with the municipality to resolve the challenge with electrification of units. A submission for funding is expected from the municipality that will address the challenge. Project is monitored closely. All social issues in the project currently being resolved. Progress to date there are 308 units at finishing stage.



Programme 3: Housing Development

Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of new title deeds issued for the subsidy market (from April 2014)	-	-	1,722	11,759	1,524	(10,235)	Challenges: 1) Challenges experienced with General Plan approvals, especially issue of section 28.1 certificates and opening of township registers within eThekweni metropolitan area. 2) Delays in the completion of bulk infrastructure had a rolling effect in the implementation of projects and issuing of title deeds in uMgungundlovu district. 3) Ray Nkonyeni Municipality: An additional bulk water line is required for Merlewood Project, thus delaying the completion of services and opening of township register that will lead to transfer of properties. 4) There were delays in connecting the bulk services at H39 project in Amajuba district.



Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
							Remedial Actions: 1) eThekweni Municipality and DHS have now established Joint Team to prioritise issue of Transfers. 2) uMgungundlovu district: bulk infrastructure has now been finalized, opening of the township register is under way. 3) The Ugu district municipality does not have funding for the bulk water-line in Merlewood Project, however engagements are ongoing to find a solution to the problem. 4) H39 project: The municipality has been engaged to fast track the connection of bulk services and the issue is being attended to.



Programme 3: Housing Development

Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of post-1994 title deeds issued (April 1994-March 2014)	3,122	7,630	2,359	33,521	2,514	(31,007)	<p>Challenges:</p> <p>1) There was a delay in finalising the process to unlock the technical services assessments which enabled the acceptance of Technical services facilitating township designation.</p> <p>2) In other cases land issues delayed the township designation.</p> <p>3) There was also an appeal in the appointment of the Conveyancing panel which led to delays in transfers.</p> <p>Remedial Actions:</p> <p>1) The process for the unlocking of the acceptance of technical services has been approved, which then paves way for the township designation and transfers.</p> <p>2) The Housing Development Agency has been brought in to assist with Land Legal Matters. The Department has also approved an amended scope of Town Planners to assist with the Town Planning matters for eThek-wini Municipality in order to deal with the bulk of the backlog.</p>



Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
							3) The Department will work with the State Attorney and the Municipalities with their own Conveyancers will assist with the transfers. The Department also formulated a process plan with the Surveyor General and Deeds Offices to fast track the TRP Transfers.
Number of units completed in terms of the FLISP Programme	315	377	245	300	401	101	Over-performance is due to the revision of the FLISP policy in July 2018, where Qualifying subsidy quantum has been increased per salary bracket. Performance under this instrument has been rapidly improved as a result, to the extent that a further budget of R15 million had to be requested at adjustment to the budget for the financial year being exhausted.
Number of households provided with adequate sanitation facilities	-	-	9,233	11,341	10,378	(963)	Challenge: The Department provided sanitation facilities to households that were found not to have them during the construction of houses. Some houses were found to have adequate facilities, therefore these were not provided as it would be regarded as double dipping.



Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
							Remedial Action: The Department will assess the households without adequate sanitation facilities during the construction of houses in order to align targets to the need on the ground.
Percentage of HSDG construction budget allocated to designated groups	-	-	12%	30% (R860,638,942,80 / R2,868,796,416)	5,8% (R165,394,722 / R2,868,796,416)	(24,2%)	Department spent 19,2% of the annual HSDG Construction Budget allocated to designated groups which forms 3,8% of total HSDG Construction Budget. Challenges: 1) The Department cannot be in full control of who gets awarded since set asides are not permitted as per National Treasury Practice Note 2 of 2006. 2) There are appointments that happen at a municipal level and the department merely transfers the funds to municipalities. It must be noted that the delivery reported in the 4th Quarter of the financial year is the annual delivery.



Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Integrated Residential Development Programme Number of new sites connected to basic services	3,288	1,702	4,444	4,428	4,096	(332)	Challenges: 1) Delays were experienced with the completion of bulk services in various projects. These delays hindered the installation of services to sites. 2) Copesville project was delayed due to socio-political issues. 3) Cornubia Phase 2: Topographical and geotechnical challenges forced a change in design, which delayed the process of appointing a contractor for the civil works. 4) Inyoni Project experienced delays in the installation of bulk services. Remedial Actions: 1) The installation of bulk services is being monitored and engagements are ongoing with district municipalities.



Programme 3: Housing Development

Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
							<p>2) The issues in Copesville have been resolved and project implementation will be monitored.</p> <p>3) Cornubia Phase 2: the tender process is at an advanced stage, appointment of the contractor is expected by July 2020.</p> <p>4) Inyoni Project: engagements are ongoing with relevant stakeholders to fast track the completion of bulk services.</p>



Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Integrated Residential Development Programme: Number of houses completed	2,755	1,533	2,307	2,675	926	(1,749)	<p>Challenges:</p> <p>1) Inyoni Project: delayed due to missing beneficiaries. Houses cannot be built for beneficiaries who cannot be located.</p> <p>2) Makhoba Project: there are delays in the provision of bulk water infrastructure by the district municipality due to a tender appeal. The district municipality was ordered to re-advertise the tender.</p> <p>Remedial Actions:</p> <p>1) Inyoni Project: It was agreed with all stakeholders to advertise these missing beneficiaries. Firstly with posters placed strategically around Mandeni. Then in local newspapers after lockdown. Completions are programmed to be accelerated.</p> <p>2) Makhoba Project: the municipality has re-advertised the tender and the process is at an advanced stage.</p>



Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Informal Settlements Upgrade Programme: Number of new sites connected to basic services	3,120	2,676	1,130	4,673	1,856	(2,817)	Challenges: 1) Chris Hani, Lloyd & Ntshaweni projects- Progress on projects being delayed due to protest and stoppages by the local business forum and that affected their programme to complete work on time. 2) Steve Biko -People settled in the way of services resulting in the delays of the internal services program. Remedial Actions: 1) KwaDukuza Municipality was engaged with concerned parties and issues were resolved so that work can proceed. 2) Transit camps are being constructed in to accommodate people in the Steve Biko Project.



Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Informal Settlements Upgrade Programme: Number of houses completed	4,212	2,972	1,221	3,287	1,294	(1,993)	Challenges: 1) Steve Biko Project: houses completed were delayed due to delays in installation of internal services as there are people settled in the way of services. 2) Thubalethu ISU Project had delays due to completion of bulk sewer outfall completion by the district Municipality. Remedial Actions: 1) Steve Biko project: Transit camps are almost complete, people in the way of services will be moved out of the way of services to create more working areas for the contractor 2) Thubalethu ISU Project: Revised programme and recovery plan was requested and received for progress monitoring purposes.
Enhanced Peoples Housing Process Number of houses completed	3,691	2,943	3,929	1,763	2,111	348	Over-performance is attributed to Vulindlela Housing Project that is nearing completion. Increased delivery will allow enough time for the project close-out.



Programme 3: Housing Development

Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Emergency Housing Programme: Number of houses completed	418	503	886	1,500	1,134	(366)	<p>Challenges:</p> <p>1) Public protests that were rampant in the year leading up to the National elections</p> <p>2) Weather disruptions which affected the areas where most deprived people reside, after storms roads were inaccessible for lengthy periods.</p> <p>3) Interruption by local business forums.</p> <p>Remedial Actions:</p> <p>1) Social facilitators have been appointed by the department to assist in mediations between communities and keep communication lines open to prevent further emergence of protests related to Human settlements projects.</p>



Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
							2) Business (sub-contracting) opportunities are availed to local contractors in all active projects. Sessions with local contractors are held at the start of projects to advise of available opportunities. 3) Engagements with local municipalities have been conducted to assist with registration of local contractors to enable access to available opportunities as it was identified that most contractors are not registered with relevant authorities.
Military Veterans Housing Programme: Number of houses completed	-	-	3	76	19	(57)	Challenge: Target could not be achieved due to the under-performance by the contractor. Remedial Action: The Department has appointed the Project Manager and Professional Architect to assist the contractor with the planning activities including the approval of the building plans.
Rural Housing (Inclusive of Farm Worker Programme): Number of houses completed	10,093	11,237	11,782	7,850	9,864	2,014	The target was achieved and exceeded due to good performance of contractors. There is a high demand for housing in rural areas.



Programme 3: Housing Development

Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Consolidation Housing Programme: Number of units completed	-	-	-	360	-	(360)	Challenge: Projects were delayed by the Umsunduzi Municipality not willing to approve building plans, due to the subsidy quantum not accommodating storm water management. Remedial Action: The issues are being resolved with Umsunduzi Municipality and projects will commence in the 2nd quarter of 2020/2021.
Rectification/ Rehabilitation (1994-2002 stock) Programme: Number of units rectified	509	1,745	588	817	1,108	291	Over achievement due to contractor performance in line with the increased demand for units to be rectified.
Number of work opportunities created through related programmes	6,691	9,226	7,492	7,000	4,386	(2,614)	Challenge: Under-performance in the 2019/2020 financial year is due to late implementation of projects and Technical challenges with the revised EPWP Reporting System. Remedial Action: Technical challenges reported are beyond the Department's control since the National Department of Public Works is the custodian of the EPWP Reporting System.



Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of Full Time Equivalent (FTE's) created	-	-	-	2,850	1,717	-1,133	<p>Challenge: Under- performance in the 2019/2020 financial year is due to late implementation of projects and Technical challenges with the revised EPWP Reporting System.</p> <p>Remedial Action: Technical challenges reported are beyond the Department's control since the National Department of Public Works is the custodian of the EPWP Reporting System.</p>
Number of targeted person's days of work	-	-	-	656,000	394,910	(261,090)	<p>Challenge: Under- performance in the 2019/2020 financial year is due to late implementation of projects and Technical challenges with the revised EPWP Reporting System.</p> <p>Remedial Action: Technical challenges reported are beyond the Department's control since the National Department of Public Works is the custodian of the EPWP Reporting System.</p>
Number of EPWP Beneficiaries provided with accredited training	-	-	-	350	355	5	Target was exceeded because the savings from other projects planned were used to increase the number of learners trained.



Programme 3: Housing Development							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
All subsidy instruments: Number of properties transferred (from April 1994)	3,122	7,630	4,081	45,280	4,038	(41,242)	The under-performance and remedial actions in this indicator are linked to the overall under-performance on the post-1994 title deeds issued before and after April 2014.
All subsidy instruments: Number of serviced sites delivered in all housing programmes being utilised by the Province	6,408	6,280	5,574	9,101	5,952	(3,149)	The under-performance and remedial actions in this indicator are linked to the under-performance from all the subsidy instruments delivering serviced sites.
All subsidy instruments: Number of new housing units completed in the Province across all housing programmes (Excluding Rectification)	22,532	20,231	20,626	18,541	15,749	(2,792)	The under-performance and remedial actions in this indicator are linked to the under-performance from all the subsidy instruments delivering houses.



Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Integrated Residential Development Programme: Number of houses completed	2,755	1,533	2,307	2,675	926	(1,749)	<p>Challenges:</p> <p>1) Inyoni Project: delayed due to missing beneficiaries. Houses cannot be built for beneficiaries who cannot be located.</p> <p>2) Makhoba Project: there are delays in the provision of bulk water infrastructure by the district municipality due to a tender appeal. The district municipality was ordered to re-advertise the tender.</p> <p>Remedial Actions:</p> <p>1) Inyoni Project: It was agreed with all stakeholders to advertise these missing beneficiaries. Firstly with posters placed strategically around Mandeni. Then in local newspapers after lockdown. Completions are programmed to be accelerated.</p> <p>2) Makhoba Project: the municipality has re-advertised the tender and the process is at an advanced stage.</p>



Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Informal Settlements Upgrade Programme: Number of houses completed	4,212	2,972	1,221	3,287	1,294	(1,993)	Challenges: 1) Steve Biko Project: houses completed were delayed due to delays in installation of internal services as there are people settled in the way of services. 2) Thubalethu ISU Project had delays due to completion of bulk sewer outfall completion by the district Municipality. Remedial Actions: 1) Steve Biko project: Transit camps are almost complete, people in the way of services will be moved out of the way of services to create more working areas for the contractor 2) Thubalethu ISU Project: Revised programme and recovery plan was requested and received for progress monitoring purposes.
Enhanced Peoples Housing Process Number of houses completed	3,691	2,943	3,929	1,763	2,111	348	Over-performance is attributed to Vulindlela Housing Project that is nearing completion. Increased delivery will allow enough time for the project close-out.



Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number affordable rental Housing opportunities: Number of Social housing units completed	971	558	208	200	-	(200)	Challenge: The projected units were to be delivered by the commencement of the Bridge City Social Housing Project which experienced delays in the finalisation of Consolidated Capital Grant contract and property transfer of the development site to the developers. Remedial Action: Bridge City Social Housing Project is currently being monitored to resolve all outstanding matters preventing the commencement of construction on the ground. Units expected in the next financial year.
Number of units completed in terms of the FLISP Programme	315	377	245	300	401	101	Over-performance is due to the revision of the FLISP policy in July 2018, where Qualifying subsidy quantum have been increased per salary bracket. Performance under this instrument has been rapidly improved as a result, to the extent that a further budget of R15 million had to be requested at adjustment to the budget for the financial year being exhausted.



Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of Community residential units completed	77	108	48	530	-	(530)	Challenges: 1) N11 Projects CRU: The project incurred delays in the approval process, A 7 month delay was incurred. The project also suffered delays in its implementation due to political interference. 2) Ubuhlebezwe CRU: Project experience delays in the finalisation of assessment reports and could not start in time. 3) Kokstad CRU : This projects was affected by delays incurred in the approval processes and delays as a result of the Municipal water line that was cutting across all platforms on the critical path



Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
							<p>4) Jika Joe CRU: Currently productivity is healthy, and substantial progress has been made in the erection of the superstructure. However, the finishing trades were programmed for the 4th quarter, and units cannot be declared as a complete unless they are completely so, site was affected by the shutdown thus units could not be completed in time. There are difficulties in achieving the bulk electrical connection, and efforts are ongoing to resolving this. Project also has been affected by Social issues with lead to a 2 week delay on site. Currently there are 308 units at finishing stage in Jika Joe.</p>



Programme 3: Outcome 8

Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
							<p>Remedial Actions:</p> <p>1) N11 Project: The project has since been approved and the contractor is on site. A meeting with the community and its' structures has been convened to further articulate the CRU policy and its objectives including disseminating information pertaining to the project. The community has since been on board and in support of the project.</p> <p>2) Ubuhlebezwe CRU: The project has since been approved and the Contractor is on site.</p> <p>3) Kokstad CRU: The project has since been approved and the Contractor is on site. The Municipal water line has since been diverted.</p>



Programme 3: Outcome 8							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
							4) JIKA JOE The Department is engaging with the municipality to resolve the challenge with electrification of units. A submission for funding is expected from the municipality that will address the challenge. Project is monitored closely. All social issues in the project currently being resolved. Progress to date there are 308 units at finishing stage.

Strategy to overcome areas of under performance

A persistent challenge for the Department relates to the installation of services for urban projects. The major hindrance in this regard relates to the severe shortage of bulk infrastructure in various municipalities around the province. As a result, the performance of various Implementing Agents that are contracted to deliver serviced units on behalf of the Department is compromised. The MEC has publically stated projects should not be undertaken where bulk is not available. To this end, Council Resolutions from Municipality's commitment to the provision of bulk supply are required.

Underlying land issues and township establishment delays caused under delivery. The land needs to be consolidated onto one title deed and a township layout needs to be opened by the relevant Municipality prior to a title deed being issued to a beneficiary. A database of skilled built environment specialists (inclusive of conveyancers) has been appointed to spearhead this project.

Social Housing

The commencement of the Bridge City Social Housing Project was affected by delays which resulted in none achievement of targeted units for the 2019/2020 financial year. The main delays were in relation to the finalisation of Consolidated Capital Grant funding agreement, property transfer of the development site to the developers, and approval of building plans. The funding agreement has since been resolved and property transfer and approval of building plans is currently underway the all outstanding matters preventing the commencement of construction on the ground will shortly be resolved. Units expected in the next financial year. The Department has also approved a five (5) year plan for the roll out of social and rental housing in KwaZulu-Natal with a social housing pipeline of 16,399 units planned. In the last financial year the Department working with the SHRA also finalised feasibility studies for 23 potential social housing projects on municipal owned land within approved provincial restructuring zones. For these 23 sites municipalities have embarked on a process to allocate the sites to accredited SHI's through their own SCM processes.



Community Residential Units (CRU)

The CRU projects in the province were affected by a number of challenges that lead to targets not being achieved as anticipated, below is a description of the challenges per project:

- **N11 CRU:** The project incurred delays in the approval process, A 7 month delay was incurred. The project also suffered delays in its implementation due to political interference.
- **Ubuhlebethu CRU:** Project experience delays in the finalisation of assessment reports and could not start in time.
- **Kokstad CRU:** This projects was affected by delays incurred in the approval processes and delays as a result of the Municipal water line that was cutting across all platforms on the critical path.
- **Jika Joe CRU:** Currently productivity is healthy, and substantial progress has been made in the erection of the superstructure. However, the finishing trades were programmed for the 4th quarter, and units cannot be declared as a complete unless they are completely so, site was affected buy the shutdown thus units could not be completed in time. There are difficulties in achieving the bulk electrical connection, and efforts are ongoing to resolving this. Project also has been affected by Social issues with lead to a 2 week delay on site. Currently there are 308 units at finishing stage in Jika Joe.

Below are remedial actions taken per project to resolve the challenges with more delivery expected in the 2020/2021 financial year:

- **N11 CRU:** The project has since been approved and the contractor is on site. A meeting with the community and the structures has been convened to further articulate the CRU policy and its objectives including disseminating information pertaining to the project. The community has since been on board and in support of the project.
- **Ubuhlebethu CRU:** The project has since been approved and the Contractor is on site.
- **Kokstad CRU:** The project has since been approved and the Contractor is on site. The Municipal water line has since been diverted.
- **Jika Joe CRU:** The Department is engaging with the municipality to resolve the challenge with electrification of units. A submission for funding is expected from the municipality that will address the challenge. Project is monitored closely. All social issues in the project currently being resolved. Progress to date there are 308 units at finishing stage.

The five (5) year plan for the roll out of social and rental housing in KwaZulu-Natal will also see the construction of 6,458 community residential units going forward including the upgrading and redevelopment of old hostels as articulated in the 20 year Strategic plan for the upgrade of KwaZulu- Natal Hostels into CRU units (2019-2039) which was approved during the 2019/2020 financial year.

Changes to planned targets

There were no changes to planned targets.

Linking performance with budgets

Sub-programme expenditure

Sub- Programme Name	2019/2020			2018/2019		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	90,698	90,698	-	89,605	89,605	-
Financial Interventions	515,284	515,234	50	500,659	501,981	(1,322)
Incremental Interventions	1,630,788	1,544,693	86,095	1,212,409	1,161,959	50,450
Social and Rental Interventions	119,759	119,759	-	109,156	109,156	-
Rural Interventions	1,492,169	1,495,600	(3,431)	1,442,090	1,442,677	(587)
Total	3,848,698	3,765,984	82,714	3,353,919	3,305,378	48,541

4.4. Programme 4: Housing Asset Management, Property Management

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

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

Strategic objectives, performance indicators, planned targets and actual achievements

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

- In eThekweni there are R293 Townships that are affected by unresolved land legal and beneficiary related issues preventing movement of transfers. This is a lengthy process which has contributed to the delays in the transferring of units.
- Some Municipalities have not finalised the appointments of conveyancing attorneys.
- Some Municipalities have delayed issuing of clearance certificates as a result of unpaid/ outstanding Municipal debts.

Strategic objectives

Programme 4: Housing Asset Management, Property Management					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Fast-track the implementation of the Title Deeds Restoration Programme (prior to 01 April 1994): Approved Implementation Plan for the Title Deeds Restoration Programme (Prior to 01 April 1994) reviewed annually	1	1	1	-	Target Achieved
Fast track the devolution of properties of the KwaZulu-Natal Housing Fund to municipalities in terms of Section 15 of the Housing Act, 1997: Approved Implementation Plan for the Devolution of the KwaZulu-Natal Housing Fund properties to the municipalities in terms of section 15 of the Housing Act, 1997 reviewed annually	1	1	1	-	Target Achieved

Performance indicators

Programme 4: Housing Asset Management, Property Management							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of Pre-1994 title deeds issued	525	779	875	5,500	626	(4,874)	<p>Challenges:</p> <p>Departmental Stock:</p> <p>1) The target for Departmental stock for the financial year was 600 transfers. The Property Management Directorate achieved 416 transfers for the year. Seventy two transfers of the 416 transfers could not be included in the achievement for the year due to the Deeds Office not updating information on the Deeds System timeously because of the lock-down and COVID-19 related issues.</p> <p>Municipal Stock:</p> <p>1) Unresolved land issues and an appeal in the appointment of the conveyancing panel led to delays in the intended deliverables.</p>



Programme 4: Housing Asset Management, Property Management

Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
							<p>Remedial Action: Departmental Stock:</p> <p>1) New processes at the Deeds Office with effect from the 2nd January 2020 requires advertisement in the print media by conveyancers for the registration of the Regulation 68(1) Certificates which resulted in the slowing down of the transfer process. The request for exemption from this process has been escalated to the Provincial Deeds Office who is engaging with the Chief Registrar office in Pretoria.</p> <p>2) Extremely slow pace by the Msunduzi municipality in the issue of Rates Exemption Certificates. Department is exploring with Msunduzi Municipality an electronic system to be installed at Departmental Offices for the request of rates exemption certificates electronically.</p> <p>3) Submission has been drafted for the appointment of 3 new Private Conveyancers on a quotation basis. Supply Chain Directorate is in the process of appointing a new panel of conveyancers.</p>



Programme 4: Housing Asset Management, Property Management

Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
							<p>4) Meetings were held with Conveyancers to provide support and assistance.</p> <p>5) The additional 72 transfers will be reported as soon as the Deeds System is updated and the Deeds Searches can be printed.</p> <p>Municipal Stock:</p> <p>1) The Housing Development Agency has been brought in to assist with Land Legal Matters and the department in the meantime will be utilising the State Attorney services for transfers.</p>



Programme 4: Housing Asset Management, Property Management							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of rental units sold to beneficiaries	-	232	239	458	442	(16)	<p>Challenge: Twenty one beneficiaries have signed sale agreements within the section-alised scheme for Hime Street which were registered at the Deeds Office on 24th March 2020. These 21 sale agreements could not be counted towards the achievement for March 2020, due to the registration of the scheme at the Deeds Office not being updated on the Deeds System because of the closure for the Covid 19 lock-down.</p> <p>Remedial Action: The 21 sale agreements will be captured on the Debtors System once the registration of the Hime Street Scheme is updated by the Deeds Office.</p>



Programme 4: Housing Asset Management, Property Management

Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of debtors reduced per financial year	-	222	405	600	232	(368)	<p>Challenges:</p> <ol style="list-style-type: none"> 1) A submission for 133 EEDBS cases is pending approval, 2) Delays caused by all EEDBS documents needing to be certified externally, 3) Delayed certification of beneficiaries by HSS due to system challenges, 4) Slow process of submission of required documents by Beneficiaries, and 5) Fieldworkers not being able to collect outstanding documents during the lock-down period. <p>Remedial Actions:</p> <ol style="list-style-type: none"> 1) The approval will be implemented once received. 2) Department has engaged Ward Councillors who are now assisting with all certifications. 3) The matter was escalated to National who assisted with information & IT subsequently reloaded HSS system. 4) Fieldworkers are contacting beneficiaries telephonically and on Whatsapp, following up on outstanding docs and providing guidance to beneficiaries on completion of EEDBS forms.



Programme 4: Housing Asset Management, Property Management							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
							5) Fieldworkers will continue with home visits to beneficiaries after lock-down and physically assist beneficiaries to complete forms.
Number of units maintained	1,985	968	1,030	500	1,129	629	The target was exceeded due to the following: 1) The huge demand for maintenance works to be carried out in the areas where the department owns residential properties and vacant site 2) The huge demand for maintenance works is also due to the poor underground infrastructure in areas such as Austerville, Oribi and the hostels which require constant maintenance.
Number of units rectified for Pre-1994 stock	993	669	480	566	682	116	The target for the financial year was exceeded due to over-performance in the third quarter resulting from high demand for units to be rectified.



Programme 4: Housing Asset Management, Property Management							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of Land Parcels devolved to Municipalities in terms of Section 15 of the Housing Act, 1997	-	-	18	100	44	(56)	<p>Challenges: 1) Twenty six instructions are with private attorneys and 12 with the office of the State Attorney. The private attorneys and the State Attorney experienced difficulties with the Deeds Office due to the complex nature of the properties. However, the challenges were resolved and the cases were lodged in March 2020. Due to the COVID-19 pandemic and the early closure of offices, it is expected that these transfers will be registered as soon as the Deeds Office reopens.</p> <p>Remedial Actions: 1) The attorneys were assisted in resolving the challenges that were being experienced and the transfers were lodged at the Deeds Office in March 2020. 2) It is expected that these transfers will be registered as soon as the Deeds Office reopens in the month of staff returning to work at the Deeds Office following the lockdown.</p>

Strategy to overcome areas of under performance

Property Management

The Lodging Agents of the State Attorney's Office are being utilised to fast track the registration of unregistered sectional title schemes and the transfer of sold units to qualifying beneficiaries.



Underlying land issues including the non-issuing of required certification by municipalities and beneficiary issues caused under-delivery in the issuing of title deeds. The land issues are being resolved where affected land will be transferred to the relevant authority for further individual transfers to take place. A database of social facilitators; stage 1 professionals has been appointed to address critical areas which inhibit the attainment of the desired outcome.

Changes to planned targets

There were no changes to planned targets.

Linking performance with budgets

Sub-programme expenditure

Sub- Programme Name	2019/2020			2018/2019		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	44,606	43,417	1,189	42,405	41,501	904
Sale and Transfer of Housing Properties	66,758	64,188	2,570	59,950	58,188	1,762
Housing Properties Maintenance	139,104	139,104	-	84,284	85,041	(757)
Total	250,468	246,709	3,759	186,639	184,730	1,909



5. TRANSFER PAYMENTS

5.1. Transfer payments to public entities

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Nil	-	-	-	-

5.2. Transfer payments to public corporations and private enterprises

Name of Entity	Services rendered by the entity	Amount transferred to the entity	Amount spent by the entity	Achievements of the entity
Women of Wentworth	Undertaking door-to-door surveys and profiling beneficiaries	50	50	-

5.3. Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2019 to 31 March 2020:

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
Department of Transport	Provincial Department	Motor licences	Y	95	95	-
eThekweni Municipality	Municipality	Operational Costs for Accredited Municipality	Y	10,963	10,963	-
Ray Nkonyeni Municipality	Municipality	Operational Costs for Accredited Municipality	Y	474	474	-
Msunduzi Municipality	Municipality	Operational Costs for Accredited Municipality	Y	2,642	2,642	-
Alfred Duma Municipality	Municipality	Operational Costs for Accredited Municipality	Y	832	832	-
Newcastle Municipality	Municipality	Operational Costs for Accredited Municipality	Y	437	437	-
uMhlatuze Municipality	Municipality	Operational Costs for Accredited Municipality	Y	1,488	1,488	-
KwaDukuza Municipality	Municipality	Operational Costs for Accredited Municipality	Y	742	742	-
Msinga Municipality	Municipality	Rates and Taxes	Y	33	33	-
Ulundi Municipality	Municipality	Rates and Taxes	Y	346	346	-
Jozini Municipality	Municipality	Rates and Taxes	Y	180	180	-
eThekweni Municipality	Municipality	Title Deeds Restoration Programme	Y	42,506	42,506	-
Umdoni Municipality	Municipality	Title Deeds Restoration Programme	Y	236	236	-
Ray Nkonyeni Municipality	Municipality	Title Deeds Restoration Programme	Y	607	607	-
Okhahlamba Municipality	Municipality	Title Deeds Restoration Programme	Y	619	619	-
Inkosi Langalibalele Municipality	Municipality	Title Deeds Restoration Programme	Y	182	182	-
Alfred Duma Municipality	Municipality	Title Deeds Restoration Programme	Y	250	250	-
Abaqulusi Municipality	Municipality	Title Deeds Restoration Programme	Y	2,750	2,750	-
Umhlatuze Municipality	Municipality	Title Deeds Restoration Programme	Y	621	621	-



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
Umlalazi Municipality	Municipality	Title Deeds Restoration Programme	Y	590	590	-
Mandeni Municipality	Municipality	Title Deeds Restoration Programme	Y	1,580	1,580	-
Kwadukuza Municipality	Municipality	Title Deeds Restoration Programme	Y	17,174	17,174	-
Greater Kokstad Municipality	Municipality	Title Deeds Restoration Programme	Y	250	250	-
Umzimkhulu Municipality	Municipality	Title Deeds Restoration Programme	Y	472	472	-
Transfer to Households	Various	HSDG and Social benefits	Y	3,389,124	3,389,124	-

The table below reflects the transfer payments which were budgeted for during the period 1 April 2019 to 31 March 2020, but no transfer payments were made:

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



6. CONDITIONAL GRANTS

6.1. Conditional grants and earmarked funds received

The tables below details the conditional grants and ear marked funds received during for the period 1 April 2019 to 31 March 2020:

Conditional Grant 1: Human Settlement Development Grant	
Department who transferred the grant	National Department of Human Settlements
Purpose of the grant	To provide for the creation of sustainable human settlements
Expected outputs of the grant	Sustainable Human Settlements
Actual outputs achieved	See performance report
Amount per amended DORA (R'000)	R3,634,357
Amount received (R'000)	R3,634,357
Reasons if amount as per DORA was not received	N/A
Amount spent by the Department (R'000)	R3,634,357
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	<p>Department: Monthly performance / expenditure review meetings and daily spending patterns monitored</p> <p>National: Quarterly performance review meetings</p> <p>Portfolio Committees: Quarterly performance review meetings</p> <p>Monitoring and Evaluation (M&E) assessments and verifications performed on a monthly basis</p>

Conditional Grant 2: EPWP Integrated Grant	
Department who transferred the grant	Provincial Treasury
Purpose of the grant	To alleviate poverty, reduce unemployment and provide livelihoods for the most disadvantaged sector of society
Expected outputs of the grant	See performance report
Actual outputs achieved	See performance report
Amount per amended DORA (R'000)	R15,090
Amount received (R'000)	R15,090
Reasons if amount as per DORA was not received	N/A
Amount spent by the Department (R'000)	R15,040
Reasons for the funds unspent by the entity	Due to non-submission of the invoices by the Implementing Agencies for the housing projects as a result of the announcement of the National lockdown for 21 days with effect from 26 March 2020. A request for a roll-over of R50 thousand of the EPWP Incentive Grant funding in this regard was submitted to Provincial Treasury.
Reasons for deviations on performance	N/A
Measures taken to improve performance	N/A
Monitoring mechanism by the receiving Department	<p>Department: Monthly performance / expenditure review meetings and daily spending patterns monitored</p> <p>National: Quarterly performance review meetings</p> <p>Portfolio Committees: Quarterly performance review meetings</p> <p>Monitoring and Evaluation (M&E) assessments and verifications performed on a monthly basis</p>



Conditional Grant 3: Title Deeds Restoration Grant	
Department who transferred the grant	National Department of Human Settlements
Purpose of the grant	To provide funding for the eradication of the pre-2014 title deeds registration backlog and the professional fees associated with it, including beneficiary verification.
Expected outputs of the grant	See performance report
Actual outputs achieved	See performance report
Amount per amended DORA (R'000)	R100,612
Amount received (R'000)	R100,612
Reasons if amount as per DORA was not received	N/A
Amount spent by the Department (R'000)	R100,612
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	<p>Department: Monthly performance / expenditure review meetings and daily spending patterns monitored</p> <p>National: Quarterly performance review meetings</p> <p>Portfolio Committees: Quarterly performance review meetings</p> <p>Monitoring and Evaluation (M&E) assessments and verifications performed on a monthly basis</p>

Conditional Grant 4: Provincial Emergency Housing Grant	
Department who transferred the grant	National Department of Human Settlements
Purpose of the grant	To provide funding for provision of temporary shelter assistance to households affected by disasters.
Expected outputs of the grant	See performance report
Actual outputs achieved	See performance report
Amount per amended DORA (R'000)	R15,090
Amount received (R'000)	R15,090
Reasons if amount as per DORA was not received	N/A
Amount spent by the Department (R'000)	R15,090
Reasons for the funds unspent by the entity	SCM processes were prolonged as there was no response on the initial tender process which commenced in May 2019. As a result, the Department then established a database for a three-year period and a service provider was selected from this database and commenced work in November 2019 and has been operating at full capacity since. The Department has requested these funds for roll-over to 2020/21.
Reasons for deviations on performance	N/A
Measures taken to improve performance	N/A
Monitoring mechanism by the receiving department	<p>Department: Monthly performance / expenditure review meetings and daily spending patterns monitored</p> <p>National: Quarterly performance review meetings</p> <p>Portfolio Committees: Quarterly performance review meetings</p> <p>Monitoring and Evaluation (M&E) assessments and verifications performed on a monthly basis</p>



7. DONOR FUNDS

7.1. Donor Funds Received

No donor funds were received during the year under review.

8. CAPITAL INVESTMENT

8.1. Capital investment, maintenance and asset management plan

Infrastructure projects	2019/2020			2018/2019		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
New and replacement assets	12,376	12,376	-	15,432	15,432	-
Existing infrastructure assets	-	-	-	-	-	-
Upgrades and additions	-	-	-	-	-	-
Rehabilitation, renovations and refurbishments	-	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-	-
Infrastructure transfer	58,210	85,762	(27,552)	196,926	193,664	3,262
Current	-	-	-	-	-	-
Capital	58,210	85,762	(27,552)	196,926	193,664	3,262
Infrastructure: Leases	25,994	25,756	238	23,921	24,494	(573)
Total	96,580	124,132	(27,314)	236,279	233,590	2,689



KWAZULU-NATAL PROVINCE

HUMAN SETTLEMENTS

REPUBLIC OF SOUTH AFRICA



PART C:
GOVERNANCE



I. INTRODUCTION

The highest standards of governance the leadership team has committed themselves in striving to conform to the governance principles as enshrined in the King Code of Governance for South Africa. To meet these standards and principles, the Department has constituted the following Governance Structures:

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

2. RISK MANAGEMENT

RISK MANAGEMENT POLICY

- The purpose of the Departmental Risk Management Policy is to provide guidance regarding the management of risks to support the achievements of corporate objectives, to protect staff and business assets and to ensure financial sustainability within the Department of Human Settlements.
- The Departmental Risk Management Policy applies to all business units within the Department of Human Settlements KZN. The Risk Management Policy forms part of the Department's Governance Framework and it applies to all employees and key stakeholders.
- The Departmental Risk Management Policy was reviewed in consultation with key stakeholders, inclusive with reference with the draft Provincial Risk Management Framework.
- In keeping with the revised Risk Management Policy the Department has a fully functional Departmental Risk Management Committee (DRMC) which is chaired by the Head of Department. Members of this Departmental Risk Management Committee signs declaration in respect of conflict of interest form in each meeting. The Departmental Chief Risk Officer (Director: Risk Management & Advisory Services) continues to reporting directly to the Head of Department.
- The Risk Management Committee has successfully completed 100% Online Risk Management E-Learning and obtained Certificates of Achievement. The Departmental Risk Register is reviewed and reported on a quarterly basis to the Cluster Audit and Risk Committee (CARC).
- Provincial Treasury under their Shared Services of Internal Audit and Risk Management has continued to reported positively on the Risk Maturity of the Department, which is recorded at 83% as at the end of the Financial Year.
- The Department is working in partnership with Provincial Internal Audit Services (PIAS) and has conducted six Specialised Risk Assessments during the Financial Year. The results of these risk assessments has been included in the Risk Profile of the Department. The Departmental Risk Management Committee evaluates the effectiveness of internal control systems and processes to ensure that the identified risks are reduced to minimal and/or are eradicated; and all action plans completed has been moved into current controls.
- The Departmental Risk Management Committee, has taken major decisions related to the control environment in managing and monitoring the Departments performance which has improved the existing controls and the effectiveness of the Organizations efficiency related to all operational programmes.
- The Departmental Risk Management Committee has approved an Enterprise Risk Management Implementation Plan which manages all activities on Risk Management. In joint partnership with Provincial Internal Audit Services (PIAS), the Departmental Risk Management Committee has approved an Annual Operational Audit and Risk Management Support Plan, which has ensured programme internal audits are conducted to detect inefficiencies in the systems and internal controls and to complement risks assessments within the Department.
- The results of the audit activities are managed and monitored by the Departmental Risk Management Committee via an Audit Log which is reported to Cluster Audit and Risk Committee on a quarterly basis.



3. FRAUD AND CORRUPTION

FRAUD POLICIES & PLANS

- The Department has Fraud Prevention and Ethics Management Strategies that are workshopped to all officials within it, throughout the year. In the workshops issues of responsibility, accountability and integrity are emphasized and encouraged to officials of all levels, as is contained in the strategies and supporting policies such as the fraud policy and response plan, conflict of interest policy, code of conduct, whistleblower policy etc.
- This has raised the level of awareness and alertness among staff and provided a platform to report any suspected wrongdoing within protection of their identities. Investigations relating to observations by officials from SCM division noticing a presence of an internal official document in bid documents submitted by an aspiring service provider, thus the suspicion of corruption and insider trading.
- The result has also been an increase in the number of suspected fraud and corruption allegations reported to the Head of Department and/or the risk management unit. All reports received have been anonymous and either via the established fraud hotline or just “mailed” to the Director: Risk Management’s office.
- The department has conducted ten (10) fraud and corruption cases relating to or involving its employees during the 2019/20 year, two of which have resulted in officials being dismissed and others resigning prior to the institution of the disciplinary charges.
- The Department has also given attention to not only compliance with Chapter Two (2) of the Public Service Regulations, 2016 but has conducted investigations of alleged or suspected non-compliance with regulations relating to requirements in order to conduct Remunerative Work Outside the Public Service (RWOPS), business entities owned/directed by officials doing business with the state and the integrity of Annually submitted Financial Disclosures by officials. In the year 2019/20 there were four (4) integrity investigations relating RWOPS and doing business with the state and three (3) related to financial disclosures.

4. MINIMISING CONFLICT OF INTEREST

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

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

The Department completed the review of the Conflict of Interest Policy in line with Public Service Regulations, 2016, which continues to be enforced. The Department received 100% compliance on E-disclosure for SMS during the reporting year.

5. CODE OF CONDUCT

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

The Department continues Fraud Awareness training to its employees in 2018/2019 and the Code of Conduct Manual was part of the training programme to all employees. An Ethics Survey was conducted during the Financial Year and the results has informed the Department of gaps related to Ethics, Fraud and code of conduct.

The Department is meet the requirements of ensuring that each new employee acknowledges receipt the Code of Conduct on his/her first day of assumption of duty and the employee.

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



6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

As prescribed in the Occupational Health and Safety Act 85 of 1993 and the Departmental Occupational Health and Safety Policy dated 26 February 2015 and reviewed 19 April 2017 the Accounting Officer during the period under review achieved the following:

- Occupational Health and Safety (OHS) Committee met regularly to address OHS matters, during the period under review three (3) OHS Committee meetings were held.
- OHS Representatives met on a quarterly basis to discuss OHS matters, two (2) meetings were held during the period under review.
- OHS Site assessments were conducted throughout the department at Head Office, Regional Offices and the District Offices, in total fifteen (15) OHS Site assessments were conducted. The site assessments focused on ensuring emergency preparedness e.g. Evacuation Drills, risk identification inspection and auditing of first aid boxes.
- In order to further, address the OHS Audit findings, which revealed a deficiency in the hazard identification process the Department sent OHS Committee members on HIRA as well as Introduction to SAMTRAC training, these officials were capacitated with the necessary skills and competencies to undertake a risk assessment.
- OHS Team were trained on First Aid level 2, Firefighting Level 2. The legally appointed Departmental Incident Investigators were also trained on Incident Investigation and Reporting as well as on HIRA.
- Eight (8) awareness sessions on good manual handling techniques were conducted in the maintenance offices (Oribi and Austerville), SCM stores and registries of the Department (Legal services, HR, Main registry, Inland Region, Head Office) and attendance to the sessions was pleasing.
- Two (2) incidents were reported, investigated and recorded during the reporting period.
- The department has ensured that facilities and amenities in the workplace conform to OHS legislation and regulations by ensuring the installation of safety signage and equipment. Further, as part of the functionality criteria to be part of the standard bid document for the procurement of the Department's new offices, all OHS requirements have been included and Public Works advised accordingly.
- In order to increase emergency preparedness for Departmental staff and visitors the emergency contact numbers has been pasted throughout the Department, which provides the persons to contact for assistance during an emergency.
- During the reporting period, the Department's OHS team conducted OHS Risk Assessments of all offices and all risks identified were communicated with the landlords and Public Works for actioning.
- The items that were identified during an audit by Provincial Treasury as causing obstruction in the passages during evacuation (e.g. Couches) has been removed and placed in more suitable locations.

The Department was less effective in the following areas:

- The absence of an OHS qualified personnel (OHS Specialist) to perform the function of OHS within the Department however, various OHS-related roles and responsibilities have been assigned to the Facilities Staff, Employee Wellness Staff, OHS Committee members and OHS representatives. Due to budgetary constraints, the status quo remains the same.

7. PORTFOLIO COMMITTEES

7.1. Human Settlements Portfolio Committee

- Various meetings were held during the 2019/20 financial year to discuss various financial and non-financial information and performance.
- There were no resolutions tabled during the 2019/20 financial year.



7.2. Finance Portfolio Committee

- A meeting was held during the 2019/20 financial year.
- There were no resolutions tabled during the 2019/20 financial year.

8. SCOPA RESOLUTIONS

Resolution No.	Subject	Response by the Department
31/2019 and 34/2020	<p><u>Irregular expenditure under investigation: R5.41 billion</u></p> <p>That the Accounting Officer report to the Committee by 31 January 2020 on:</p> <p>(i) Progress made in retrieving outstanding SCM documentation from municipalities, the proposed course of action where limited or no documentation is retrievable and the time frames for the proposed conclusion of the investigations;</p> <p>(ii) Feedback from National Treasury on the requests for condonation already submitted and progress made on the balance of the requests for condonation; and</p> <p>(iii) Progress made on the resolution of long term projects where SCM processes were concluded by municipalities so as to curb the irregular expenditure going forward.</p>	<p>Response: 31/2019</p> <ul style="list-style-type: none"> • Extensive communication in the form of letters, workshops and meetings with Municipal Managers and Mayors were held; namely: <ul style="list-style-type: none"> • Letter to COGTA requesting their assistance with respect to obtaining information from Municipalities – 9 March 2016 • Letter from Cogta supporting the Department – 11 March 2016 • Letter to all Municipalities (request 1) – 1 July 2016 • Letter to all Municipalities (request 2) – 25 July 2016 • Consultative meeting with all Municipalities – 30 January 2017 • MuniMEC Meeting – presentation – 24 February 2017 • Presentation to Municipalities – Stakeholder Engagement (SCM documents pack handed out) – 22 June 2017 • Workshop with all Municipalities (discussion of Policy Communique and SCM documents pack handed out) – 14 November 2017 • MuniMEC Meeting – presentation (SCM documents pack handed out) – 28 November 2017 • MEC Letter to all Municipalities – 11 December 2017 (deadline 31 January 2018) • Municipal Legal Forum – 31 January 2018 (presentation and status updates) • Subsequent to the letter issued to the Municipalities by the MEC (11 December 2017) and response by the Municipalities, an interim measure adopted by the Department is for SCM officials to visit Municipalities to assess documentation for outstanding projects and outstanding documentation for projects where gaps was identified. This exercise was not very fruitful as limited documentation was made available for assessment. • Condonement submissions (10 projects) were sent to National Treasury on the 24th May 2019. • National Treasury requested that we appoint a forensic auditor. • A forensic auditor was appointed via Provincial Treasury. • The Department requested feedback on several occasions. • A letter was submitted to The National Minister of Finance (dated 17 July 2019), via the Office of the MEC: Public Works and Human Settlements – KZN. • On 8 October 2019 an email was received from National Treasury, informing the Department that the information was insufficient despite the fact that discussions were held with National Treasury about our proposed response prior to submitting same. • A request was made for National Treasury to confirm what information is outstanding on 9 October 2019 and a reminder was sent on 28 October 2019 and the response received is that we must refer to the framework and provide investigation reports. The Department is of the view that we have complied as best we could and the reports submitted indicates the results of the investigation conducted. • We have now requested Provincial Treasury, after meeting with them on the 27th November 2019, to look at the information and provide guidance. The Department is awaiting feedback from Provincial Treasury after several follow-up communications. • The Department has entered into Bilateral agreements with Municipalities for housing projects that have become active or whereby extensions are required to circumvent further irregular expenditure being incurred in the Department's records.



Resolution No.	Subject	Response by the Department
		<ul style="list-style-type: none"> • The Department has issued a Policy Communique to all Municipalities which is a directive on the way forward with respect to Supply Chain Management (SCM) compliance on Human Settlements projects. In essence, projects that have been procured and subsequently found to be irregular, should be terminated and new SCM processes to appoint service providers should commence. • The Department is investigating the housing projects under investigation and a consultant has been appointed by Provincial Treasury to assist in this regard. • The Executive Authority will need to take a decision on whether to disclose the balance of the projects (151) as irregular as the exercise to find the documents has proved futile to date, despite various engagements with management at Municipalities. • The Department has entered into Bilateral agreements with Municipalities for housing projects that have become active or whereby extensions are required to circumvent further irregular expenditure being incurred in the Department's records. • The Department has issued a Policy Communique to all Municipalities which is a directive on the way forward with respect to Supply Chain Management (SCM) compliance on Human Settlements projects. In essence, projects that have been procured and subsequently found to be irregular, should be terminated and new SCM processes to appoint service providers should commence. • The Department does envisage to undertake the procurement of service providers for housing projects internally thereby no irregular appointments will be made minimizing the risk of incurring irregular expenditure. <p>Response: 34/2020</p> <ul style="list-style-type: none"> • Due to the fact that after numerous requests being made, no documentation was forthcoming, we advised the municipalities to submit to the Department a council resolution (for each project) stating that the municipality has no documentation in relation to the said project. The said resolution will be used to assist in the condonation process. To date we received very few, in the region of 5 council resolutions. (No official within the municipality structures want to commit themselves regarding the said SCM documentation or lack thereof, owing to the fact that the current officials were not in the employ of the municipality at the time of making the award.) (Extract from previous response - The Department has been in constant communication (in the form of letters, workshops and meetings) with the municipalities (Mayors, Municipal Managers and SCM officials) requesting all bid documentation for all projects from the 2015/2016 audit.) • We did not receive any response from National Treasury in respect of the sample of 10 projects that were submitted to National Treasury in May 2019. To date the Department has not received feedback on the sample submitted despite several written requests. The Department is continuing to prepare the balance of the projects for condonation. • Subsequently, the irregular expenditure framework has been amended and it allows Provincial Treasury to consider condonation requests. • A meeting was held with Provincial Treasury on 27 November 2019 regarding the amendment in the irregular expenditure framework, they mentioned that they are awaiting feedback from National Treasury on the methodology on how to proceed in the condonation process. They have however submitted the same 10 pilot cases at National to their internal task team to consider. To date the Department has not received feedback. The Department is continuing to prepare the balance of the projects for condonation. • The Executive Authority will take a decision on the balance of the cases where limited or no documents are available. A submission has been prepared, outlining the holistic view of transferring expenditure under investigation to irregular expenditure. The CARC has also recommended that all these cases be declared irregular in the 2020 financial year as the exercise in retrieving documents has proved futile.



Resolution No.	Subject	Response by the Department
		<ul style="list-style-type: none"> The Executive Authority has raised concerns on the process being followed where the Department places reliance on Municipalities SCM processes. The Department has used its own SCM processes to appoint a database of built environment practitioners and where possible, utilises these service providers. It has taken over developer status on certain projects and is currently in discussions with municipalities on the way forward on long-term contracts. A submission was done by the department under the guidance of the Executive Authority to take over the developer status of all municipalities, except for level 2 accredited municipalities. We are awaiting feedback from National Department of Human Settlements and Cabinet. In the interim, Provincial Treasury has written to National Treasury (April 2020), to obtain an opinion on whether or not that payments made under the economic classification "transfers and subsidies" should indeed have been classified as irregular expenditure as they are transfers and not payments for goods and services. This is a highly technical matter and discussions have also taken place between Provincial Treasury and the AG.
32/2019 and 35/2020	<p><u>Material impairment of receivables from exchange transactions (R77.88 million)</u></p> <p>That the Accounting Officer provide a progress report to the Committee by <u>31 January 2020</u> on the writing off of these debts due to the application of the EEDBS and the recovery of the remaining debts.</p>	<p>Response: 32/2019</p> <ul style="list-style-type: none"> All properties and debtors from the old dispensation are held and accounted for in the Housing Fund. The Department is currently facilitating the Title Deeds restoration program, to enhance the ownership of property and tenure in the Province, by fast tracking the transfer of sold units to identified beneficiaries. These housing units are occupied by the same debtor since inception in 1994 who are mostly indigent or pensioners and are not able to repay the outstanding balances and take ownership of the state properties, they occupy. In order to assist the transfer process, the EEDBS policy was formulated and rolled out by the National Department of Human Settlements. This policy allows for a subsidy and a write-off to be approved against each debtor's outstanding balances in terms of the debtor's income brackets. Efforts are also made, however, to collect as much of the debt as possible in circumstances where debtors have an income and can afford to pay. <p>It must be noted that the balances reflected in the above table are subject to constant change due to monthly raisings.</p> <ul style="list-style-type: none"> Since April 2019, a further 363 of the total 1,465 RENTAL debtors were investigated and converted to sold properties to eventually pass ownership to the rightful occupants. Although serious resistance is received from the communities, the Department has been educating and convincing the occupants to take ownership. The promotion of EEDBS to the remaining SOLD Debtors has been escalated to meet the Department's APP targets and in response to the pending disestablishment of the Housing Fund. Although the Department has escalated the promotion of EEDBS among the remaining debtors, the Department has to navigate through various challenges, as occupants resist taking ownership of their state allocated homes. A further amount of R 15 million, included in the SOLD debtors outstanding balance, for debtors that do not qualify for EEDBS but who are indigent or pensioners, is presently being investigated for write-off in terms of the provisions of the PFMA. We envisage that write off will be finalised within the current financial year. Debtor statements are sent every 3 months to all debtors to facilitate the recovery of the outstanding debts. After the approval of the EEDBS, debtors that still have outstanding settlement balances, further debt collection processes are followed to either collect the outstanding amounts or write off the debts in terms of the provisions of the PFMA. <p>The Department is presently making good progress with regards to the reduction of the outstanding debt and the transfer of state houses to identified beneficiaries.</p>



Resolution No.	Subject	Response by the Department
		<p>Response: 35/2020</p> <ul style="list-style-type: none"> • Most debtors are either low income earners or pensioners or indigent, and a minority of debtors earn above the threshold (owing to the effluxion of time). • Application of the EEDBS policy (National policy) will result in most of the above debtors qualifying for a 100% write-off. Whereas the debtors above the threshold will qualify for EEDBS discounts as per their salary threshold. • As a result of the above the Fund makes a provision of 95% of its debtor balances, which it deems to be irrecoverable (owing to the fact that the EEDBS policy allows for 100% write-offs). • This policy is in force to promote home ownership and fast tracking the title deeds restoration programme. • The KZN Housing Fund is aggressively promoting home ownership ensuring that the occupants have tenure. • The reason for the increase in the discounts offered by the state is that the state intends to dissolve the Housing Funds sooner rather than later and re-direct the funds. • In the interim the KZN Housing Fund is also rehabilitating some of the units prior to transfer being effected. • The KZN Housing Fund also embarked on an education drive on the advantages of home ownership and the mechanics and workings of body corporates.
<p>50/2019 and 36/2020</p>	<p><u>Irregular expenditure of R11.421 907 billion recorded in the 2018/19 financial year</u></p> <p>That the Accounting Officers of all departments report to the Committee by <u>31 January 2020</u> on the following:</p> <p>[1] Progress made in the implementation of the proposed interventions to improve the control environment to detect and prevent irregular expenditure and to avoid a recurrence of the audit findings in relation to irregular expenditure, as well the effectiveness of these interventions.</p>	<p>Response: 50/2019</p> <ul style="list-style-type: none"> • Irregular Expenditure relating to Housing Projects <ul style="list-style-type: none"> • The irregular expenditure relates to housing projects procured by the Municipalities which was considered to be irregular as some areas of omission/noncompliance was detected in the SCM processes. • The Department will record all payments made for these housing projects as irregular expenditure till the closure of the project. • The condonement exercise commenced when a condonement submission (10 projects) was sent to National Treasury on the 24th May 2019. • National Treasury requested that we appoint a forensic auditor. • A forensic auditor was appointed via Provincial Treasury. • The Department requested feedback on several occasions. • A letter was submitted to The National Minister of Finance (dated 17 July 2019), via the Office of the MEC: Public Works and Human Settlements – KZN. • On 8 October 2019 an email was received from National Treasury, informing the Department that the information was insufficient despite the fact that discussions were held with National Treasury about our proposed response prior to submitting same. • A request was made for National Treasury to confirm what information is outstanding on 9 October 2019 and a reminder was sent on 28 October 2019 and the response received is that we must refer to the framework and provide investigation reports. The Department is of the view that we have complied as best we could and the reports submitted indicates the results of the investigation conducted. • We have now requested Provincial Treasury, after meeting with them on the 27th November 2019, to look at the information and provide guidance. The Department is awaiting feedback from Provincial Treasury after several follow-up communications. • The Department has entered into Bilateral agreements with Municipalities for housing projects that have become active or whereby extensions are required to circumvent further irregular expenditure being incurred in the Department's records.



Resolution No.	Subject	Response by the Department
	<p>[2] The reasons for these interventions not being implemented in the 2018/19 financial year and in prior years and why such omission does not constitute an act of financial misconduct.</p> <p>[3] Whether irregular expenditure reported in the annual financial statements in 2018/19 and not yet condoned, has been investigated, the outcomes and findings of the investigations, details of disciplinary steps taken against any official/employee responsible for irregular expenditure and where investigations and disciplinary proceedings have not yet been concluded, the reasons and timeframes for anticipated completion.</p>	<ul style="list-style-type: none"> • The Department has issued a Policy Communique to all Municipalities which is a directive on the way forward with respect to Supply Chain Management (SCM) compliance on Human Settlements projects. In essence, projects that have been procured and subsequently found to be irregular, should be terminated and new SCM processes to appoint service providers should commence. • Irregular Expenditure relating to No tax clearance certificates and deviations <ul style="list-style-type: none"> • Procurement checklists have been implemented to mitigate the risk of irregular expenditure being incurred. • Circulars have been issued to all officials to ensure they comply with legislation and to avoid non-compliance with any policies, procedures, circulars and instruction notes. Officials have been notified that disciplinary action will be instituted against any official who defaults and is in non-compliance. • Investigations are currently being undertaken for all irregular expenditure incurred for the 2017/18 and 2018/19 financial years and will be finalized by February 2020. • The condonation process will commence once the investigation reports are finalized. • The Department will ensure that disciplinary action is taken against all officials whose action has resulted in irregular expenditure. • Recovery of losses will be instituted should any official be held accountable for irregular expenditure. • No cases of fraud, corruption or other criminal conduct has been identified regarding the irregular expenditure. <p>Response: 36/2020 The Department has completed all investigations related to irregular expenditure.</p> <p>Herewith is a register (Table B) of all the condonation submissions to Provincial Treasury that was sent on the 10th February 2020. We are awaiting progress on these submissions.</p>



Resolution No.	Subject	Response by the Department
	<p>[4] In relation to irregular expenditure not yet condoned, steps taken to apply to Provincial Treasury for condonation and progress made and where application has not yet been made, the reasons for this.</p> <p>[5] Steps taken to recover losses from any official responsible for irregular expenditure and progress made in this regard.</p> <p>[6] Where irregular expenditure is related to fraud, corruption or other criminal conduct, whether the matter has been reported to the South African Police Service or the Provincial Treasury Internal Audit Services for investigation and progress made in such investigations.</p>	



Resolution No.	Subject	Response by the Department
52/2019 and 37/2020	<p data-bbox="323 232 560 293"><u>Fruitless and wasteful expenditure</u></p> <p data-bbox="323 320 560 517">That the respective Accounting Officers and Accounting Authorities report to the Committee by <u>31 January 2020</u> on the following:</p> <p data-bbox="323 551 560 831">[1] The reasons for the prior years' fruitless and wasteful expenditure not yet being resolved and steps taken to resolve it, with time frames.</p> <p data-bbox="323 842 560 1234">[2] Steps taken to prevent a recurrence of fruitless and wasteful expenditure. Sufficient particularity must be provided to enable the committee to assess the effectiveness of those steps.</p> <p data-bbox="323 1245 560 1664">[3] The reasons for the steps listed under [2] above not being implemented in the 2018/19 financial year and prior years and why such omission does not constitute an act of financial misconduct.</p>	<p data-bbox="582 232 799 262">Response: 52/2019</p> <ul data-bbox="582 264 1513 752" style="list-style-type: none"> <li data-bbox="582 264 1513 320">• The Department incurred fruitless and wasteful expenditure relating to two cases during the 2018/19 financial year. <li data-bbox="582 322 1513 439">• An investigation for one case has been finalised, the recommendations are to recover the fruitless and expenditure from two officials who have been found to be liable and this process will commence shortly as Loss Control has been instructed to proceed with the recovery. <li data-bbox="582 441 1513 521">• Investigations are currently in progress with regard to the other case and will be finalised by 31 January 2020 and the resultant action taken against officials who have defaulted. <li data-bbox="582 524 1513 580">• Procurement checklists have been implemented to mitigate the risk of fruitless and wasteful expenditure being incurred. <li data-bbox="582 582 1513 638">• Services rendered and the payment thereof are been monitored to ensure no interest is incurred on late payment of invoices received. <li data-bbox="582 640 1513 752">• Circulars have been issued to all officials to ensure they comply with legislation and to avoid non-compliance with any policies, procedures, circulars and instruction notes. Officials have been notified that disciplinary action will be instituted against any official who defaults and is in non-compliance. <p data-bbox="582 779 799 808">Response: 37/2020</p> <p data-bbox="582 810 1513 898">The Department has concluded on the second investigation and based on the findings no official was identified that had transgressed in this case, since the Departmental officials acted on a court order to pay the invoice, together with interest.</p> <p data-bbox="582 925 1513 1041">The Loss Control Unit within Financial Management have consulted with Labour Relations Unit within Human Resources Management with the recovery of monies against the two officials charged, and challenges of double jeopardy based on the sanctions are currently being explored in these cases.</p> <p data-bbox="582 1068 1513 1155">The Department has prepared submissions for write-off of the various cases of Fruitless and Wasteful Expenditure which was duly approved by the Head of Department as per the framework.</p>



Resolution No.	Subject	Response by the Department
	<p>[4] Which officials are responsible for the fruitless and wasteful expenditure, disciplinary steps taken against those officials and the outcomes thereof, as well as steps taken to recover the losses from them. Where no disciplinary steps or steps to recover the loss were taken, detailed reasons must be provided.</p>	



Resolution No.	Subject	Response by the Department
53/2019 and 38/2020	<p data-bbox="323 232 557 315"><u>Procurement and Contract Management</u></p> <p data-bbox="323 349 557 490">That all Accounting Officers report to the Committee by <u>31 January 2020</u> on the following:</p> <p data-bbox="323 517 557 969">[1] Detailed audit action plans submitted to Provincial Treasury specifically to address findings on procurement and contract management plus a progress report on the effectiveness of the audit plans.</p> <p data-bbox="323 976 557 1397">[2] Steps implemented to ensure risk assessment processes and reviews are adequate to ensure that key compliance risks are mitigated and responded to in good time to prevent a recurrence.</p>	<p data-bbox="579 232 798 262">Response: 53/2019</p> <ul data-bbox="579 264 1493 607" style="list-style-type: none"> <li data-bbox="579 264 1493 347">• A detailed audit improvement strategy was developed addressing all audit queries providing progress on implementing controls, measures, procedures and policies to mitigate the risk of re-occurrence. <li data-bbox="579 349 1493 432">• Procurement checklists have been developed and implemented to mitigate the risk of incurring irregular expenditure on the tax clearance, deviations and local content matters. <li data-bbox="579 434 1493 517">• The Department is investigating all housing projects whereby procurement was done by the Municipalities and will undertake the condonation process with Provincial Treasury to resolve the irregular expenditure incurred. <li data-bbox="579 519 1493 607">• The Department does envisage to undertake the procurement of service providers for housing projects internally thereby no irregular appointments will be made minimizing the risk of incurring irregular expenditure. <p data-bbox="579 636 798 665">Response: 38/2020</p> <ul data-bbox="579 667 1493 1010" style="list-style-type: none"> <li data-bbox="579 667 1493 719">• The Audit Improvement Plan is attached for your perusal. Progress in terms of the audit findings has been updated in February 2020. <li data-bbox="579 721 1493 862">• The Department limits deviations and when such is necessary (only the HOD is designated to approve), a standard template is prepared to ensure that all facts are provided to confirm whether such is a valid deviation (must go via SCM). All senior managers met to discuss the requirements for deviations and consequences for non-compliance. <li data-bbox="579 864 1493 916">• A standard operating procedure is being developed in respect of deviations and emergency process flows. <li data-bbox="579 918 1493 969">• With regards to local content stipulation, the Department has received training and utilises the correct SBD forms. <li data-bbox="579 972 1493 1010">• The Department has implemented a check list of procedures for all orders.



Resolution No.	Subject	Response by the Department
<p>55/2019 and 39/2020</p>	<p><u>Internal Investigations</u></p> <p>That Accounting Officers, by <u>31 January 2020</u>:</p> <p>[1] Provide copies of all reports of investigations that have been completed in the 2018/19 financial year to the Committee.</p> <p>[2] Report to the Committee on progress made in the implementation of the recommendations contained in the reports, including disciplinary cases that have been initiated against officials and the outcomes thereof, criminal cases that have been opened, civil proceedings that have been commenced to recover monies and blacklisting of service providers.</p> <p>[3] Where investigations are still in progress, provide a report on the anticipated date of completion, challenges experienced in conducting or finalising the investigations and steps taken to address the challenges.</p>	<p>Response: 55/2019</p> <p>[1] Provide copies of all reports of investigations that have been completed in the 2018/19 financial year to the Committee.</p> <p>The following reports were completed during the 2018/2019 financial year.</p> <p>6.1.1 Corruption in irregular transfer of flat number 102 Albizia, Galway Crescent by an assistant director in property management.</p> <p>6.1.2 Investigations into allegations of fraudulent claim subsistence & travel claims</p> <p>6.1.3 Investigation into the fraudulent qualification by personal assistant to Chief Director: Property management</p> <p>6.1.4 Investigation into irregular appointment of staff in the general administration and auxiliary services</p> <p>6.1.5 Investigation into irregular use of department cellphone by officials</p> <p>6.1.6 Investigation into fraud and corruption in subsistence and travel claims by general administration and auxiliary services and supply chain management officials'</p> <p>6.1.7 Investigation into corruption: official doing business with the state.</p> <p>[2] Report to the Committee on progress made in the implementation of the recommendations contained in the reports, including disciplinary cases that have been initiated against officials and the outcomes thereof, criminal cases that have been opened, civil proceedings that have been commenced to recover monies and blacklisting of service providers.</p> <p>i. Corruption in irregular transfer of flat number 102 Albizia, Galway Crescent by an assistant director in property management. <i>The official resigned from employment before the beginning of disciplinary proceedings. A criminal docket was registered with the SAPS under case number Durban Central 1158/07/2018 and has not been finalized.</i></p> <p>ii. Investigations into allegations of fraudulent claim subsistence & travel claims; <i>The official underwent a formal disciplinary process and the sanction was dismissal from public service.</i></p> <p>iii. Investigation into the fraudulent qualification by personal assistant to Chief Director: Property management; <i>The official resigned from the department before the disciplinary process commenced.</i></p> <p>iv. Investigation into irregular appointment of staff in the general administration and auxiliary services; <i>Two officials were disciplined and dismissed from public service. They both appealed their sanction, one was successful and was reinstated and the other is awaiting her outcome.</i></p> <p>v. Investigation into irregular use of department cellphone by an official; <i>The official was disciplined and was given a 2 months suspension without pay.</i></p> <p>vi. Investigation into fraud and corruption in subsistence and travel claims by general administration and auxiliary services and supply chain management officials' <i>Three of the officials implicated resigned from public service before the beginning of the disciplinary processes. The case against the one official still in the employ of the State, commenced. This process has halted due to the Presiding Officer recusing himself from this case. Four criminal dockets were registered under Durban Central case numbers 885,886,887,888/04/2019 and have not been finalized.</i></p> <p>vii. Investigation into corruption: official doing business with the state. <i>The official concerned was disciplined and was dismissed from public. He appealed his sanction and has been reinstated.</i></p>



Resolution No.	Subject	Response by the Department
		<p>[3] Where investigations are still in progress, provide a report on the anticipated date of completion, challenges experienced in conducting or finalizing the investigations and steps taken to address the challenges. <i>There are two cases that are still in progress that relate to allegation of reported. Challenges experienced with shortage of staff, which has now been addressed. These investigations are at an advanced stage of investigation and the target date for completion is by end of February 2020.</i></p> <p>Response: 39/2020</p> <ul style="list-style-type: none"> • Corruption in irregular transfer of flat number 102 Albizia, Galway Crescent The official resigned from the Public Service, however a criminal docket was registered with the SAPS under CAS No. 1158/07/2018, which includes a second flat allocated to a family member. These matters have been referred to the Office of the State Attorney to proceed with evictions. • Investigations into allegations of fraudulent claim subsistence & travel claims Official was dismissed from the Public Service, and a criminal docket was registered with the SAPS under CAS 106/02/2020. • Investigation into the fraudulent qualification by personal assistant The official resigned from the public service prior to completion of investigation. • Investigation into irregular appointment of staff in the general administration and auxiliary services The Department dismissed two official from Service through the disciplinary process. • Investigation into irregular use of department cellphone by officials The Department issued the following sanctions through disciplinary processes to the official's implication in this investigation, which included the following sanctions, Case 1, the official received two month's suspension from work without pay and in Case 2, the official received a final written warning. • Investigation into fraud and corruption in subsistence and travel claims Three of the four official implicated in this investigation, resigned from the Public Service, which include the official that was transferred to another department. The disciplinary case against the fourth official has been adjourned sine die. The Department registered four criminal dockets with the SAPS under CAS No's 885,886,887,888/04/2019. • Investigation into corruption: official doing business with the state The official was dismissed from the public arising from the disciplinary process which has been varied. Disciplinary action was taken against 3 officials within Supply Chain Management, whom were issued with sanctions of final written warning.



Resolution No.	Subject	Response by the Department
56/2019 and 39/2020	<p><u>Risk Management</u></p> <p>That the Accounting Officers of the relevant departments report to the Committee by <u>31 January 2020</u> on the following:</p> <p>[1] The steps taken to implement all outstanding risk mitigation plans identified in the 2018/19 departmental risk registers.</p> <p>[2] A progress report on the implementation of the 2019/20 departmental risk mitigation plans, particularly those relating to critical and major risks and steps taken to ensure a speedy implementation of risk mitigation plans.</p> <p>[3] Steps taken to capacitate the departmental risk management function, including risk management training for members of the risk management committee.</p> <p>[4] Progress made in linking risks to departmental performance indicators.</p>	<p>Response: 56/2019</p> <p>[1] The steps taken to implement all outstanding risk mitigation plans identified in the 2018/19 departmental risk registers.</p> <p>The Department achieved substantial completion on all risk mitigation strategies recorded in the Risk Register. Quarterly assessments are undertaken to review risk and mitigation strategies, which results in revised action plans and due dates. The mitigation strategies that were not achieved in the 2018/2019 financial year was mainly on amended to legislation and development of strategies and policies that required in-depth consultation with stakeholders prior to obtaining approval.</p> <p>[2] A progress report on the implementation of the 2019/20 departmental risk mitigation plans, particularly those relating to critical and major risks and steps taken to ensure a speedy implementation of risk mitigation plans.</p> <p>The Department has achieved significant progress on mitigation strategies in the departmental risk register as at the end of quarter 3 reporting to cluster audit and risk committee. The risk register remains a dynamic living document and risks are reviewed on a quarterly basis, which brings in emerging risks with mitigation strategies thus causing fluxacation in records on achievement of all mitigation strategies.</p> <p>[3] Steps taken to capacitate the departmental risk management function, including risk management training for members of the risk management committee.</p> <p>The Department is currently revising its risk management structure to achieve an improved risk management function. The Department has an appointed Departmental Risk Management Committee that is chaired by the Accounting Officer. Monthly meetings on audit and risk matters are held which are reported to Cluster Audit and Risk Committee on a quarterly basis. The Department assessment on maturity related to risk management is 83%, with only the capacity being a challenge. The Departmental Risk Committee has achieved 100% in the e-learning programme related to Risk Management and the committee has received formal training as a risk management committee.</p> <p>[4] Progress made in linking risks to departmental performance indicators.</p> <p>All risks in the Departmental Risk register has been successfully linked to the performance indicators as contained in the Strategic Plan and the Annual Performance Plan.</p> <p>Response: 39/2020</p> <p>The Departmental Risk Register, together with risk summary and summary analysis report was submitted to the committee.</p> <p>These documents were submitted and tabled before Cluster Audit and Risk Committee (CARC) during the Quarter 3 meeting.</p> <p>The revised risk structure for the Department was presented to the committee.</p>



Resolution No.	Subject	Response by the Department
57/2019 and 40/2020	<p data-bbox="323 232 560 315"><u>Consequence management (Transgressions)</u></p> <p data-bbox="323 344 560 517">That the Accounting Officers of the relevant departments report to the Committee by <u>31 January 2020</u> on the following:</p> <p data-bbox="323 546 560 831">[1] The reasons for their failure to investigate and resolve all matters reported by the Auditor-General for investigation in the 2017/18 audit.</p> <p data-bbox="323 837 560 1256">[2] The steps taken to investigate and resolve all the 2017/18 as well as the 2018/19 matters reported by the Auditor-General for investigation and time frames for finalisation thereof.</p> <p data-bbox="323 1263 560 1832">[3] The findings and recommendations, as well as the outcomes of each investigation, including disciplinary steps taken, civil proceedings commenced for recovery of losses, criminal cases opened where relevant and steps taken to “black-list” suppliers, where applicable.</p>	<p data-bbox="582 232 799 262">Response: 57/2019</p> <p data-bbox="582 262 1501 315">[1] Matters for investigations raised by the Auditor-General for the 2017/2018 financial year has been completed.</p> <p data-bbox="582 344 1501 461">[2] The Department has completed all investigations for the 2017/2018 financial year and a significant number of investigations for the 2018/2019 has been finalized. The remaining few items are at an advanced stage of investigation and will be finalized by 31 March 2020.</p> <p data-bbox="582 490 1501 607">[3] Based on the findings and recommendations in these matters, 5 officials were charged via the disciplinary processes and sanctions of final written warning were issued against them. A criminal docket was registered in one case and the official was dismissed from service.</p> <p data-bbox="582 636 799 665">Response: 40/2020</p> <p data-bbox="582 665 1501 719">The Department has concluded on all outstanding investigations and no transgression were reported for further action.</p>

Resolution No.	Subject	Response by the Department
58/2019 and 41/2020	<p><u>Predetermined Objectives</u></p> <p>That the Accounting Officers of the relevant departments report to the Committee by <u>31 January 2020</u> on measures implemented to address the audit findings and to prevent a recurrence, with timeframes for implementation.</p>	<p>Response: 58/2019 Department is in the process of procuring the performance management system through SITA.</p> <p>Response: 41/2020 The departmental stakeholders were appointed by the IT and M&E Unit to form part of the Business Process-Flow Analysis. The analysis was conducted by the SITA Business Analysts. The As-Is Process Flow was developed from the JAD sessions conducted. The first draft of the As-Is Process Flow was reviewed and updated accordingly. The final version of the Process-Flow has been approved and signed-off by both SITA and DOHS. SITA is currently working on the recommendations to be presented to the Department based on the gaps identified on the Process-Flow. Upon finalization of the Business Process-Flow, the Department will then be in a position to procure and implement the Performance Management System.</p> <p>The Department initiated a first phase project for its Monitoring and Evaluation requirement in February 2020. The objective of this initial project is to clearly define the Department's requirements for a Monitoring and Evaluation system. This will be the foundation of the specifications to develop an appropriate solution, which is anticipated as a phase 2 project.</p> <p>It should also be noted that the Department has provided input into the Provincial Digital Transformation Strategy and proposed that the development of a provincial Monitoring and Evaluation system is included in the Strategy. The development of the Provincial Digital Transformation Strategy is co-ordinated by the KwaZulu-Natal Office of the Premier.</p>
59/2019 and 42/2020	<p><u>Filling of critical posts</u></p> <p>That the Accounting Officers of the relevant departments report to the Committee by <u>31 January 2020</u> on progress made in the filling of critical posts and the time frames for the filling of those posts.</p>	<p>Response: 59/2019 Progress has been made in the filling of critical posts as follows:</p> <ul style="list-style-type: none"> • Director Human Resource Management: Submission approved by MEC. Pending Competency Assessment. • Director: Planning: Candidate to assume duties on 1 February 2020. • Director: Priority Programmes: Candidate to assume duties on 1 February 2020. • Director: Rental Housing Tribunal: Candidate assumed duties on 1 January 2020. • Director: Title Deeds Restoration Programme: date for Interviews is still pending. • Chief Director: Planning: Post will be re-advertised as no suitable candidate was recommended after interviews held. • Director: Property Management and Disposal (2 year contract): Request to fill the post has been sent to Office of the Premier. • Chief Operations Officer. Request to fill the post has been sent to Office of the Premier. <p>Response: 42/2020 The status of vacant posts is included in Table C.</p>

Resolution No.	Subject	Response by the Department
60/2019	<p data-bbox="323 232 544 315"><u>Material misstatements in annual financial statements</u></p> <p data-bbox="323 344 560 517">That the Accounting Officers of the relevant departments report to the Committee by <u>31 January 2020</u> on the following:</p> <p data-bbox="323 546 560 965">[1] The reasons for non-compliance with section 40(1)(b) of the PFMA. Sufficient particularity must be provided to enable the committee to establish whether the failure was due to wilfulness or negligence.</p> <p data-bbox="323 972 560 1458">[2] Disciplinary steps taken against any official who acted wilfully or negligently. Where the non-compliance was due to a lack of capacity or skills or vacancies, the report must state the steps taken to address this with time frames.</p> <p data-bbox="323 1464 560 1800">[3] Measures put in place to prevent a recurrence of this audit finding and an evaluation of the effectiveness of these measures in the current financial year.</p>	<ul style="list-style-type: none"> <li data-bbox="582 232 1506 286">• There were no misstatements noted when the annual financial statements were submitted to the Auditor General. <li data-bbox="582 293 1166 320">• No disciplinary action is applicable in this regard. <li data-bbox="582 327 1497 376">• The following controls and measures was implemented to ensure that there are no misstatements: <ul style="list-style-type: none"> <li data-bbox="647 383 1474 461">• Internal controls, processes and procedures have been implemented to ensure compliance to laws, regulations and all reporting frameworks thereby minimising misstatements and omissions. <li data-bbox="647 468 1474 577">• Monthly Management Committee (Manco) meetings are held to ensure accountability of Management, sound financial management, human resource management, policy and governance and risk management strategies are incorporated to achieve the outcomes of the Department. <li data-bbox="647 584 1490 633">• The Interim Financial Statements are currently presented to this committee for review and approval. <li data-bbox="647 640 1490 750">• The Departmental Risk Management Committee (DRMC) provides an over-sight role and all financial reports are discussed at these meetings therefore irregularities are detected and corrected prior to submission to stakeholders. <li data-bbox="647 757 1501 835">• The 2019/20 Annual Financial Statements will be subjected to these committee reviews and CARC review prior to submission to the Auditor-General.



Resolution No.	Subject	Response by the Department
61/2019	<p><u>Expenditure Management – Non-payment of invoices within 30 days</u></p> <p>That all relevant Accounting Officers submit a report to the Committee by <u>31 January 2020</u> on the reasons for non-payment of invoices within 30 days with sufficient particularity to enable the Committee to determine whether an act of financial misconduct was committed, the steps taken to address this audit finding and measures put in place to prevent a recurrence.</p>	<ul style="list-style-type: none"> • Of the total invoices processed during the year (6 348), only 43 were not paid within 30 days and the reasons for the delays are as follows: <ol style="list-style-type: none"> (1) <u>Debtor system challenges (16 invoices)</u> The National Department of Human Settlements (NDHS) System is the custodian of the debtor system that is utilised processing of invoices relating to the pre-1994 housing stock. During the month of October and November 2019 some invoices that were captured did not interface into BAS on time; this was brought to the National Department for investigation and to resolve. Unfortunately, the NDHS delayed the process, which led non-compliance. (2) <u>Network downtime experienced (12 invoices)</u> During the month of May, one of the departmental offices experienced network challenges that resulted in the delay in processing invoices on the Housing Subsidy System (HSS). This issue was brought to the attention of SITA and unfortunately, it took two weeks to resolve and resulted in 12 invoices being paid outside the 30-day period. (3) <u>Budget Constraints (11 Invoices)</u> The funds budgeted for the affected projects in the 2019/20 financial year had been exhausted as the Implementing Agents went ahead as per the contract and provided services ignoring the cash flow projections. The department had to therefore do the necessary virements to provide additional funding in order to avoid unauthorised expenditure and the process resulted in the delay in processing the invoices. The department also approached the NDHS for additional funding within the Human Settlement Development Grant (HSDG) which has been granted through the Emergency Housing Funding. (4) <u>Other system challenges (4 invoices)</u> Changes made by the service providers on the Central Database (CSD) resulting in the delays in processing payments due to verification processes which takes days required prior to confirmation of changes. • The Department has put in place controls to ensure that invoices are tracked and that payments are made within the required term of 30 days, some of these controls are as follows: <ol style="list-style-type: none"> (1) The Department has developed and implemented an electronic invoice tracking register. This tool allows monitoring of invoices as and when received by the department and assist in ensuring that invoices are paid within 30 days. (2) Project spending is being monitored in line with the development programmes that are aligned to the cash flows of the department. (3) Non-compliance letters are issued to officials that contributed to non-compliance with Treasury Regulations 8.2.3 and necessary disciplinary action taken against officials if necessary.



Resolution No.	Subject	Response by the Department
62/2019	<p><u>Commitments on audit findings and related matters</u></p> <p>That the Accounting Officers of the relevant departments report to the Committee by <u>31 January 2020</u> on the reasons for the commitments being unresolved, the steps taken to resolve the commitments and time frames for finalisation thereof.</p>	<p>Table A below highlights the commitments made to the Auditor General, status of the commitment and an update on each commitment.</p>
65/2019	<p><u>Unauthorised Expenditure of R17 486 000 incurred in 2017/18</u></p> <p>That in terms of Section 34(1)(b) of the Public Finance Management Act No. 1 of 1999 the unauthorised expenditure disclosed in the 2017/2018 annual financial statements of the Department of Human Settlements amounting to R17 486 000 be authorised as a direct charge against the Provincial Revenue Fund.</p>	<p>Noted. The Department will action this resolution.</p>
69/2019	<p><u>Unauthorised Expenditure of R1 909 000 incurred in 2018/19</u></p> <p>That in terms of Section 34(1)(b) of the Public Finance Management Act No. 1 of 1999 the unauthorised expenditure disclosed in the 2018/2019 annual financial statements of the Department of Human Settlements amounting to R1,909,000 be authorised as a direct charge against the Provincial Revenue Fund.</p>	<p>Noted. The Department will action this resolution.</p>



TABLE A

No.	Commitment	Status	Update
1.	Obtain outstanding supply chain management documents relating to transfers to households	In progress	After numerous requests, the Municipalities are not in a position to supply outstanding SCM documentation. The CARC chair suggested that we declare all projects under investigation as irregular. Discussion will be held with MEC to approve. With regards to new projects, the Department evaluates the SCM documentation to ensure SCM compliance.
2.	The HOD will look at controls around local content purchase requirements and update checklists	Finalised	Implemented.
3.	The HOD will look at controls around deviations SCM processes requirements and update checklists.	Finalised	Implemented.
4.	The HOD will continue efforts in resolving the irregular expenditure and irregular expenditure under investigation	In progress	As in item 1 in respect of projects under investigation. We submitted a sample of projects to National Treasury (NT) for condonation, did not receive feedback from NT. With irregular expenditure other than projects, the Department's Risk Management unit commenced the investigation process. NT delegated the condonation process to Provincial Treasury (PT). Once investigations have been finalised, we will submit reports to PT. The Department met with PT on 27 November 2019 to discuss the condonation process, awaiting feedback from PT.

TABLE B

DETAILS	AMOUNT (R)	INVESTIGATION COMPLETE
Deviation from calling of bids for the procurement of services from MFP Business consulting.	39,205,659	Yes, August 2010
Deviation from calling of bids for the procurement of services from Mpathi Investments (Pty) Ltd.	18,988,482	Yes, August 2010
Deviation from calling of bids for the procurement of services from Masiqhame Trading 379 cc.	37,982,490	Yes, August 2010
Deviation from calling of bids for the procurement of services from MAGEBA PROJECTS (Tagging of informal settlements - within floodlines).	13,042,986	Yes, August 2010
Deviation from calling of bids for the procurement of services from AMAWELE JOINT VENTURES (Wire wall - Msunduzi).	115,314,800	Yes, August 2010
Deviation from calling of bids for the procurement of services from Sandisi Business Consultants.	2,948,124	Yes, August 2010
Deviation from calling of bids for the procurement of services from AMAWELE JOINT VENTURES (Town View Mooi River).	167,456,842	Yes, August 2010
Office furniture - local content	2,801,650	Yes, December 2019 and January 2020
Deviations	29,715,790	Yes, December 2019 and January 2020



TABLE C		
POST	CHIEF DIRECTORATE / DIRECTORATE	STATUS/PROGRESS
Chief Operating Officer	Sustainable Human Settlements	Funded, the GM: Human Settlements was acting in this post – he vacated his acting capacity on 31 March 2020
Chief Director	Sustainable Human Settlements	Vacated 31 March 2020, to be sent to the OTP. A district director is currently acting in this post to ensure service sustainability.
Chief Director	Human Capital Management	Vacated 28 February 2020, to be sent to the OTP for approval
Chief Director	Planning and Development	To be re-advertised. There is currently an existing official is acting in this post.
Director	Property Management	Awaiting approval by the OTP. There is the existing official is acting in this post.
Director	Property TRP	Awaiting finalization of the Competency Assessment. There is the DD currently acting in this post.
Director	Rental Housing and Tribunal	Filled: 01 February 2020
Director	Planning	Filled: 01 March 2020
Director	Special Programmes	Filled: 01 March 2020
Director	Human Resource Management	Filled: 01 April 2020
Director	Executive Support	Filled: 01 February 2020

9. PRIOR MODIFICATIONS TO AUDIT REPORT

Addressed in SCOPA Resolutions.

10. INTERNAL CONTROL UNIT

Based on the Operational Audit Plan, the Department with shared services KZN Provincial Internal Audit Services Unit (PIAS) has undertaken the following internal audits based on risk assessments by the Department.

In respect of 2019/2020 the following internal audits were conducted by PIAS based on the operational Plan approved by the Head of Department and endorsed by the Cluster Audit and Risk Committee:

No.	Service Description	Period	Status
1	Performance Audit – Follow-up: S&T Expenditure	2nd Quarter	Finalized
2	Risk Management Audit	2nd Quarter	Finalized
3	Legislated Audit Performance Information-Q1, 2 & 3	4th Quarter	Finalized
4	Follow up on resolved findings	1st Quarter	Finalized
5	Follow up on resolved findings	2nd Quarter	Finalised
6	Follow up on resolved findings	3rd Quarter	Finalised
7	Follow up on resolved findings	4th Quarter	Finalised
8	Risk Based Audit Supply Chain Management (Incl. follow-up)	4th Quarter	Finalized
9	Risk Based Audit Property Transfers	4th Quarter	Finalized
10	Risk Based Audit Title Deeds Restoration Project	3rd Quarter	Finalized
11	Risk Based Audit Vulindlela Housing Project	4th Quarter	Finalized
12	Risk Based Audit EPWP	4th Quarter	Finalized
13	Financial Audits Review of IYM	4th Quarter	Finalized
14	Financial Audits Review of the Audit Improvement Strategy	3rd Quarter	Finalized
15	Financial Audits Follow-up on the Auditor General's Action Plan	4th Quarter	Finalized
16	IT Audit Follow up	1st Quarter	Finalized
17	IT Audit IT Governance	2nd Quarter	Finalized
18	IT Audit Cyber-Security Audit	4th Quarter	Finalized

The Internal Control Sub-Directorate has performed the following audits and follow-ups during the 2019/2020 financial year.

No.	Audit Project Name	Status
1	Contract Management Audit	Finalised
2	Cash Collection Audit	Finalised
3	Bursary Scheme Audit	Finalised
4	Fruitless & Wasteful Expenditure Investigation: Interest 2018/19 Financial Year	Finalised
5	Establishment Headcount	Finalised
6	Irregular Expenditure Investigation: Tax Compliance 2018/19 Financial Year	Finalised
7	Follow up on Internal Audit Log Q1	Finalised
8	Follow up on Internal Audit Log Q2	Finalised
9	Follow up on Internal Audit Log Q3	Finalised
10	Follow up on Internal Audit Log Q4	Finalised
11	Irregular Expenditure Investigation: Local Production and Content 2018/19 financial year	Finalised
12	Irregular Expenditure Investigation: Acting Allowance – 2018/19	In-progress
13	Irregular Expenditure Investigation: Security Services 2018/19 Financial year	Finalised
14	Irregular Expenditure Investigation: Legal Assistance – 2018/19	Finalised
15	Audit on Fruitless and Wasteful Expenditure: Other – 2018/19 financial year	Finalised
16	Fruitless & Wasteful Expenditure: 2016/2017 financial year	Finalised
17	Irregular Expenditure Investigation: Local Production and content 2017/2018 financial year	Finalised
18	Fruitless & Wasteful Expenditure Investigation: 2009/2010 financial year	Finalised
19	Irregular Expenditure Investigation: Leasing of Buildings – 2018/19	In-Progress
20	Irregular Expenditure Investigation: Interest – 2010/11	In-Progress
21	Irregular Expenditure Investigation: Interest – 2014/15	In-Progress

The Department has addressed the findings in terms of the above finalized reports and further implemented recommendations to ensure that management controls and systems are in place. The 2020/2021 Operational Audit and Risk Support Plan is being finalized between the Department and PIAS.

II. INTERNAL AUDIT AND AUDIT COMMITTEES

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

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

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

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

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

Based on the annual internal audit plan for the financial year as approved by the Cluster Risk and Audit Committee, all major assignments were completed. One assignment being a transversal audit has been carried over into the new financial year. All findings emanating from these reports were translated into an audit log to follow-up on agreed action plans related to these findings. Quarterly reporting on the audit log was tabled to the Cluster Risk and Audit Committee.

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

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
P. Christianson	CA (SA)	External	Not Applicable	February 2015	Not applicable	4
T. Mozela	B. Com; B Compt Hons; MBA; CIA; CCSA & CRMA	External	Not Applicable	February 2015	Not applicable	4
D. O' Connor	CA (SA)	External	Not Applicable	February 2015	Not applicable	4



12. REPORT OF THE AUDIT & RISK COMMITTEE ON VOTE 8 – DEPARTMENT OF HUMAN SETTLEMENTS

The Committee reports that it has complied with its responsibilities arising from the Public Finance Management Act, No.1 of 1999 (PFMA), Treasury Regulations 3.1, including all other related prescripts, and is pleased to present its report for the financial year ended 31 March 2020.

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

The Committee has adopted appropriate formal terms of reference contained in its Audit and Risk Committee Charter and has regulated its affairs in compliance with this charter, and reports that it has discharged all of its responsibilities as contained therein.

1. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The PARC and SPCHD CARC consists of the members listed hereunder who have met as reflected below, in line with the approved terms of reference.

#	Name of Member	PARC Meetings Attended	Social CARC Meetings Attended
1.	Mr P Christianson (Acting Chairman of Social Cluster)	9 of 10	4 of 4
2.	Ms T Njozela	9 of 10	4 of 4
3.	Mr D O'Connor	10 of 10	4 of 4
4.	Ms N Sithole (Resigned July 2019)	3 of 10	1 of 4
5.	Mr S Simelane (Acting Chairman of PARC and Economic CARC)	10 of 10	N/A*
6.	Mr V Ramphal	10 of 10	N/A*
7.	Mr M Tarr	10 of 10	N/A*

* refers to PARC members who did not serve on the SPCHD CARC

2. THE EFFECTIVENESS OF INTERNAL CONTROL

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

- Procurement and Contract Management
- Property Transfers
- EPWP and Vulindlela Housing Project
- Title Deeds Restoration Project
- Expenditure Management

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

3. EFFECTIVENESS OF INTERNAL AUDIT

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

The PIAS planned to perform eighteen (18) audit assignments for the period under review, of which all eighteen were finalised by 31 March 2020.



The Committee is satisfied that PIAS performed effectively during the period under review and commended PIAS for completing all assignments planned for the financial year. During the 2020/21 financial year, the Committee will continue to monitor the progress made by the PIAS against its operational plans in order to ensure that it continues to fulfil its mandate and add value to the Department.

4. RISK MANAGEMENT

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

As at the end of the 19/20 financial year, the Department's risk register status was as follows:

Focus areas	Risk Grouping					Total
	Critical	Major	Moderate	Minor	Insignificant	
No of identified risks	3	18	21	28	7	77
No of agreed action plans	8	48	47	33	2	138
No of implemented action	1	32	46	33	2	114
% completion of action plans	13%	67%	98%	100%	100%	83%
% outstanding action plans	88%	33%	2%	0%	0%	17%

The Committee 1) notes progress made by the Department on the implementation of its risk mitigation plans with 83% completion rate; and 2) commends the Department for having a functional risk management committee which meets and is attended by its members on a regular basis, who have all successfully completed the prescribed National Treasury's e-learning risk management course. The Department is, however, urged to 1) capacitate its Risk Management Function, which is currently resourced by two officials; 2) implement the outstanding risk mitigation plans, particularly for risks classified as critical and major; and 3) update its risk register with strategic risks which should be identified and assessed as part of the Department's 2020/25 strategic plan and 2020/21 annual performance plan.

With regard to risk-related improvement plans, the Department is commended on having completed 100% of both its Fraud Prevention Plan and Occupational Health and Safety improvement action plans. With the current focus being on compliance with the OHS Act due to the COVID 19 pandemic, the Department is strongly advised to extend its OHS and COVID 19 control measures to all its offices and construction sites. The Department is also urged to improve its compliance management maturity, which is currently low, to ensure compliance with applicable legislation and policies such as the Protection of Personal Information Act.

5. QUALITY OF INYEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORTS

The Committee was satisfied with the content and quality of quarterly reports in respect of in year management and quarterly performance, prepared and issued by the Accounting Officer of the Department during the year under review, in terms of the PFMA and the Division of Revenue Act; except for the reported unauthorised expenditure of R3.43m.

Based on the reports of the PIAS and the Auditor General, the Committee notes with concern the inaccuracies in the reported performance information for Programme 3 in the Annual Performance Report which resulted in material mis-statements. The management of the department has been urged to implement adequate controls in order to address the identified shortcomings with immediate effect.

6. FORENSICS INVESTIGATIONS

During the period under review, the Committee noted that there were five (5) forensic investigations from 1 April 2018 to 31 March 2019, relating to alleged bribery and corruption, supply chain management and procurement irregularities and the mismanagement of funds, which the department had referred to the PIAS for investigation.

Forensic investigations were conducted and reports issued to the department in respect of all five (5) investigations, ie. Phase 1 investigations were completed.

In respect of the five (5) completed investigations, two (2) matters were closed. Three (3) reports recommended disciplinary action and the disciplinary proceedings in these matters were finalised by the department.

The Committee further noted that in addition to the disciplinary action, two (2) of these matters further recommended criminal investigation by the South African Police Service (SAPS). On one (1) matter the prosecutor declined to prosecute and in respect of the remaining matter, a criminal case is still to be registered.

The department and the PIAS are urged to promptly finalise the outstanding investigations and work together to implement recommendations made in the completed Phase 1 investigations.

7. EVALUATION OF FINANCIAL STATEMENTS

The Committee has:

- Reviewed and discussed the Annual Financial Statements with the Accounting Officer, Auditor General and PIAS;
- Reviewed the Auditor General's Audit Report;
- Reviewed the Department's processes for compliance with legal and regulatory provisions, where concerns have been noted around accuracy of performance information reported, poor procurement and contract management and failure to prevent unauthorised expenditure.
- Reviewed the unqualified conclusion on the usefulness and reliability of performance information resulting from the audit of the Department

8. AUDITOR-GENERAL'S REPORT

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

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

9. APPRECIATION

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



Mr SP Simelane
Acting Chairman: Provincial Audit and Risk Committee
19 October 2020

13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	This is not within our mandate/function.
Developing and implementing a preferential procurement policy?	Yes	Department has a policy on preferential procurement.
Determining qualification criteria for the sale of state-owned enterprises?	No	This is not within our function.
Developing criteria for entering into partnerships with the private sector?	No	To be investigated.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	To be investigated.



KWAZULU-NATAL PROVINCE

HUMAN SETTLEMENTS

REPUBLIC OF SOUTH AFRICA



PART D:
HUMAN RESOURCE
MANAGEMENT



1. INTRODUCTION

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

2. OVERVIEW OF HUMAN RESOURCES

The core mandate of the Department as per Outcome 8 of the Government's Programme of Action is to provide sustainable human settlements and improved quality of household life. Human Resources form an integral part in the realisation of this mandate.

Currently the Department is still utilising the organisational structure that was approved in 2008. The restructuring process to update and align the organisational structure to the National Mandates and Provincial Priorities is underway. It is anticipated that, once completed, the updated structure will support and enable the core business to achieve the strategic objectives of the Department. It's worth noting that the budget cuts and stringent cost cutting measures on Equitable Share have resulted in delays in filling the critical posts due to re-alignments and re-prioritisation that had to be undertaken.

The recruitment of suitably qualified and skilled employees who will enable the Department to achieve its mandate remains a priority. The use of OPSCAP funding to employ employees with relevant technical skills has greatly improved service delivery and also mitigated the gap of scarce skills as identified by the Department. In addition, the continued decentralisation of functions to district municipalities has also facilitated service delivery.

Through the use of Employee Performance Management System as a tool to monitor individual contribution towards that achievement of the set objectives, the Department is able to gauge the pace with which it moves and is able to identify the areas that need to be given attention.

The Department has achieved 59% women in management which is 9% above the set target of 50%. As far as the employment of people with disabilities is concerned, the Department currently employs 1.88% while the national target is sitting at 2%. Using the results of the Organisational Readiness Assessment which seeks to gauge the impact of HR unit in the Department's achievement of strategic objectives and also using the MPAT results, the HR plan is being reviewed in order to ensure the HR functions are up to date and properly aligned.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1. Personnel related expenditure

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

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



Table 3.1.1 Personnel expenditure by programme for the period 1 April 2019 and 31 March 2020

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	231,523	139,844	-	-	60.40	447
Housing Needs, Research & Planning	17,075	14,015	-	-	82.10	561
Housing Development	246,691	39,863	-	-	16.20	376
Housing Asset Management, Property Management	246,691	39,863	-	-	16.20	376
Total	4,261,259	374,407	-	-	8.80	326

Table 3.1.2 Personnel costs by salary band for the period 1 April 2019 and 31 March 2020

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)	375	0.10	4	93,750
Skilled (level 3-5)	27,778	7.20	113	245,823
Highly skilled production (levels 6-8)	102,403	26.40	236	433,911
Highly skilled supervision (levels 9-12)	107,059	27.60	146	733,281
Senior and Top management (levels 13-16)	24,994	6.4	21	1,190,190
11 Contract (Levels 3-5)	4,603	1.20	16	287,688
12 Contract (Levels 6-8)	19,381	5.00	48	403,771
13 Contract (Levels 9-12)	63,810	16.50	90	709,000
14 Contract (Levels >= 13)	14,185	3.70	11	1,289,545
18 Contract Other	1,343	0.30	20	67,150
Total	365,933	94.3	705	

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2019 and 31 March 2020

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	115,578	80.40	1,344	0.90	3,915	2.70	6,359	4.40
Housing Needs, Research & Planning	11,996	81.50	-	-	373	2.50	560	3.80
Housing Development	164,748	87.50	281	0.10	2,608	1.40	4,041	2.10
Housing Asset Management, Property Management	32,749	79.70	129	0.30	1,532	3.70	2,289	5.60
Total	325,071	83.80	1,753	0.5	8,428	2.2	13,248	3.40



Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2019 and 31 March 2020

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
01 Lower skilled (Levels 1-2)	333	88.30	-	-	-	-	-	-
02 Skilled (Levels 3-5)	20,884	74.90	407	1.50	1,689	6.10	2,033	7.30
03 Highly skilled production (Levels 6-8)	80,026	77.90	793	0.80	3,537	3.40	6,616	6.40
04 Highly skilled supervision (Levels 9-12)	89,500	80.60	294	0.30	2,298	2.10	4,043	3.60
05 Senior management (Levels >= 13)	22,017	83.60	-	-	513	1.90	398	1.50
11 Contract (Levels 3-5)	4,543	98.60	58	1.30	-	-	-	-
12 Contract (Levels 6-8)	19,007	97.50	135	0.70	-	-	-	-
13 Contract (Levels 9-12)	63,150	94.00	56	0.10	229	0.30	124	0.20
14 Contract (Levels >= 13)	11,969	81.70	-	-	163	1.10	33	0.20
18 Contract Other	1,331	98.70	11	0.80	-	-	-	-
Total	312 071		1,753	0.50	8,428	2.20	13,248	3.40

3.2. Employment and Vacancies

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

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

This information is presented in terms of three key variables:

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

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

Table 3.2.1 Employment and vacancies by programme as at 31 March 2020

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Administration	312	288	7.70	25
Housing Needs, Research & Planning	27	25	7.40	1
Housing Development	305	286	6.20	96
Housing Asset Management, Property Management	116	106	8.60	3
Total	760	705	7.20	125



Table 3.2.2 Employment and vacancies by salary band as at 31 March 2020

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
01 Lower Skilled (Levels 1-2), Permanent	5	4	20	-
02 Skilled (Levels 3-5), Permanent	127	113	11	-
03 Highly Skilled Production (Levels 6-8), Permanent	251	236	6	-
04 Highly Skilled Supervision (Levels 9-12), Permanent	167	146	12.6	-
05 Senior Management (Levels >= 13), Permanent	25	21	16	-
09 Other, Permanent	20	20	-	16
11 Contract (Levels 3-5), Permanent	16	16	-	12
12 Contract (Levels 6-8), Permanent	48	48	-	28
13 Contract (Levels 9-12), Permanent	90	90	-	62
14 Contract (Levels >= 13), Permanent	11	11	-	7
TOTAL	760	705	7.2	125

Table 3.2.3 Employment and vacancies by critical occupations as at 31 March 2020

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Administrative Related, Permanent	205	188	8.3	54
Agriculture Related, Permanent	1	1	-	-
All Artisans In The Building Metal Machinery Etc., Permanent	21	21	-	-
Architects Town And Traffic Planners, Permanent	15	14	6.7	13
Artisan Project And Related Superintendents, Permanent	-	-	-	-
Auxiliary And Related Workers, Permanent	3	3	-	-
Bus And Heavy Vehicle Drivers, Permanent	1	1	-	-
Cartographic Surveying And Related Technicians, Permanent	1	1	-	-
Civil Engineering Technicians, Permanent	1	1	-	1
Cleaners In Offices Workshops Hospitals Etc., Permanent	25	23	8	-
Client Inform Clerks(Switchb Receipt Inform Clerks), Permanent	4	4	-	-
Communication And Information Related, Permanent	4	4	-	-
Community Development Workers, Permanent	9	9	-	7
Computer System Designers And Analysts	1	1	-	-
Engineering Sciences Related, Permanent	4	4	-	2
Engineers And Related Professionals, Permanent	22	17	22.7	10
Finance And Economics Related, Permanent	7	6	14.3	-
Financial And Related Professionals, Permanent	2	2	-	-
Financial Clerks And Credit Controllers, Permanent	56	51	8.9	1
General Legal Administration & Rel. Professionals, Permanent	2	2	-	-
Legal Related, Permanent	7	5	28.6	2
Library Mail And Related Clerks, Permanent	11	11	-	-
Light Vehicle Drivers, Permanent	11	10	9.1	1
Logistical Support Personnel, Permanent	2	2	-	-
Material-Recording And Transport Clerks	9	8	11.1	-
Messengers Porters And Deliverers, Permanent	5	4	20	-
Other Administrat & Related Clerks And Organisers, Permanent	51	-	2	4
Other Administrative Policy And Related Officers	80	77	3.8	1
Other Information Technology Personnel	2	2	-	-
Quantity Surveyors & Rela Prof Not Class Elsewhere, Permanent	3	3	-	2
Risk Management And Security Services, Permanent	3	3	-	-
Saps, Permanent	3	3	-	-
Secretaries & Other Keyboard Operating Clerks	30	27	10	2
Senior Managers, Permanent	25	22	12	6
Trade Labourers, Permanent	17	16	5.9	-
Total	760	705	7.2	106



3.3. Filling of SMS Posts

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

Table 3.3.1 SMS post information as at 31 March 2019

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	-	-	1	100%
Salary Level 16	-	-	-	-	-
Salary Level 15	3	2	66.7%	1	33.3%
Salary Level 14	6	4	66.7%	2	33.3%
Salary Level 13	30	20	66.7%	10	33.3%
Total	40	27	67.5%	13	32.5%

Table 3.3.2 SMS post information as at 31 March 2020

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100%	-	0%
Salary Level 16	-	-	-	-	-
Salary Level 15	3	1	33.3%	2	66.7%
Salary Level 14	6	4	66.7%	2	33.3%
Salary Level 13	30	23	76.7%	7	23.3%
Total	40	29	72.5%	11	27.5%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2019 and 31 March 2020

SMS Level	Advertising	Filling of posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	-	-	-
Salary Level 16	-	-	-
Salary Level 15	-	-	-
Salary Level 14	1	-	-
Salary Level 13	3	-	3
Total	4	-	3

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 2019 and 31 March 2020

Reasons for vacancies not advertised within six months

Budget constraints.

Reasons for vacancies not filled within twelve months

Budget constraints.



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 2019 and 31 March 2020

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

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

3.4. Job Evaluation

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

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2019 and 31 March 2020

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)	5	-	-	-	-	-	-
Skilled (Levels 3-5)	127	-	-	-	-	-	-
Highly Skilled Production (Levels 6-8)	251	-	-	-	-	-	-
Highly Skilled Supervision (Levels 9-12)	167	-	-	-	-	-	-
Senior Management Service Band A	19	-	-	-	-	-	-
Senior Management Service Band B	4	-	-	-	-	-	-
Senior Management Service Band C	2	-	-	-	-	-	-
Other	20	-	-	-	-	-	-
Contract (Levels 3-5)	16	-	-	-	-	-	-
Contract (Levels 6-8)	48	-	-	-	-	-	-
Contract (Levels 9-12)	90	-	-	-	-	-	-
Contract Band A	7	-	-	-	-	-	-
Contract Band B	3	-	-	-	-	-	-
Contract Band D	1	-	-	-	-	-	-
Total	760	-	-	-	-	-	-

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

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2019 and 31 March 2020

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



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

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2019 and 31 March 2020

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
-	-	-	-	-
Percentage of total employed				-

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

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2019 and 31 March 2020

Gender	African	Asian	Coloured	White	Total
Female	-	-	-	-	-
Male	-	-	-	-	-
Total	-	-	-	-	-
Employees with a disability	-	-	-	-	-
Total number of Employees whose salaries exceeded the grades determine by job evaluation					-

3.5. Employment Changes

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

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2019 and 31 March 2020

Salary band	Number of employees at beginning of period 1 April 2019	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (Levels 1-2)	3	3	-	-
Skilled (Levels 3-5)	115	14	4	3.5
Highly skilled production (Levels 6-8)	230	9	13	5.7
Highly skilled supervision (Levels 9-12)	144	9	6	4.2
Senior Management Service Bands A	15	1	-	-
Senior Management Service Bands B	2	-	-	-
Senior Management Service Bands C	2	-	-	-
Senior Management Service Bands D	-	-	-	-
Other Permanent	24	3	6	25
Contract (Levels 3-5) Permanent	16	15	15	93.8
Contract (Levels 6-8) Permanent	66	13	27	40.9
Contract (Levels 9-12) Permanent	91	7	8	8.8
Contract Band A Permanent	8	3	3	37.5
Contract Band B Permanent	4	1	1	25
TOTAL	720	78	83	11.5



Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2019 and 31 March 2020

Critical occupation	Number of employees at beginning of Period - 1 April 2019	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative Related Permanent	186	28	29	15.6
Agriculture Related Permanent	2	-	1	50
All Artisans In The Building Metal Machinery Etc.	21	1	-	-
Architects Town And Traffic Planners Permanent	14	-	-	-
Artisan Project And Related Superintendents Permanent	1	-	1	10
Auxiliary And Related Workers Permanent	3	-	-	-
Bus And Heavy Vehicle Drivers Permanent	1	-	-	-
Cartographic Surveying And Related Technician	1	-	-	-
Civil Engineering Technicians Permanent	8	-	6	75
Cleaners In Offices Workshops Hospitals Etc. Permanent	24	2	1	4.2
Client Inform Clerks(Switchb Receipt Inform Clerks)	2	2	-	-
Communication And Information Related Permanent	4	-	-	-
Community Development Workers Permanent	11	1	2	18.2
Computer System Designers And Analysts. Permanent	1	-	-	-
Engineering Sciences Related Permanent	4	-	-	-
Engineers And Related Professionals Permanent	20	2	6	30
Finance And Economics Related Permanent	7	-	1	14.3
Financial And Related Professionals Permanent	2	-	-	-
Financial Clerks And Credit Controllers Permanent	54	6	7	13
General Legal Administration & Rel. Professionals	2	-	-	-
Head Of Department/Chief Executive Officer Permanent	1	-	-	-
Human Resources & Organisat Developm & Relate Prof	14	1	1	7.1
Human Resources Clerks Permanent	15	6	6	40
Human Resources Related Permanent	20	2	1	5
Information Technology Related Permanent	6	1	1	16.7
Inspectors Of Apprentices Works And Vehicles Permanent	54	5	4	7.4
Language Practitioners Interpreters & Other Commun	1	-	-	-
Legal Related Permanent	6	1	-	-
Library Mail And Related Clerks Permanent	12	1	3	25
Light Vehicle Drivers Permanent	9	2	-	-
Logistical Support Personnel Permanent	2	-	-	-
Material-Recording And Transport Clerks Permanent	9	1	-	-
Messengers Porters And Deliverers Permanent	4	1	-	-
Other Administrat & Related Clerks And Organisers	50	5	5	10
Other Administrative Policy And Related Officers	77	4	3	3.9
Other Information Technology Personnel. Permanent	2	-	-	-
Quantity Surveyors & Rela Prof Not Class Elsewhere	4	-	1	25
Risk Management And Security Services Permanent	3	-	-	-
Secretaries & Other Keyboard Operating Clerks Permanent	23	3	1	4.3
Senior Managers Permanent	21	3	3	14.3
Trade Labourers Permanent	16	-	-	-
Total	720	78	83	11.5



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 2019 and 31 March 2020

Termination Type	Number	% of Total Resignations
Death	3	3.6
Resignation	19	22.9
Expiry of contract	49	59
Dismissal – misconduct	4	4.8
Dismissal – operational changes	-	-
Dismissal – inefficiency	-	-
Discharged due to ill-health	-	-
Retirement	8	9.6
Transfer to other Public Service Departments	-	-
Other	-	-
Total	83	100
Total number of employees who left as a % of total employment		

Table 3.5.4 Promotions by critical occupation for the period 1 April 2019 and 31 March 2020

Occupation	Employees 1 April 2019	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	186	10	5.4	72	38.7
Agriculture Related	2	-	-	-	-
All Artisans In The Building Metal Machinery Etc.	21	-	-	14	66.7
Architects Town And Traffic Planners	14	7	50	3	21.4
Artisan Project And Related Superintendents	1	-	-	-	-
Auxiliary And Related Workers	3	-	-	2	66.7
Bus And Heavy Vehicle Drivers	1	-	-	1	100
Cartographic Surveying And Related Technicians	1	-	-	1	100
Civil Engineering Technicians	8	-	-	2	25
Cleaners In Offices Workshops Hospitals Etc.	24	-	-	1	4.2
Client Inform Clerks (Switchboard Recept Inform Clerks)	2	-	-	1	50
Communication And Information Related	4	-	-	3	75
Community Development Workers	11	-	-	3	27.3
Computer System Designers And Analysts.	1	-	-	1	100
Engineering Sciences Related	4	-	-	1	25
Engineers And Related Professionals	20	-	-	6	30
Finance And Economics Related	7	-	-	5	71.4
Financial And Related Professionals	2	-	-	-	-
Financial Clerks And Credit Controllers	54	3	5.6	34	63
General Legal Administration & Rel. Professionals	2	-	-	-	-
Head Of Department/Chief Executive Officer	1	-	-	-	-
Human Resources & Organisat Developm & Relate Prof	14	-	-	12	85.7
Human Resources Clerks	15	-	-	8	53.3
Human Resources Related	20	2	10	12	60
Information Technology Related	6	-	-	1	16.7
Inspectors Of Apprentices Works And Vehicles	54	1	1.9	27	50
Language Practitioners Interpreters & Other Commun	1	-	-	1	100
Legal Related	6	-	-	5	83.3
Library Mail And Related Clerks	12	1	8.3	5	41.7
Light Vehicle Drivers	9	-	-	6	66.7



Occupation	Employees 1 April 2019	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
Logistical Support Personnel	2	-	-	2	100
Material-Recording And Transport Clerks	9	-	-	4	44.4
Messengers Porters And Deliverers	4	1	25	2	50
Other Administrat & Related Clerks And Organisers	50	2	4	33	66
Other Administrative Policy And Related Officers	77	1	1.3	47	61
Other Information Technology Personnel.	2	-	-	2	100
Quantity Surveyors & Rela Prof Not Class Elsewhere	4	-	-	2	50
Risk Management And Security Services	3	-	-	1	33.3
Secretaries & Other Keyboard Operating Clerks	23	-	-	16	69.6
Senior Managers	21	2	9.5	-	-
Trade Labourers	16	-	-	-	-
Administrative Related	23	-	-	16	69.6
Total	720	30	4.2	336	46.7

Table 3.5.5 Promotions by salary band for the period 1 April 2019 and 31 March 2020

Salary Band	Employees 1 April 2019	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)	3	-	-	-	-
Skilled (Levels 3-5)	115	1	0.90	47	40.9
Highly skilled production (Levels 6-8)	230	14	6.10	149	64.8
Highly skilled supervision (Levels 9-12)	144	3	2.10	84	58.3
Senior Management (Level 13-16)	19	2	10.50	-	-
09 Other, Permanent	24	-	-	-	-
11 Contract (Levels 3-5), Permanent	16	-	-	-	-
12 Contract (Levels 6-8), Permanent	66	-	-	17	25.8
13 Contract (Levels 9-12), Permanent	91	10	11	39	42.9
14 Contract (Levels >= 13), Permanent	12	-	-	-	-
TOTAL	720	30	4.20	336	46.7

3.6. Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2020

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	10	-	2	-	9	2	1	-	24
Professionals	43	3	6	2	44	1	10	-	109
Technicians and associate professionals	97	2	21	4	120	7	15	6	272
Clerks	42	2	12	2	90	2	9	7	166
Service and sales workers	3	-	1	-	2	-	-	-	6
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	54	2	3	1	14	-	-	-	74
Plant and machine operators and assemblers	8	-	-	-	3	-	-	-	11
Elementary occupations	33	3	1	-	6	-	-	-	43
Total	290	12	46	9	288	12	35	13	705
Employees with disabilities	8	1	2	-	1	-	-	1	-



Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2020

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	1	-	1
Senior Management	8	-	1	-	6	1	4	-	20
Professionally Qualified And Experienced Specialists And Mid-Management	59	2	18	5	50	1	10	1	146
Skilled Technical And Academically Qualified Workers, Junior Management, Supervisors, Foreman And Superintendents	72	3	18	4	109	7	12	11	236
Semi-Skilled And Discretionary Decision Making	54	6	1	-	52	-	-	-	113
Unskilled And Defined Decision Making	3	-	-	-	1	-	-	-	4
Total	196	11	38	9	218	9.00	27	12	520

Table 3.6.3 Recruitment for the period 1 April 2019 to 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	1	-	-	-	-	-	-	-	1
Professionally qualified and experienced specialists and mid-management	5	-	-	-	4	-	-	-	9
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	5	-	-	-	4	-	-	-	9
Semi-skilled and discretionary decision making	3	-	-	-	11	-	-	-	14
Unskilled and defined decision making	2	-	-	-	1	-	-	-	3
Total	16	-	-	-	20	-	-	-	36
Employees with disabilities	1	-	-	-	3	-	-	-	4

Table 3.6.4 Promotions for the period 1 April 2019 to 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	-	-	-	-	-	-	-	1
Senior Management	-	-	-	-	1	-	-	-	1
Professionally qualified and experienced specialists and mid-management	33	-	6	4	34	1	8	1	87
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	49	3	10	-	80	5	9	7	163
Semi-skilled and discretionary decision making	21	2	-	-	25	-	-	-	48
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
Total	104	5	16	4	140	6	17	8	300
Employees with disabilities	5	-	2	-	-	-	-	1	8



Table 3.6.5 Terminations for the period 1 April 2019 to 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	2	-	-	-	4	-	-	-	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	7	-	1	-	5	-	-	-	13
Semi-skilled and discretionary decision making	1	-	-	-	3	-	-	-	4
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
Total	10	-	1	-	12	-	-	-	23
Employees with Disabilities	2	-	-	-	2	-	-	-	4

Table 3.6.6 Disciplinary action for the period 1 April 2019 to 31 March 2020

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Dismissal	2	-	-	-	1	-	-	-	3
No Outcome	15	-	1	-	12	-	2	-	-
Total	17	-	1	-	13	-	2	-	3

Table 3.6.7 Skills development for the period 1 April 2019 to 31 March 2020

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	39	3	7	1	23	2	08	-	83
Professionals	39	1	1	-	40	1	4	-	86
Technicians and associate professionals	87	3	15	2	93	5	11	6	222
Clerks	86	4	19	3	88	1	18	1	220
Service and sales workers	-	-	-	-	4	-	-	-	4
Skilled agriculture and fishery workers	7	1	-	-	-	-	-	-	8
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	6	1	-	-	3	-	-	-	10
Elementary occupations	19	1	1	-	3	-	-	-	24
Total	283	14	46	6	254	9	41	7	660
Employees with disabilities	4	1	2	1	4	-	-	-	12

3.7. Signing of Performance Agreements by SMS Members

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

Table 3.7.1 Signing of Performance Agreements by SMS members as at 31 March 2020

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	-	-
Salary Level 16	-	-	-	-
Salary Level 15	3	1	-	-
Salary Level 14	14	4	-	-
Salary Level 13	30	23	-	-
Total	40	29	-	-



Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as at 31 March 2020

Reasons
New Appointees.
Finalising Job description.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as at 31 March 2020

Reasons
Warning letters issued.

3.8. Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations.

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2018 to 31 March 2019

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	8	282	2.8	177	22,065
Female	13	287	4.5	709	54,524
Asian					
Male	3	44	6.8	105	34,983
Female	6	35	17.1	203	33,780
Coloured					
Male	1	11	9.1	52	51,828
Female	-	12	-	-	-
White					
Male	2	9	22.2	70	34,910
Female	3	12	25	140	46,693
People with disabilities	-	13	-	-	-
Total	36	705	5.1	1455	40,408

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2018 to 31 March 2019

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	-	4	-	-	-	-
Skilled (level 3-5)	2	113	1.8	13.68	6,838	-
Highly skilled production (level 6-8)	17	236	7.2	396.87	23,345	-
Highly skilled supervision (level 9-12)	13	144	9	814.95	62,689	-
Total	32	497	18	1,225.5	92,872	-



Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2018 to 31 March 2019

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related, Permanent	11	186	5.9	504	45,832
Agriculture related, Permanent	-	-	-	-	-
All artisans in the building metal machinery etc., Permanent	-	-	-	-	-
Architects town and traffic planners, Permanent	-	14	-	-	-
Artisan project and related superintendents, Permanent	-	-	-	-	-
Auxiliary and related workers, Permanent	-	3	-	-	-
Bus and heavy vehicle drivers, Permanent	-	1	-	-	-
Cartographic surveying and related technicians, Permanent	-	1	-	-	-
Civil engineering technicians, Permanent	-	1	-	-	-
Cleaners in offices workshops hospitals etc., Permanent	-	23	-	-	-
Client inform clerks (switchboard, reception, inform clerks), Permanent	-	4	-	-	-
Communication and information related, Permanent	-	4	-	-	-
Community development workers, Permanent	1	9	11.1	27	26,875
Computer system designers and analysts., Permanent	1	1	100	18	18,290
Engineering sciences related, Permanent	-	4	-	-	-
Engineers and related professionals, Permanent	2	17	11.8	91	45,472
Finance and economics related, Permanent	1	6	16.7	105	105,453
Financial and related professionals, Permanent	-	2	-	-	-
Financial clerks and credit controllers, Permanent	-	51	-	-	-
Food services aids and waiters, Permanent	-	-	-	-	-
General legal administration & rel. professionals, Permanent	1	2	50	24	24,060
Head of department/chief executive officer, Permanent	-	2	-	-	-
Human resources & organisational development & relate prof, Permanent	-	14	-	-	-
Human resources clerks, Permanent	-	15	-	-	-
Human resources related, Permanent	2	20	10	156	77,844
Information technology related, Permanent	-	4	-	-	-
Inspectors of apprentices works and vehicles, Permanent	-	53	-	-	-
Language practitioners, interpreters & other commun, Permanent	-	-	-	-	-
Legal related, Permanent	-	5	-	-	-
Library mail and related clerks, Permanent	1	11	9.1	9	8,870
Light vehicle drivers, Permanent	2	10	20	14	6,838.00
Logistical support personnel, Permanent	-	2	-	-	-
Material-recording and transport clerks, Permanent	-	8	-	-	-
Messengers porters and deliverers, Permanent	-	4	-	-	-
Other administration & related clerks and organisers, Permanent	7	50	14	233	33,223
Other administrative policy and related officers, Permanent	5	77	6.5	173	34,502
Other information technology personnel, Permanent	-	2	-	-	-
Quantity surveyors & related prof not class elsewhere, Permanent	-	3	-	-	-
Risk management and security services, Permanent	-	3	-	-	-
Secretaries & other keyboard operating clerks, Permanent	1	27	3.7	8	7,992
Senior managers, Permanent	1	22	4.5	94	93,612
Trade labourers, Permanent	-	16	-	-	-
Total					



Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2018 to 31 March 2019

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A		1	25	4	93.61	93,612
Band B		1	5	20	67.39	67,394
Band C		-	1	-	-	-
Band D		-	1	-	-	-
Total	2.00	32	6.3	161.01	80,503	0.40

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 2019 and 31 March 2020

Salary band	1 April 2019		31 March 2020		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	-	-	-	-	-	-
Highly skilled production (Lev. 6-8)	-	-	-	-	-	-
Highly skilled supervision (Lev. 9-12)	-	-	-	-	-	-
Contract (level 9-12)	-	-	-	-	-	-
Contract (level 13-16)	-	-	-	-	-	-
Total	-	-	-	-	-	-

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2019 and 31 March 2020

Major occupation	1 April 2019		31 March 2020		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and Managers	-	-	-	-	-	-
Total	-	-	-	-	-	-

3.10. Leave utilisation

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

Table 3.10.1 Sick leave for the period 1 January 2019 to 31 December 2019

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	12	25	3	0.6	4	6
Skilled (levels 3-5)	1,055	80.7	96	18.5	11	883
Highly skilled production (levels 6-8)	2,018	74.9	195	37.6	10	3,298
Highly skilled supervision (levels 9 -12)	927	74.2	110	21.2	8	2,507
Top and Senior management (levels 13-16)	133	79.7	15	2.9	9	577
Total	4,145	334.5	419	80.8	42	7,271



Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2019 to 31 December 2019

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)
Lower skilled (Levels 1-2)	-	-	-	-	-	-
Skilled (Levels 3-5)	29	100	3	30	10	27
Highly skilled production (Levels 6-8)	157	100	4	40	39	270
Highly skilled supervision (Levels 9-12)	26	100	1	10	26	55
Senior management (Levels 13-16)	4	100	1	10	4	17
Total	216	100	9			

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

Table 3.10.3 Annual Leave for the period 1 January 2019 to 31 December 2019

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	40	3	13
Skilled Levels 3-5)	2,765	122	23
Highly skilled production (Levels 6-8)	5,501	242	23
Highly skilled supervision (Levels 9-12)	3,564	156	23
Senior management (Levels 13-16)	415	21	20
Total			

Table 3.10.4 Capped leave for the period 1 January 2019 to 31 December 2019

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 2018
Lower skilled (Levels 1-2)	-	-	-	-
Skilled (Levels 3-5)	18	3	6	67
Highly skilled production (Levels 6-8)	62	7	9	71
Highly skilled supervision (Levels 9-12)	72	5	14	67
Senior management (Levels 13-16)	-	-	-	73
Total				

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

Table 3.10.5 Leave payouts for the period 1 April 2019 and 31 March 2020

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-outs for 2018/19 due to non-utilisation of leave for the previous cycle	577	26	22,192
Capped leave pay-outs on termination of service for 2018/19	2,520	13	193,846
Current leave pay-outs on termination of service for 2018/19	614	14	43,857
Total	3,711	53	



3.11. HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None.	

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

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Ms. T. Zulu – Senior Manager: Human Resource 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.	Yes		Mrs PZ Mlaba – EWP Practitioner Mr MS Msomi – Administrative Assistant
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Yes		HIV/AIDS & TB Management. Health & Productivity Management. Wellness Management & SHERQ.
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.		No	
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.		No	
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		Condom distribution. HIV/AIDS Testing & counselling.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		Through GEMS Report and employees are encouraged to undergo testing during quarterly Health Screening Sessions. EWP monitors those affected and provides support to them.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		No	

3.12. Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2019 and 31 March 2020

Total number of Collective agreements

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 2019 and 31 March 2020

Outcomes of disciplinary hearings	Number	% of total
Verbal warning	1	3.1
Written warning	1	3.1
Total	2	3.1



Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2019 and 31 March 2020

Type of misconduct	Number	% of total
Fruitless expenditure		
Insolent behaviour		
Failure to comply with transport prescripts		
Misuse of state vehicle		
Total		

Table 3.12.4 Grievances logged for the period 1 April 2019 and 31 March 2020

Grievances	Number	% of Total
Number of grievances resolved	7	50
Number of grievances not resolved	7	50
Total number of grievances lodged	14	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2019 and 31 March 2020

Disputes	Number	% of Total
Number of disputes upheld		
Number of disputes dismissed		
Total number of disputes lodged		

Table 3.12.6 Strike actions for the period 1 April 2019 and 31 March 2020

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2019 and 31 March 2020

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

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 2019 and 31 March 2020

Occupational category	Gender	Number of employees as at 1 April 2019	Training needs identified at start of the reporting period			Total
			Learnerships	Skills Programmes & other short courses	Other forms of training	
Legislators, senior officials and managers	Female	93		<ul style="list-style-type: none"> Financial Management for Non- Financial Managers 	-	93
	Male	55		<ul style="list-style-type: none"> Problem Solving and Decision Making Leadership Course for Middle Managers Advanced Management Development programme Supervisory Skills Ms Project Course Writing Skills Management and Leadership Course EPMDS Workshop People Management Project Management Course Embracing Diversity Chairing Meetings Effectively Performance Management Project KHAEDU Women in Management Legal Compliance Writing Minutes of Meetings Computers Skills Health and Safety Monitoring and Evaluation Effective Management Principles for Junior Managers Ms Office Policy Development Policy Analysis Research and Development Update Prince2 Certificate ITIL Course Advanced Ms Excel Ms Project Organisational Design EDP-Leadership for Good Governance EDP- People Management & Empowerment EDP- Change Management COBIT BAS Problem Solving and Decision Making Leadership Course for Middle Managers Ms PowerPoint Financial Management Contract Management (PFMA) Customer Care Project Facilitation System Analysis and Design Ethics & Values for Senior Managers SAMTRAC Monitoring and Evaluation Presentation Skills Urban Planning Skills Applies Risk Assessment & Identification Risk Response & Monitoring 		55



Occupational category	Gender	Number of employees as at 1 April 2019	Training needs identified at start of the reporting period			Total
			Learnerships	Skills Programmes & other short courses	Other forms of training	
				<ul style="list-style-type: none"> • Advanced Certificate in Governance & Public Leadership • Executive Development Programme • Supply Chain for Public Service • Change Management • Risk Management • IT Security Training • EDP-Financial Management and Budgeting • Executive Development Management Strategic Capability & Leadership 		
Professional	Female	96		<ul style="list-style-type: none"> • Writing Skills 		96
	Male	44		<ul style="list-style-type: none"> • Problem Solving & Decision Making • CISA training & Certificate • Project Management • Risk Management Course • System Analysis & Design • Ms Project • Ms Excel • Advanced SQL Training • ITIL Course • Ms SharePoint • IT Governance • Ms Visio • Office Administration • Customer Care: The Batho Pele Way • Supervisory Skills • Facilitation Skills • Leadership Course for Middle Managers • Embracing Diversity • People Management • EPMDS Workshop • Management and Leadership Course • Chairing Meetings Effectively • N+ Certification • A+ Certification • IT Security Training • Financial Management • Team Building • RPL Advisor • Occupational Health & Safety • Writing minutes • Monitoring & Coaching for the Public Service • HRD Implementation Plan Training • Policy Development • Job Profiling • Strategic Minutes Writing • VISIO • Diversity Management • MTM2 • Leading Innovation in the Public Service • EMDP • AMDP • SCOA • PERSAL Training • BAS Training • Ms PowerPoint • Presentation Skills 		44



Occupational category	Gender	Number of employees as at 1 April 2019	Training needs identified at start of the reporting period			Total
			Learnerships	Skills Programmes & other short courses	Other forms of training	
				<ul style="list-style-type: none"> Public Sector Administration Course Ms Excel Mentoring for Growth Women in Management 		
Technicians and associate professionals	Female	138		<ul style="list-style-type: none"> Supervisory Skills Research 		138
	Male	116		<ul style="list-style-type: none"> Policy Development Project Management Financial Management Records Management Problem Solving and Decision Making Strategic Minute Taking Report Writing Ms Excel Office Administration Executive Personal Assistant course Communication Skills HSAS:18001 Introduction ISO 18001 Implementation ISO 14001 2015 Implementation Facilitation Course Presentation Skills HSS SAMTRAC Public Sector Administration Skills Project KHAEDU Inspection Training Leading Innovation in the Public Service Ethics and Value Training Ethics and Value Training for Senior Managers Ms Project Effective Management Principles for Junior Managers Financial Management for Financial Managers Problem Solving & Decision Making Emotional Intelligence Workshop HSS Chairing Meetings Effectively Minutes Taking Conflict Management Contract Management Developing People Writing skills Occupational Health and Safety (OHS) Leadership Course Risk Management Ms PowerPoint NHBRC Customer Care Monitoring and Evaluation Mentoring for Growth Stress Management Public Speaking PAIA PAJA Communication Skills EPMDS Workshop Embracing Diversity 		116



Occupational category	Gender	Number of employees as at 1 April 2019	Training needs identified at start of the reporting period			Total
			Learnerships	Skills Programmes & other short courses	Other forms of training	
				<ul style="list-style-type: none"> • Policy Analysis • Recruitment and Selection • People Management & Development • Management & Leadership • Property Management • Real Estate • Orientation to Monitoring and Evaluation • Ms word • Applied Risk Assessment & Identification Risk Response • HardCAT • SCOA • Management Development Programme • Advanced Acquisition Management • SCM for Public Service • Introduction to Assets Management • Inventory Management Course 		
Clerks	Female	124		<ul style="list-style-type: none"> • Registry Management • Records Management • Ethics Management • Minutes Taking • Ms PowerPoint • Writing Skills • Problem Solving and decision Making • Ethics and Code of Conduct • Developing People • Ms Excel • Chairing Meetings Effectively • Persal • PAJA • PAIA • Embracing Diversity • Mentoring for Growth • Public Sector Administration course • Facilitation Course • Project Management • Effective Management Principles for Junior Managers • Occupational Health and Safety • Problem Solving and Decision Making • Diversity Management • Photography • Desktop Publishing • Speech Writing • Financial Management • General Administration • Compulsory Induction Programme • HSS • Recruitment and Selection • Supervisory Skills • Effective Management • Customer care: The Batho Pele Way • Ms Excel • Ms Word • Ms Outlook • Governance Decision Making • Women in Management • EPMDS Workshop 		124
	Male	49				49

Occupational category	Gender	Number of employees as at 1 April 2019	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
				<ul style="list-style-type: none"> Financial Management for non-Financial Managers HSS Approvals Conflict Management Chairing Meetings effectively 		
Service and sales workers	Female	1		NEBOSH Certificate in Environmental Management		1
	Male	-				-
Skilled agriculture and fishery workers	Female	-				-
	Male	-				-
Craft and related trades workers	Female	-		<ul style="list-style-type: none"> Bricklayer Plumbing Carpentry Welding 		-
	Male	6				6
Plant and machine operators and assemblers	Female	-				-
	Male	-				-
Elementary occupations	Female	-		<ul style="list-style-type: none"> Bricklayer Plumbing Carpentry 		-
	Male	6				6
Sub Total	Female	452				452
	Male	276				276
Total		728				728

Table 3.13.2 Training provided for the period 1 April 2019 and 31 March 2020

Occupational category	Gender	Number of employees as at 1 April 2019	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	16		<ul style="list-style-type: none"> Compulsory Induction Programme (CIP) 20th Public Sector Trainer's Forum Conference Problem Solving and decision making Embracing diversity Conflict Management Ms Project Theory of Change for Senior Managers Employers Representatives and Chairpersons Asset Management and HardCat Workshop Coaching for Leadership Development Programme and project Management Chairing of meeting effectively 		16
	Male	14				14
Professionals	Female	7		<ul style="list-style-type: none"> National Certificate : Occupationally Directed Education Training and Development Practice (ODETDP) Compulsory Induction Programme (CIP) Ms Excel Ms Word Embracing diversity Ms Project Programme and Project Management Chairing of meeting effectively 		7
	Male	10				10

Occupational category	Gender	Number of employees as at 1 April 2019	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Technicians and associate professionals	Female	17		<ul style="list-style-type: none"> • Compulsory Induction Programme (CIP) • 20th Public Sector Trainer's Forum Conference • Ms Excel • Ms Word • Customer Care – The Batho Pele way • Problem Solving and decision making • Embracing diversity • Ms Project • Ms PowerPoint • Asset Management and HardCat Workshop 		17
	Male	19				19
Clerks	Female	69		<ul style="list-style-type: none"> • National Certificate : Occupationally Directed Education Training and Development Practice (ODETDP) • Compulsory Induction Programme (CIP) • Ms Excel • Ms Word • Registry Management • Customer Care - The Batho Pele way • Problem Solving and decision making • Conflict management • Embracing diversity • ArcGIS Basic : SAQA US : 258636 • Ms Project • Ms PowerPoint • Ms Outlook • Employer Representatives and Chairpersons • Asset Management and HardCat Workshop • Coaching for Leadership Development • Chairing of meeting effectively 		69
	Male	53				53
Service and sales workers	Female	-				-
	Male	-				-
Skilled agriculture and fishery workers	Female	-				-
	Male	-				-
Craft and related trades workers	Female	-		<ul style="list-style-type: none"> • Customer Care - The Batho Pele way • Conflict Management • Electrical 		-
	Male	6				6
Plant and machine operators and assemblers	Female	-		<ul style="list-style-type: none"> • Customer Care - The Batho Pele way • Electrical 		-
	Male	3				3
Elementary occupations	Female	1		<ul style="list-style-type: none"> • Customer Care • Asset Management and HardCat Workshop 		1
	Male	3				3
Sub Total	Female	110				110
	Male	108				108
Total		218				218



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 2019 and 31 March 2020

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

3.15. Utilisation of Consultants

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

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

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2019 and 31 March 2020

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

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2019 and 31 March 2020

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

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2019 and 31 March 2020

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

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

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2019 and 31 March 2020

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



3.16. Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2019 and 31 March 2020

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by Department
Lower skilled (Levels 1-2)	-	-	-	-
Skilled Levels 3-5)	-	-	-	-
Highly skilled production (Levels 6-8)	-	-	-	-
Highly skilled supervision (Levels 9-12)	-	-	-	-
Senior management (Levels 13-16)	-	-	-	-
Total	-	-	-	-



KWAZULU-NATAL PROVINCE

HUMAN SETTLEMENTS

REPUBLIC OF SOUTH AFRICA



PART E:
FINANCIAL INFORMATION
VOTE 8



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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Department of Human Settlements set out on pages 168 to 231, which comprise the appropriation statement, the statement of financial position as at 31 March 2020, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Human Settlements as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2019 (Act No.16 of 2019) (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the department in accordance with sections 290 and 291 of the *Code of Ethics for Professional Accountants* and parts 1 and 3 of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matter

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

Unaudited supplementary schedules

7. The supplementary information set out on pages 232 to 242 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 accounting officer for the financial statements

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

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

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

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the department enabled service delivery. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for programme 3: housing development presented in the annual performance report of the department for the year ended 31 March 2020.



14. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
15. I did not raise any material findings on the usefulness and reliability of the reported information for the selected programme.

Other matters

16. I draw attention to the matters below.

Achievement of planned targets

17. The annual performance report on pages 48 to 96 sets out information on the achievement of planned targets for the year and explanations provided for the under and over-achievement of a significant number of targets.

Adjustment of a material misstatement

18. I identified a material misstatement in the annual performance report submitted for auditing. This material misstatement was on the reported performance information for the housing development programme. As management subsequently corrected the misstatement, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the department's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
20. The material findings on compliance with specific matters in key legislation are as follows:

Expenditure management

21. Effective and appropriate steps were not taken to prevent unauthorised expenditure of R3,43 million, as disclosed in note 9 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1.

Procurement and contract management

22. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and treasury regulations 8.1 and 8.2.



Other information

23. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported on in this auditor's report.
24. My opinion on the financial statements, reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
25. In connection with my audit, my responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
26. The other information I obtained prior to the date of this auditor's report is the report of the accounting officer. The foreword of the Member of Executive Council (MEC) and the report of the audit committee's report is expected to be made available to me after 30 September 2020.
27. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.
28. When I do receive and read the foreword of the MEC and the report of the audit committee's report, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
30. Senior management did not exercise effective monitoring of related internal controls to achieve compliance with applicable legislation.

Other reports

31. I draw attention to the following engagements conducted that had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or findings on compliance with legislation.

32. Three investigations were conducted by the shared forensic audit unit for provincial departments covering the period March 2010 to March 2020. These investigations related to procurement irregularities and alleged fraud and corruption. Two investigations were still in progress as at year-end and one was completed. Recommendations from the completed investigation are in the process of being implemented.

Auditor - General

Pietermaritzburg

30 September 2020



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Appropriation per programme									
Programme	2019/20					2018/19			
	Adjusted Appropriation R'000	Post Adjustments / Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
1. Administration	248,686	-	(17,096)	231,590	231,590	-	100.0	227,193	227,193
2. Housing Needs, Research and Planning	18,275	-	(1,199)	17,076	17,076	-	100.0	17,328	17,328
3. Housing Development	3,804,903	25,500	18,295	3,848,698	3,765,984	82,714	97.9	3,353,919	3,305,378
4. Housing Asset Management, Property Management	177,468	73,000	-	250,468	246,709	3,759	98.5	186,639	184,730
Total	4,249,332	98,500	-	4,347,832	4,261,359	86,473	98.0	3,785,079	3,734,629
TOTAL (brought forward)				4,347,832				3,785,079	
Reconciliation with statement of financial performance									
Add									
Departmental receipts				21,085				45,806	
Actual amounts per statement of financial performance (total revenue)				4,368,917				3,830,885	
Actual amounts per statement of financial performance (total expenditure)					4,261,359				3,734,629

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Economic classification	Appropriation per economic classification									
	2019/20					2018/19				
	Adjusted Appropriation R'000	Post Adjustments / Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000	
Current payments	560,121	150	(27,614)	532,657	522,971	9,686	98.2	517,866	514,818	
Compensation of employees	347,621	-	(13,052)	334,569	334,569	-	100.0	324,867	320,699	
Salaries and wages	311,325	-	(10,448)	300,877	301,006	(129)	100.0	289,446	285,184	
Social contributions	36,296	-	(2,604)	33,692	33,563	129	99.6	35,421	35,515	
Goods and services	212,500	150	(14,562)	198,088	188,402	9,686	95.1	192,766	193,886	
Administrative fees	1,333	-	16	1,349	1,127	222	83.5	924	933	
Advertising	5,202	-	(822)	4,380	3,172	1,208	72.4	649	645	
Minor assets	453	150	(16)	587	605	(18)	103.1	863	842	
Audit costs: External	4,891	-	-	4,891	5,438	(547)	111.2	6,500	6,500	
Bursaries: Employees	220	-	-	220	284	(64)	129.1	100	201	
Catering: Departmental activities	5,032	-	(109)	4,923	5,243	(320)	106.5	4,044	3,954	
Communication (G&S)	4,774	-	(55)	4,719	4,848	(129)	102.7	4,815	4,786	
Computer services	15,526	-	(3,957)	11,569	11,710	(141)	101.2	13,443	13,443	
Consultants: Business and advisory services	8,780	-	24	8,804	15,165	(6,361)	172.3	9,787	9,882	
Infrastructure and planning services	54,132	-	-	54,132	44,588	9,544	82.4	50,978	50,979	
Laboratory services	-	-	-	-	-	-	-	-	-	
Scientific and technological services	-	-	-	-	-	-	-	-	-	
Legal services	5,282	-	-	5,282	1,840	3,442	34.8	3,262	3,423	
Contractors	12,002	-	(2,382)	9,620	4,164	5,456	43.3	6,377	6,376	
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-	
Entertainment	-	-	-	-	-	-	-	-	-	
Fleet services	6,420	-	-	6,420	6,433	(13)	100.2	6,746	6,607	
Housing	-	-	-	-	-	-	-	-	-	
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	-	
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-	
Inventory: Food and food supplies	-	-	-	-	-	-	-	-	-	
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-	
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-	
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-	
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-	

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Economic classification	Appropriation per economic classification									
	2019/20					2018/19				
	Adjusted Appropriation	Post Adjustments / Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Inventory: Medicine	-	-	-	-	-	-	-	-	-	
Medas Inventory Interface	-	-	-	-	-	-	-	-	-	
Inventory: Other supplies	-	-	-	-	-	-	-	-	-	
Consumable supplies	1,834	-	531	2,365	2,612	(247)	110.4	2,278	2,308	
Consumable: Stationery, printing and office supplies	1,364	-	-	1,364	894	470	65.5	1,498	1,476	
Operating leases	28,096	-	-	28,096	28,664	(568)	102.0	26,121	27,193	
Property payments	26,213	-	(905)	25,308	25,439	(131)	100.5	31,013	30,830	
Transport provided: Departmental activity	1,042	-	-	1,042	955	87	91.7	635	590	
Travel and subsistence	15,375	-	(1,803)	13,572	13,377	195	98.6	15,014	15,322	
Training and development	7,011	-	(947)	6,064	4,958	1,106	81.8	3,562	3,562	
Operating payments	4,207	-	(3,235)	972	816	156	84.0	927	954	
Venues and facilities	-	-	-	-	140	(140)	-	1	-	
Rental and hiring	3,311	-	(902)	2,409	5,930	(3,521)	246.2	3,229	3,080	
Interest and rent on land	-	-	-	-	-	-	-	233	233	
Interest	-	-	-	-	-	-	-	233	233	
Rent on land	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	3,675,255	98,500	24,348	3,798,103	3,721,070	77,033	98.0	3,247,854	3,201,974	
Provinces and municipalities	109,069	-	-	109,069	86,069	23,000	78.9	198,516	193,813	
Provinces	130	-	-	130	95	35	73.1	150	149	
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-	
Provincial agencies and funds	130	-	-	130	95	35	73.1	150	149	
Municipalities	108,939	-	-	108,939	85,974	22,965	78.9	198,366	193,664	
Municipal bank accounts	108,939	-	-	108,939	85,974	22,965	78.9	198,366	193,664	
Municipal agencies and funds	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	177,468	73,000	-	250,468	245,826	4,642	98.1	186,639	184,730	
Social security funds	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	177,468	73,000	-	250,468	245,826	4,642	98.1	186,639	184,730	
Higher education institutions	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Appropriation per economic classification									
	2019/20					2018/19			
	Adjusted Appropriation R'000	Post Adjustments / Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	50	-	-	50	50	-	100.0	-	-
Households	3,388,668	25,500	24,348	3,438,516	3,389,125	49,391	98.6	2,862,699	2,823,431
Social benefits	2,632	-	55	2,687	2,901	(214)	108.0	4,492	4,450
Other transfers to households	3,386,036	25,500	24,293	3,435,829	3,386,224	49,605	98.6	2,858,207	2,818,981
Payments for capital assets	13,956	(150)	3,201	17,007	17,253	(246)	101.4	19,359	17,837
Buildings and other fixed structures	9,175	-	3,201	12,376	13,129	(753)	106.1	15,432	15,432
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	9,175	-	3,201	12,376	13,129	(753)	106.1	15,432	15,432
Machinery and equipment	4,781	(150)	-	4,631	4,124	507	89.1	3,927	2,405
Transport equipment	1,050	-	-	1,050	1,045	5	99.5	550	451
Other machinery and equipment	3,731	(150)	-	3,581	3,079	502	86.0	3,377	1,954
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	65	65	65	-	100.0	-	-
Total	4,249,332	98,500	-	4,347,832	4,261,359	86,473	98.0	3,785,079	3,734,629

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Programme 1: Administration										
	2019/20					2018/19				
	Adjusted Appropriation	Post Adjustments / Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
Sub-programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
1. Corporate Services	248,686	-	(17,096)	231,590	231,590	-	100.0	227,193	227,193	
Total for sub-programme	248,686	-	(17,096)	231,590	231,590	-	100.0	227,193	227,193	
Economic classification										
Current payments	241,881	150	(17,024)	224,827	225,219	(392)	100.2	222,167	223,117	
Compensation of employees	146,887	-	(7,028)	139,859	139,859	-	100.0	135,347	135,347	
Salaries and wages	125,873	-	(5,061)	120,812	120,812	-	100.0	113,851	113,623	
Social contributions	21,014	-	(1,967)	19,047	19,047	-	100.0	21,496	21,724	
Goods and services	94,994	150	(10,176)	84,968	85,360	(392)	100.5	86,820	87,770	
Administrative fees	394	-	-	394	244	150	61.9	247	257	
Advertising	2,636	-	(827)	1,809	1,329	480	73.5	238	296	
Minor assets	219	150	-	369	363	6	98.4	591	591	
Audit costs: External	4,891	-	-	4,891	5,438	(547)	111.2	6,500	6,500	
Bursaries: Employees	220	-	-	220	284	(64)	129.1	100	201	
Catering: Departmental activities	159	-	-	159	196	(37)	123.3	191	102	
Communication (G&S)	3,861	-	(55)	3,806	3,760	46	98.8	3,801	3,801	
Computer services	15,526	-	(3,957)	11,569	11,710	(141)	101.2	13,156	13,156	
Consultants: Business and advisory services	230	-	-	230	166	64	72.2	120	120	
Infrastructure and planning services	-	-	-	-	-	-	-	-	-	
Laboratory services	-	-	-	-	-	-	-	-	-	
Scientific and technological services	-	-	-	-	-	-	-	-	-	
Legal services	1,582	-	-	1,582	1,044	538	66.0	2,900	3,060	
Contractors	311	-	-	311	325	(14)	104.5	273	273	
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-	
Entertainment	-	-	-	-	-	-	-	-	-	
Fleet services	5,918	-	-	5,918	5,924	(6)	100.1	6,183	6,183	
Housing	-	-	-	-	-	-	-	-	-	
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	-	-	
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-	
Inventory: Food and food supplies	-	-	-	-	-	-	-	-	-	
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-	

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Programme 1: Administration									
Sub-programme	2019/20					2018/19			
	Adjusted Appropriation R'000	Post Adjustments / Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	352	-	534	886	1,506	(620)	170.0	533	562
Consumable: Stationery, printing and office supplies	1,205	-	-	1,205	873	332	72.4	1,442	1,420
Operating leases	28,096	-	-	28,096	28,664	(568)	102.0	26,121	27,193
Property payments	19,388	-	(815)	18,573	18,573	-	100.0	18,684	18,509
Transport provided: Departmental activity	42	-	-	42	42	-	100.0	-	-
Travel and subsistence	4,803	-	(1,072)	3,731	3,731	-	100.0	3,990	3,947
Training and development	1,458	-	(833)	625	635	(10)	101.6	986	986
Operating payments	3,700	-	(3,151)	549	549	-	100.0	612	612
Venues and facilities	-	-	-	-	-	-	-	1	-
Rental and hiring	3	-	-	3	4	(1)	133.3	151	1
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2,458	-	55	2,513	2,478	35	98.6	1,798	1,797
Provinces and municipalities	130	-	-	130	95	35	73.1	150	149
Provinces	130	-	-	130	95	35	73.1	150	149
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	130	-	-	130	95	35	73.1	150	149
Municipalities	-	-	-	-	-	-	-	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Programme 1: Administration									
	2019/20					2018/19			
	Adjusted Appropriation	Post Adjustments / Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Sub-programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2,328	-	55	2,383	2,383	-	100.0	1,648	1,648
Social benefits	1,877	-	55	1,932	1,951	(19)	101.0	1,311	1,360
Other transfers to households	451	-	-	451	432	19	95.8	337	288
Payments for capital assets	4,347	(150)	-	4,197	3,840	357	91.5	3,228	2,279
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	4,347	(150)	-	4,197	3,840	357	91.5	3,228	2,279
Transport equipment	1,050	-	-	1,050	1,045	5	99.5	550	451
Other machinery and equipment	3,297	(150)	-	3,147	2,795	352	88.8	2,678	1,828
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	53	53	53	-	100.0	-	-
Total	248,686	-	(17,096)	231,590	231,590	-	100.0	227,193	227,193

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Sub-programme: 1.1 Corporate Services									
	2019/20					2018/19			
	Adjusted Appropriation	Post Adjustments / Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification	241,881	150	(17,204)	224,827	225,219	(392)	100.2	222,167	223,117
Current payments	146,887	-	(7,028)	139,859	139,859	-	100.0	135,347	135,347
Goods and services	94,994	150	(10,176)	84,968	85,360	(392)	100.5	86,820	87,770
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2,458	-	55	2,513	2,478	35	98.6	1,798	1,797
Provinces and municipalities	130	-	-	130	95	35	73.1	150	149
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2,328	-	55	2,383	2,383	-	100.0	1,648	1,648
Payments for capital assets	4,347	(150)	-	4,197	3,840	357	91.5	3,228	2,279
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	4,347	(150)	-	4,197	3,840	357	91.5	3,228	2,279
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	53	53	53	-	100.0	-	-
Total	248,686	-	(17,096)	231,590	231,590	-	100.0	227,193	227,193

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Programme 2: Housing Needs, Research and Planning									
	2019/20			2018/19					
	Adjusted Appropriation	Post Adjustments / Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Sub-programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration	451	-	(53)	398	398	-	100.0	377	377
2. Policy	4,352	-	(566)	3,786	3,786	-	100.0	4,048	4,048
3. Planning	3,759	-	(467)	3,292	3,292	-	100.0	4,179	4,179
4. Research	9,713	-	(113)	9,600	9,600	-	100.0	8,724	8,724
Total for sub-programmes	18,275	-	(1,199)	17,076	17,076	-	100.0	17,328	17,328
Economic classification									
Current payments	18,259	-	(1,220)	17,039	17,044	(5)	100.0	16,837	16,837
Compensation of employees	14,903	-	(886)	14,017	14,017	-	100.0	13,901	13,901
Salaries and wages	12,731	-	(624)	12,107	12,167	(60)	100.5	12,074	12,074
Social contributions	2,172	-	(262)	1,910	1,850	60	96.9	1,827	1,827
Goods and services	3,356	-	(334)	3,022	3,027	(5)	100.2	2,703	2,703
Administrative fees	117	-	16	133	119	14	89.5	53	53
Advertising	20	-	5	25	32	(7)	128.0	17	17
Minor assets	41	-	(10)	31	42	(11)	135.5	14	14
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	2,002	-	(109)	1,893	1,910	(17)	100.9	1,505	1,505
Communication (G&S)	-	-	-	-	-	-	-	-	-
Computer services	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	-	-	24	24	24	-	100.0	79	79
Infrastructure and planning services	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	-	-
Contractors	-	-	-	-	-	-	-	-	-
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Programme 2: Housing Needs, Research and Planning									
	2019/20					2018/19			
	Adjusted Appropriation R'000	Post Adjustments / Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual expenditure R'000
Sub-programme									
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medasas Inventory Interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	(3)	8	31	(23)	387.5	55	55
Consumable supplies	11	-	-	21	2	19	9.5	45	45
Consumable: Stationery, printing and office supplies	21	-	-	-	-	-	-	-	-
Operating leases	-	-	-	-	-	-	-	-	-
Property payments	-	-	-	-	-	-	-	-	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	36	36
Travel and subsistence	1,012	-	(143)	869	799	70	91.9	862	862
Training and development	114	-	(114)	-	-	-	-	-	-
Operating payments	18	-	-	18	-	18	-	5	5
Venues and facilities	-	-	-	-	-	-	-	-	-
Rental and hiring	-	-	-	-	68	(68)	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	233	233
Interest	-	-	-	-	-	-	-	233	233
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies									
Provinces and municipalities	-	-	21	21	21	-	100.0	481	481
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Programme 2: Housing Needs, Research and Planning									
	2019/20					2018/19			
	Adjusted Appropriation	Post Adjustments / Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Sub-programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Departmental agencies	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	21	21	21	-	100.0	481	481
Social benefits	-	-	-	-	-	-	-	481	481
Other transfers to households	-	-	21	21	21	-	100.0	-	-
Payments for capital assets	16	-	-	16	11	5	68.8	10	10
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	16	-	-	16	11	5	68.8	10	10
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	16	-	-	16	11	5	68.8	10	10
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	(1,199)	17,076	17,076	-	-	17,328	-
Total	18,275	-	(1,199)	17,076	17,076	-	100.0	17,328	17,328

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Sub-programme: 2.1 Administration									
	2019/20					2018/19			
	Adjusted Appropriation R'000	Post Adjustments / Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual expenditure R'000
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	451	-	(53)	398	398	-	100.0	377	377
Compensation of employees	411	-	(13)	398	398	-	100.0	376	376
Goods and services	40	-	(40)	-	-	-	-	1	1
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	451	-	(53)	398	398	-	100.0	377	377

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Sub-programme: 2.2 Policy									
Economic classification	2019/20					2018/19			
	Adjusted Appropriation R'000	Post Adjustments / Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	4,342	-	(566)	3,776	3,781	(5)	100.1	4,048	4,048
Compensation of employees	4,223	-	(516)	3,707	3,707	-	100.0	3,953	3,953
Goods and services	119	-	(50)	69	74	(5)	107.2	95	95
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	10	-	-	10	5	5	50.0	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	10	-	-	10	5	5	50.0	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	4,352	-	(566)	3,786	3,786	-	100.0	4,048	4,048

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Sub-programme: 2.3 Planning									
	2019/20					2018/19			
	Adjusted Appropriation R'000	Post Adjustments / Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Economic classification									
Current payments	3,759	-	(467)	3,292	3,292	-	100.0	3,688	3,688
Compensation of employees	3,629	-	(512)	3,117	3,117	-	100.0	3,311	3,311
Goods and services	130	-	45	175	175	-	100.0	144	144
Interest and rent on land	-	-	-	-	-	-	-	233	233
Transfers and subsidies	-	-	-	-	-	-	-	481	481
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	481	481
Payments for capital assets	-	-	-	-	-	-	-	10	10
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	10	10
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	3,759	-	(467)	3,292	3,292	-	100.0	4,179	4,179

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Sub-programme: 2.4 Research									
Economic classification	2019/20					2018/19			
	Adjusted Appropriation R'000	Post Adjustments / Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	9,707	-	(134)	9,573	9,573	-	100.0	8,724	8,724
Compensation of employees	6,640	-	155	6,795	6,795	-	100.0	6,261	6,261
Goods and services	3,067	-	(289)	2,778	2,778	-	100.0	2,463	2,463
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	21	21	21	-	100.0	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	21	21	21	-	100.0	-	-
Payments for capital assets	6	-	-	6	6	-	100.0	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	6	-	-	6	6	-	100.0	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	9,713	-	(113)	9,600	9,600	-	100.0	8,724	8,724

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Programme 3: Housing Development									
	2019/20					2018/19			
	Adjusted Appropriation	Post Adjustments / Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Sub-programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration	94,466	-	(3,768)	90,698	90,698	-	100.0	89,605	89,605
2. Financial Interventions	446,021	-	69,263	515,284	515,234	50	100.0	500,659	501,981
3. Incremental Interventions	1,724,978	-	(94,190)	1,630,788	1,544,693	86,095	94.7	1,212,409	1,161,959
4. Social and Rental Interventions	190,000	-	(70,241)	119,759	119,759	-	100.0	109,156	109,156
5. Rural Interventions	1,349,438	25,500	117,231	1,492,169	1,495,600	(3,431)	100.2	1,442,090	1,442,677
Total for sub-programmes	3,804,903	25,500	18,295	3,848,698	3,765,984	82,714	97.9	3,353,919	3,305,378
Economic classification									
Current payments	299,981	-	(9,190)	290,791	280,708	10,083	96.5	278,862	274,864
Compensation of employees	185,831	-	(5,138)	180,693	180,693	-	100.0	175,619	171,451
Salaries and wages	172,721	-	(4,763)	167,958	168,027	(69)	100.0	163,521	159,487
Social contributions	13,110	-	(375)	12,735	12,666	69	99.5	12,098	11,964
Goods and services	114,150	-	(4,052)	110,098	100,015	10,083	90.8	103,243	103,413
Administrative fees	822	-	-	822	764	58	92.9	624	623
Advertising	2,546	-	-	2,546	1,811	735	71.1	394	332
Minor assets	193	-	(6)	187	200	(13)	107.0	258	237
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	2,871	-	-	2,871	3,137	(266)	109.3	2,348	2,347
Communication (G&S)	913	-	-	913	1,088	(175)	119.2	1,014	985
Computer services	-	-	-	-	-	-	-	255	255
Consultants: Business and advisory services	8,550	-	-	8,550	14,975	(6,425)	175.1	9,588	9,683
Infrastructure and planning services	54,132	-	-	54,132	44,588	9,544	82.4	50,978	50,979
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	3,700	-	-	3,700	796	2,904	21.5	362	363
Contractors	11,691	-	(2,382)	9,309	3,839	5,470	41.2	6,104	6,103
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services	502	-	-	502	509	(7)	101.4	563	424
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Programme 3: Housing Development									
Sub-programme	2019/20					2018/19			
	Adjusted Appropriation R'000	Post Adjustments / Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	1,471	-	-	1,471	1,075	396	73.1	1,690	1,691
Consumable: Stationery, printing and office supplies	138	-	-	138	19	119	13.8	11	11
Operating leases	-	-	-	-	-	-	-	-	-
Property payments	6,825	-	(90)	6,735	6,866	(131)	101.9	12,329	12,321
Transport provided: Departmental activity	1,000	-	-	1,000	913	87	91.3	599	554
Travel and subsistence	9,560	-	(588)	8,972	8,847	125	98.6	10,162	10,513
Training and development	5,439	-	-	5,439	4,323	1,116	79.5	2,576	2,576
Operating payments	489	-	(84)	405	267	138	65.9	310	337
Venues and facilities	-	-	-	-	140	(140)	-	-	-
Rental and hiring	3,308	-	(902)	2,406	5,858	(3,452)	243.5	3,078	3,079
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	3,495,329	25,500	24,272	3,545,101	3,472,745	72,356	98.0	3,058,936	3,014,966
Provinces and municipalities	108,939	-	-	108,939	85,974	22,965	78.9	198,366	193,664
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	108,939	-	-	108,939	85,974	22,965	78.9	198,366	193,664
Municipal bank accounts	108,939	-	-	108,939	85,974	22,965	78.9	198,366	193,664
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and ac- counts	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Programme 3: Housing Development									
	2019/20					2018/19			
	Adjusted Appropriation	Post Adjustments / Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Sub-programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	50	-	-	50	50	-	100.0	-	-
Households	3,386,340	25,500	24,272	3,436,112	3,386,721	49,391	98.6	2,860,570	2,821,302
Social benefits	755	-	-	755	950	(195)	125.8	2,700	2,609
Other transfers to households	3,385,585	25,500	24,272	3,435,357	3,385,771	49,586	98.6	2,857,870	2,818,693
Payments for capital assets	9,593	-	3,201	12,974	12,519	275	97.9	16,121	15,548
Buildings and other fixed structures	9,175	-	3,201	12,376	12,376	-	100.0	15,432	15,432
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	9,175	-	3,201	12,376	12,376	-	100.0	15,432	15,432
Machinery and equipment	418	-	-	418	143	275	34.2	689	116
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	418	-	-	418	143	275	34.2	689	116
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	12	12	12	-	100.0	-	-
Total	3,804,903	25,500	18,295	3,848,698	3,765,984	82,714	97.9	3,353,919	3,305,378

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Sub-programme: 3.1 Administration									
Economic classification	2019/20					2018/19			
	Adjusted Appropriation R'000	Post Adjustments / Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	93,883	-	(3,780)	90,103	90,098	5	100.0	86,878	87,111
Compensation of employees	87,783	-	(3,102)	84,681	84,681	-	100.0	81,448	81,528
Goods and services	6,100	-	(678)	5,422	5,417	5	99.9	5,430	5,583
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	396	-	-	396	548	(152)	138.4	2,469	2,469
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	396	-	-	396	548	(152)	138.4	2,469	2,469
Payments for capital assets	187	-	-	187	40	147	21.4	258	25
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	187	-	-	187	40	147	21.4	258	25
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	12	12	12	-	100.0	-	-
Total	94,466	-	(3,768)	90,698	90,698	-	100.0	89,605	89,605

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Sub-programme: 3.2 Financial Interventions											
	2019/20						2018/19				
	Adjusted Appropriation	Post Adjustments / Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Economic classification	178,566	-	(5,410)	173,156	163,565	9,591	94.5	191,984	187,753		
Current payments	91,378	-	(2,280)	89,098	89,098	-	100.0	94,171	89,923		
Goods and services	87,188	-	(3,130)	84,058	74,467	9,591	88.6	97,813	97,830		
Interest and rent on land	-	-	-	-	-	-	-	-	-		
Transfers and subsidies	258,049	-	71,472	329,521	339,190	(9,669)	102.9	292,812	298,705		
Provinces and municipalities	48,589	-	-	48,589	18,137	30,452	37.3	118,366	113,664		
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-		
Higher education institutions	-	-	-	-	-	-	-	-	-		
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-		
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-		
Non-profit institutions	50	-	-	50	50	-	100.0	-	-		
Households	209,410	-	71,472	280,882	321,003	(40,121)	114.3	174,446	185,041		
Payments for capital assets	9,406	-	3,201	12,607	12,479	128	99.0	15,863	15,523		
Buildings and other fixed structures	9,175	-	3,201	12,376	12,376	-	100.0	15,432	15,432		
Machinery and equipment	231	-	-	231	103	128	44.6	431	91		
Heritage assets	-	-	-	-	-	-	-	-	-		
Specialised military assets	-	-	-	-	-	-	-	-	-		
Biological assets	-	-	-	-	-	-	-	-	-		
Land and subsoil assets	-	-	-	-	-	-	-	-	-		
Software and other intangible assets	-	-	-	-	-	-	-	-	-		
Payments for financial assets	446,021	-	69,263	515,284	515,234	50	100.0	500,659	501,981		
Total	446,021	-	69,263	515,284	515,234	50	100.0	500,659	501,981		

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Sub-programme: 3.3 Incremental Interventions									
	2019/20					2018/19			
	Adjusted Appropriation	Post Adjustments / Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	27,532	-	-	27,532	27,045	487	98.2	-	-
Compensation of employees	6,670	-	244	6,914	6,914	-	100.0	-	-
Goods and services	20,862	-	(244)	20,618	20,131	487	97.6	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1,697,446	-	(94,190)	1,603,256	1,517,648	85,608	94.7	1,212,409	1,161,959
Provinces and municipalities	60,350	-	-	60,350	67,837	(7,487)	112.4	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1,637,096	-	(94,190)	1,542,906	1,449,811	93,095	94.0	1,212,409	1,161,959
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	1,724,978	-	(94,190)	1,630,788	1,544,693	86,095	94.7	1,212,409	1,161,959

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Sub-programme: 3.4 Social and Rental Interventions									
	2019/20					2018/19			
	Adjusted Appropriation	Post Adjustments / Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation		
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	190,000	-	(70,241)	119,759	119,759	-	100.0	109,156	109,156
Provinces and municipalities	-	-	-	-	-	-	-	80,000	80,000
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	190,000	-	(70,241)	119,759	119,759	-	100.0	29,156	29,156
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	190,000	-	(70,241)	119,759	119,759	-	100.0	109,156	109,156

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Sub-programme: 3.5 Rural Interventions									
Economic classification	2019/20					2018/19			
	Adjusted Appropriation R'000	Post Adjustments / Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1,349,438	25,500	117,231	1,492,169	1,495,600	(3,431)	100.2	1,442,090	1,442,677
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1,349,438	25,500	117,231	1,492,169	1,495,600	(3,431)	100.2	1,442,090	1,442,677
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	1,349,438	25,500	117,231	1,492,169	1,495,600	(3,431)	100.2	1,442,090	1,442,677

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Programme 4: Housing Asset Management, Property Management									
Sub-programme	2019/20					2018/19			
	Adjusted Appropriation R'000	Post Adjustments / Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
1. Administration	47,106	-	(2,500)	44,606	42,534	2,072	95.4	42,405	41,501
2. Sale and Transfer of Housing Properties	54,662	-	12,096	66,758	64,188	2,570	96.2	59,950	58,189
3. Housing Properties Maintenance	75,700	73,000	(9,596)	139,104	139,987	(883)	100.6	84,284	85,040
Total for sub-programmes	177,468	73,000	-	250,468	246,709	3,759	98.5	186,639	184,730
Economic classification									
Current payments									
Compensation of employees	-	-	-	-	-	-	-	-	-
Salaries and wages	-	-	-	-	-	-	-	-	-
Social contributions	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Administrative fees	-	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-	-
Minor assets	-	-	-	-	-	-	-	-	-
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	-	-	-	-	-	-	-	-	-
Communication	-	-	-	-	-	-	-	-	-
Computer services	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	-	-	-	-	-	-	-	-	-
Infrastructure and planning services	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	-	-
Contractors	-	-	-	-	-	-	-	-	-
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Programme 4: Housing Asset Management, Property Management									
Sub-programme	Adjusted Appropriation	Post Adjustments / Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	-	-	-	-	-	-	-	-	-
Consumable: Stationery, printing and office supplies	-	-	-	-	-	-	-	-	-
Operating leases	-	-	-	-	-	-	-	-	-
Property payments	-	-	-	-	-	-	-	-	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	-	-	-	-	-	-	-	-	-
Training and development	-	-	-	-	-	-	-	-	-
Operating payments	-	-	-	-	-	-	-	-	-
Venues and facilities	-	-	-	-	-	-	-	-	-
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	177,468	73,000	-	250,468	245,826	4,642	98.1	186,639	184,730
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	177,468	73,000	-	250,468	245,826	4,642	98.1	186,639	184,730
Social security funds	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Programme 4: Housing Asset Management, Property Management									
Sub-programme	2019/20					2018/19			
	Adjusted Appropriation R'000	Post Adjustments / Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Departmental agencies	177,468	73,000	-	250,468	245,826	4,642	98.1	186,639	184,730
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Social benefits	-	-	-	-	-	-	-	-	-
Other transfers to households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	883	(883)	-	-	-
Buildings and other fixed structures	-	-	-	-	753	(753)	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	753	(753)	-	-	-
Machinery and equipment	-	-	-	-	130	(130)	-	-	-
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	-	-	-	-	130	(130)	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	177,468	73,000	-	250,468	246,706	3,759	98.5	186,639	184,730

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Sub-programme: 4.1 Administration									
	2019/20					2018/19			
	Adjusted Appropriation	Post Adjustments / Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	47,106	-	(2,500)	44,606	42,534	2,072	95.4	42,405	41,501
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	47,106	-	(2,500)	44,606	42,534	2,072	95.4	42,405	41,501
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	47,106	-	(2,500)	44,606	42,534	2,072	95.4	42,405	41,501

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Sub-programme: 4.2 Sale and Transfer of Housing Properties									
	2019/20					2018/19			
	Adjusted Appropriation	Post Adjustments / Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	54,662	-	12,096	66,758	64,188	2,570	96.2	59,950	58,189
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	54,662	-	12,096	66,758	64,188	2,570	96.2	59,950	58,189
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	54,662	-	12,096	66,758	64,188	2,570	96.2	59,950	58,189

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Sub-programme: 4.3 Housing Properties Maintenance									
Economic classification	2019/20					2018/19			
	Adjusted Appropriation R'000	Post Adjustments / Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	75,700	73,000	(9,596)	139,104	139,104	-	100.0	84,284	85,040
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	75,700	73,000	(9,596)	139,104	139,104	-	100.0	84,284	85,040
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	883	(883)	-	-	-
Buildings and other fixed structures	-	-	-	-	753	(753)	-	-	-
Machinery and equipment	-	-	-	-	130	(130)	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	75,700	73,000	(9,596)	139,104	139,987	(883)	100.6	84,284	85,040

NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020**1. Detail of transfers and subsidies as per Appropriation Act (after Virement):**

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

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

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

3. Detail on payments for financial assets

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

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

4.1. Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Programme 1: Administration	231,590	231,590	-	-
Programme 2: Housing Needs, Research and Planning	17,076	17,076	-	-
Programme 3: Housing Development	3,848,698	3,765,984	82,714	2.1

Explanation of variance: This programme under spent mainly in respect of the Provincial Emergency Housing grant (PEHG) due to the fact that the SCM processes were prolonged as there was no response on the initial tender process which commenced in May 2019. As a result, the department then established a database for a three-year period and a service provider was selected from this database and commenced work in November 2019 and has been operating at full capacity since. The department has requested these funds for roll-over to 2020/21.

Programme 4: Housing Asset Management, Property Management	250,468	246,709	3,759	1.5
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Explanation of variance: This programme under spent mainly from vacant posts such as Control Works Inspector, Senior Admin Officer, General Worker, etc. due to natural attrition and retirement. Also, there were savings in respect of TDRG due to delays in the issuing of rate clearance certificates by municipalities, as well as the township establishment processes which was taking longer than anticipated. These delays resulted in delays in the issuing of the title deeds.

NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

4.2. Per economic classification	Final	Actual	Variance	Variance as
	Appropriation	Expenditure		a % of Final
	R'000	R'000	R'000	%
Current payments	532,657	522,971	9,686	2
Compensation of employees	334,569	334,569	-	-
Goods and services	198,088	188,402	9,686	5
Interest and rent on land	-	-	-	-
Transfers and subsidies	3,798,103	3,721,070	77,033	2
Provinces and municipalities	109,069	86,069	23,000	21
Departmental agencies and accounts	250,468	245,826	4,642	2
Higher education institutions	-	-	-	-
Public corporations and private enterprises	-	-	-	-
Foreign governments and international organisations	-	-	-	-
Non-profit institutions	50	50	-	-
Households	3,438,516	3,389,125	49,391	1
Payments for capital assets	17,007	17,253	(246)	(1)
Buildings and other fixed structures	12,376	13,129	(753)	(6)
Machinery and equipment	4,631	4,124	507	11
Heritage assets	-	-	-	-
Specialised military assets	-	-	-	-
Biological assets	-	-	-	-
Land and subsoil assets	-	-	-	-
Software and other intangible assets	-	-	-	-
Payments for financial assets	65	65	-	-
Total	4,347,832	4,261,359	86,473	2

Explanation of variance: This programme under spent mainly in respect of the Provincial Emergency Housing grant (PEHG) due to the fact that the SCM processes were prolonged as there was no response on the initial tender process which commenced in May 2019. As a result, the department then established a database for a three-year period and a service provider was selected from this database and commenced work in November 2019 and has been operating at full capacity since. The department has requested these funds for roll-over to 2020/21

4.3 Per conditional grant	Final	Actual	Variance	Variance as
	Appropriation	Expenditure		a % of Final
	R'000	R'000	R'000	%
Human Settlements Development Grant	3,634,357	3,634,357	-	-
EPWP Incentive Grant	15,090	15,040	50	-
Provincial Emergency Housing Grant	151,243	65,148	86,095	57
Title Deeds Restoration Grant	100,612	100,612	-	-

Explanation of variance: The Provincial Emergency Housing grant (PEHG) underspent due to the fact that the SCM processes were prolonged as there was no response on the initial tender process which commenced in May 2019. As a result, the department then established a database for a three-year period and a service provider was selected from this database and commenced work in November 2019 and has been operating at full capacity since. The Department has requested these funds for roll-over to 2020/21.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 R'000	2018/19 R'000
REVENUE			
Annual appropriation	1	4,347,832	3,785,079
Departmental revenue	2	21,085	45,806
TOTAL REVENUE		4,368,917	3,830,885
EXPENDITURE			
Current expenditure			
Compensation of employees	3	334,565	320,699
Goods and services	4	188,406	193,886
Interest and rent on land	5	-	233
Total current expenditure		522,971	514,818
Transfers and subsidies			
Transfers and subsidies	7	3,721,070	3,201,974
Total transfers and subsidies		3,721,070	3,201,974
Expenditure for capital assets			
Tangible assets	8	17,253	17,837
Total expenditure for capital assets		17,253	17,837
Unauthorised expenditure approved without funding		-	-
Payments for financial assets	6	65	-
TOTAL EXPENDITURE		4,261,359	3,734,629
SURPLUS FOR THE YEAR		107,558	96,256
Reconciliation of Net Surplus for the year			
Voted funds			
Annual appropriation		86,473	50,450
Conditional grants		-	-
Departmental revenue	2	86,473	50,450
		21,085	45,806
SURPLUS FOR THE YEAR		107,558	96,256

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 R'000	2018/19 R'000
ASSETS			
Current assets			
		142,580	53,448
Unauthorised expenditure	9	22,826	19,395
Cash and cash equivalents	10	116,082	32,453
Receivables	12	3,672	1,600
Non-current assets			
		126	129
Receivables	12	126	129
TOTAL ASSETS		142,706	53,577
LIABILITIES			
Current liabilities			
		142,623	53,435
Voted funds to be surrendered to the Revenue Fund	13	140,354	52,359
Departmental revenue to be surrendered to the Revenue Fund	14	484	976
Payables	15	1,785	100
TOTAL LIABILITIES		142,623	53,435
NET ASSETS		83	142
Represented by:			
Recoverable revenue		83	142
TOTAL		83	142

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 R'000	2018/19 R'000
Recoverable revenue			
Opening balance		142	119
Transfers:		(59)	23
Irrecoverable amounts written off		(43)	-
Debts revised		18	-
Debts recovered (included in departmental receipts)		(159)	(153)
Debts raised		125	176
Closing balance		83	142

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 R'000	2018/19 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		4,362,688	3,803,217
Annual appropriated funds received	1.1	4,347,832	3,785,079
Departmental revenue received	2	1,538	18,137
Interest received	2.2	13,318	1
Net increase in working capital		(3,818)	(2,250)
Surrendered to Revenue Fund		(23,486)	135,749
Current payments		(519,540)	(512,676)
Interest paid	5	-	(233)
Payments for financial assets		(65)	-
Transfers and subsidies paid		(3,721,070)	(3,201,974)
Net cash flow available from operating activities	16	94,709	221,833
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(17,253)	(17,837)
Proceeds from sale of capital assets	2.3	6,229	27,668
Decrease in non-current receivables		3	-
Net cash flows from investing activities		(11,021)	9,831
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) / Increase in net assets		(59)	23
Net cash flows from financing activities		(59)	23
Net increase in cash and cash equivalents		83,629	231,687
Cash and cash equivalents at beginning of period		32,453	(199,234)
Cash and cash equivalents at end of period	17	116,082	32,453

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020**Summary of significant accounting policies**

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

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

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

1. Basis of preparation

The financial statements have been prepared in accordance with the Modified Cash Standard.

2. Going concern

The financial statements have been prepared on a going concern basis.

3. Presentation currency

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

4. Rounding

Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).

5. Foreign currency translation

Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.

6. Comparative information**6.1. Prior period comparative information**

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

6.2. Current year comparison with budget

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

7. Revenue

7.1. Appropriated funds

Appropriated funds 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.

The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.

7.2. Departmental revenue

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

7.3. Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.

Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.

Write-offs are made according to the department's debt write-off policy

8. Expenditure

8.1. Compensation of employees

8.1.1. Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

8.1.2. Social contributions

Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.

Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020**8.2. Other expenditure**

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

8.3. Accruals and payables not recognised

Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.

8.4. Leases**8.4.1. Operating leases**

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.

The operating lease commitments are recorded in the notes to the financial statements.

8.4.2. Finance leases

Finance lease payments made during the reporting period are recognised as expenditure in the statement of financial performance on the date of payment.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired (where applicable) at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

9. Aid Assistance**9.1. Aid assistance received**

Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.

9.2. Aid assistance paid

Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.

10. Cash and cash equivalents

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

11. Prepayments and advances

Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

Prepayments and advances are expensed in terms of the EPHP policy.

12. Loans and receivables

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.

13. Investments

Investments are recognised in the statement of financial position at cost.

14. Financial assets**14.1. Financial assets (not covered elsewhere)**

A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

14.2. Impairment of financial assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.

15. Payables

Payables recognised in the statement of financial position are recognised at cost.

16. Capital Assets**16.1. Immovable capital assets**

Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.

16.2. Movable capital assets

Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 1 April 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.

Biological assets are subsequently carried at fair value.

Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

16.3. Intangible assets

Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.

Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

16.4. Project Costs: Work-in-progress

Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.

Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.

Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.

17. Provisions and Contingents

17.1. Provisions

Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

17.2. Contingent liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

17.3. Contingent assets

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.

17.4. Capital commitments

Capital commitments are recorded at cost in the notes to the financial statements.

18. Unauthorised expenditure

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by the Provincial Legislature with funding and the related funds are received; or
- approved by the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

19. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables or written off.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020**20. Irregular expenditure**

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery, not condoned and removed or written-off.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

21. Changes in accounting estimates and errors

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

22. Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

23. Principal-Agent arrangements

The department is party to a principal-agent arrangement for projects done in terms enhanced peoples housing process (EPHP). In terms of the arrangement the department is the principal and is responsible for the funding. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.

24. Departures from the MCS requirements

That management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard, there were no departure from the standards.

25. Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.

26. Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

27. Related party transactions

Related party transactions within the MEC's portfolio are recorded in the notes to the financial statements even though the transaction are done at arm's length.

The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.

28. Inventories

At the date of acquisition, inventories are recognised at cost in the statement of financial performance.

Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.

Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.

The cost of inventories is assigned by using the weighted average cost basis.

29. Public-Private Partnerships

Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.

A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.

30. Employee benefits

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.

31. Transfers of functions

Transfers 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.

Transfers of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.

32. Mergers

Mergers are accounted for by the combined department by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of the merger.

Mergers are accounted for by the combining departments by derecognising or removing assets and liabilities at their carrying amounts at the date of the merger.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**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:

Programmes	Final Appropriation	2019/20 Actual Funds Received	Funds not requested/ not received	Final Appropriation	2018/19 Appropriation received	Funds not requested/not received
	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	231,590	231,590	-	227,193	227,193	-
2. Housing Needs, Research and Planning	17,076	17,076	-	17,328	17,328	-
3. Housing Development	3,848,698	3,848,698	-	3,353,919	3,353,919	-
4. Housing Asset Management, Property Management	250,468	250,468	-	186,639	186,639	-
Total	4,347,832	4,347,832	-	3,785,079	3,785,079	-

Note	2019/20 R'000	2018/19 R'000
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1.2. Conditional grants

Total grants received	33	3,901,302	3,365,658
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2. Departmental revenue

Sales of goods and services other than capital assets	2.1	415	424
Interest, dividends and rent on land	2.2	13,318	1
Sales of capital assets	2.3	6,229	27,668
Transactions in financial assets and liabilities	2.4	1,123	17,713
Departmental revenue collected		21,085	45,806

2.1. Sales of goods and services other than capital assets

Sales of goods and services produced by the department	2	381	399
Sales by market establishment		381	399
Sales of scrap, waste and other used current goods		34	25
Total		415	424

2.2. Interest, dividends and rent on land

Interest	2	13,318	1
Total		13,318	1

In the 2019/20 financial year, interest was received from Ithala Bank relating to the Military Veterans project.

	Note	2019/20 R'000	2018/19 R'000
2.3. Sale of capital assets			
Tangible assets	2	6,229	27,668
Buildings and other fixed structures	28	5,773	27,668
Machinery and equipment	28	456	-
Total		6,229	27,668
2.4. Transactions in financial assets and liabilities			
Other Receipts including Recoverable Revenue	2	1,123	17,713
Total		1,123	17,713
Relates to unspent funds recalled from various Municipalities (2018/19).			
3. Compensation of employees			
3.1. Salaries and Wages			
Basic salary		230,917	222,672
Performance award		1,497	3,326
Service Based		17,496	479
Compensative/circumstantial		3,195	2,453
Periodic payments		8,292	5,405
Other non-pensionable allowances		39,606	50,848
Total		301,003	285,183
3.2. Social contributions			
Employer contributions			
Pension		22,516	24,943
Medical		10,957	10,522
Insurance		33	-
Bargaining council		56	51
Total		33,562	35,516
Total compensation of employees		334,565	320,699
Average number of employees		585	585
4. Goods and services			
Administrative fees		1,126	932
Advertising		3,172	645
Minor assets	4.1	603	844
Bursaries (employees)		284	201
Catering		5,243	3,954
Communication		4,848	4,785
Computer services	4.2	11,712	13,443
Consultants: Business and advisory services		15,165	9,882
Infrastructure and planning services		44,588	50,980
Legal services		1,840	3,423
Contractors		4,164	6,377
Audit cost – external	4.3	5,438	6,501

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 R'000	2018/19 R'000
Fleet services		6,433	6,605
Consumables	4.4	3,506	3,782
Operating leases		28,665	27,193
Property payments	4.5	25,440	30,829
Rental and hiring		5,931	3,079
Transport provided as part of the departmental activities		955	590
Travel and subsistence	4.6	13,380	15,324
Venues and facilities		140	-
Training and development		4,957	3,563
Other operating expenditure	4.7	816	954
Total		188,406	193,886
4.1. Minor assets			
Tangible assets	4		
Machinery and equipment		603	844
Total		603	844
4.2. Computer services			
SITA computer services		7,755	7,150
External computer service providers		3,957	6,293
Total		11,712	13,443
4.3. Audit cost – External			
Regularity audits		5,438	6,501
Total		5,438	6,501
4.4. Consumables			
Consumable supplies		2,612	2,307
Uniform and clothing		848	632
Household supplies		630	97
Building material and supplies		661	933
Communication accessories		-	45
IT consumables		386	317
Other consumables		87	283
Stationery, printing and office supplies		894	1,475
Total		3,506	3,782
4.5. Property payments			
Municipal services		7,288	4,236
Property maintenance and repairs		152	4,854
Other		18,000	21,739
Total		25,440	30,829
4.6. Travel and subsistence			
Local		13,380	15,324
Foreign		-	-
Total		13,380	15,324

	Note	2019/20 R'000	2018/19 R'000	
4.7. Other operating expenditure				
Professional bodies, membership and subscription fees		40	16	
Resettlement costs		38	197	
Other		738	741	
Total		816	954	
5. Interest and rent on land				
Interest paid		-	233	
Rent on land		-	-	
Total		-	233	
6. Payments for financial assets				
Debts written off	6.1	65	-	
Total		65	-	
6.1. Debts written off				
Recoverable revenue written off	6			
Salary related		33	-	
Supplier overpayment		32	-	
Total		65	-	
7. Transfers and subsidies				
Provinces and municipalities	Annex 1A	86,069	193,813	
Departmental agencies and accounts	Annex 1B	245,826	184,730	
Non-profit institutions	Annex 1C	50	-	
Households	Annex 1D	3,389,125	2,823,431	
Total		3,721,070	3,201,974	
8. Expenditure for capital assets				
Tangible assets		17,253	17,837	
Buildings and other fixed structures	Annex 6	13,129	15,432	
Machinery and equipment	28	4,124	2,405	
Total		17,253	17,837	
8.1. Analysis of funds utilised to acquire capital assets – 2019/20				
		Voted funds	Aid assistance	Total
		R'000	R'000	R'000
Tangible assets				
Buildings and other fixed structures		13,129	-	13,129
Machinery and equipment		4,124	-	4,124
Total		17,253	-	17,253

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**8.2. Analysis of funds utilised to acquire capital assets – 2018/19**

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets			
Buildings and other fixed structures	15,432	-	15,432
Machinery and equipment	2,405	-	2,405
Total	17,837	-	17,837

Note	2019/20 R'000	2018/19 R'000
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9. Unauthorised expenditure**9.1. Reconciliation of unauthorised expenditure**

Opening balance	19,395	17,486
Unauthorised expenditure – discovered in current year	3,431	1,909
Less: Amounts approved by Legislature with funding	-	-
Closing balance	22,826	19,395

Analysis of closing balance

Unauthorised expenditure awaiting authorisation	22,826	19,395
Total	22,826	19,395

9.2. Analysis of unauthorised expenditure awaiting authorisation per economic classification

Current	2,495	2,495
Capital	-	-
Transfers and subsidies	20,331	16,900
Total	22,826	19,395

9.3. Analysis of unauthorised expenditure awaiting authorisation per type

Unauthorised expenditure relating to overspending of the vote or a main division within a vote	22,826	19,395
Total	22,826	19,395

9.4 Details of unauthorised expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	
Programme 3: Housing Development	Acceleration of service delivery	3,431
Total		3,431

10. Cash and cash equivalents

Consolidated Paymaster General Account	116,078	32,449
Cash on hand	4	4
Total	116,082	32,453

11. Prepayments and advances**11.1. Advances paid (Expensed)**

	Amount as at 1 April 2019 R'000	Less: Received in the current year R'000	Add: Current Year advances R'000	Less: Claims released R'000	Amount as at 31 March 2020 R'000
Public entities	95,392	-	263,945	(243,523)	115,814
Total	95,392	-	263,945	(243,523)	115,814

Advance payment(s) made in terms of the Housing code (EHPH) to Ithala DFC Limited in respect of the Military Veterans and Vulindlela housing programme.

	Amount as at 1 April 2018 R'000	Less: Received in the current year R'000	Add: Current Year advances R'000	Less: Claims released R'000	Amount as at 31 March 2019 R'000
Public entities	195,857	-	353,581	(454,046)	95,392
Total	195,857	-	353,581	(454,046)	95,392

Advance payment(s) made in terms of the Housing code (EHPH) to Ithala DFC Limited in respect of the Military Veterans and Vulindlela housing programme.

12. Receivables

	Note	2019/20			2018/19		
		Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
Claims recoverable	12.1	397	-	397	-	-	-
Staff debt	12.2	11	126	137	148	129	277
Other receivables	12.3	2,702	-	2,702	1,452	-	1,452
Recoverable expenditure	12.4	562	-	562	-	-	-
Total		3,672	126	3,798	1,600	129	1,729

12.1. Claims recoverable

	Note	2019/20 R'000	2018/19 R'000
Provincial departments		397	-
Total		397	-

12.2. Staff debt

	Note	2019/20 R'000	2018/19 R'000
Salary		-	34
Leave without pay		8	-
Bursary		45	42
Other		84	201
Total		137	277

12.3. Other receivables

	Note	2019/20 R'000	2018/19 R'000
Online Travel account		40	8
KwaZulu-Natal Housing Fund		2,639	1,444
Salary – tax debt		23	-
Total		2,702	1,452

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 R'000	2018/19 R'000
12.4. Recoverable expenditure			
Supplier overpayment		562	-
Total		562	-
12.5. Impairment of receivables			
Estimate of impairment of receivables		73	78
Total		73	78
13. Voted funds to be surrendered to the Revenue Fund			
Opening balance		52,359	(182,514)
Transfer from statement of financial performance		86,473	50,450
Add: Unauthorised expenditure for current year	9	3,431	1,909
Voted funds not received	1.1	-	-
(Paid) / Net received during the year		(1,909)	182,514
Closing balance		140,354	52,359
14. Departmental revenue to be surrendered to the Revenue Fund			
Opening balance		976	1,935
Transfer from Statement of Financial Performance		21,085	45,806
Paid during the year		(21,577)	(46,765)
Closing balance		484	976
15. Payables – current			
Clearing accounts	15.1	511	100
Amounts owing to other entities		1,274	-
Total		1,785	100
15.1. Clearing accounts			
Salary related		510	100
Private telephone calls		1	-
Total		511	100
16. Net cash flow available from operating activities			
Net surplus per Statement of Financial Performance		107,558	96,256
Add back non cash/cash movements not deemed operating activities		(12,849)	125,577
Increase in receivables – current		(2,072)	(350)
Increase in payables – current		1,685	9
Proceeds from sale of capital assets		(6,229)	(27,668)
Expenditure on capital assets		17,253	17,837
Surrenders to Revenue Fund		(23,486)	135,749
Net cash flow generated by operating activities		94,709	221,833

	Note	2019/20 R'000	2018/19 R'000
17. Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General account		116,078	32,449
Cash on hand		4	4
Total		116,082	32,453

18. Contingent liabilities**Liable to**

Claims against the department	Annex 2	22,729	118,607
Intergovernmental payables (unconfirmed balances)	Annex 4	2,863	84,995
Total		25,592	203,602

The contingent liabilities involves contracts disputes and claims which have arisen out of breach of contract. The estimates outflow is uncertain owing to court dates not being determined.

Contingent assets**Nature**

Recovery of damages		2,731	-
Total		2,731	-

19. Capital Commitments

Social Amenities		6,614	15,301
Moveable assets over R5,000		1,777	647
Total Commitments		8,391	15,948

Social amenities refers to 2 community halls that are being constructed. Refer to note 30.2 (capital work-in-progress).

20. Accruals and payables not recognised**20.1. Accruals****Listed by economic classification**

	30 Days	30+ Days	Total	Total
Goods and services	10,893	-	10,893	6,964
Transfers and subsidies	191	-	191	19
Capital assets	73	-	73	104
Other	57	-	57	226
Total	11,214	-	11,214	7,313

Note	2019/20 R'000	2018/19 R'000
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Listed by programme level

Programme 1: Administration	4,709	4,618
Programme 2: Housing Needs, Research and Planning	168	53
Programme 3: Housing Development	1,692	1,988
Programme 4: Housing Asset Management, Property Management	4,645	654
Total	11,214	7,313

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**20.2. Payables not recognised**

Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	150	-	150	1,399
Transfers and subsidies	222,390	-	222,390	237,689
Capital assets	-	-	-	9,175
Total	222,540	-	222,540	248,263

	Note	2019/20 R'000	2018/19 R'000
Listed by programme level			
Programme 1: Administration		119	588
Programme 2: Housing Needs, Research and Planning		3,808	6,265
Programme 3: Housing Development		204,330	241,122
Programme 4: Housing Asset Management, Property Management		14,283	288
Total		222,540	248,263

Included in the above totals are the following:

Confirmed balances with other departments	Annex 4	21,375	453
Total		21,375	453

21. Employee benefits

Leave entitlement	20,783	18,902
Service bonus (Thirteenth cheque)	8,280	7,573
Performance awards	56	-
Capped leave commitments	21,600	21,744
Other	22	43
Total	50,741	48,262

22. Lease commitments**22.1. Operating leases**

2019/20	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	21,315	1,015	22,330
Later than 1 year and not later than 5 years	-	-	25,677	535	26,212
Later than five years	-	-	-	-	-
Total lease commitments	-	-	46,992	1,550	48,542

2018/19	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	22,568	1,694	24,262
Later than 1 year and not later than 5 years	-	-	45,047	922	45,969
Later than five years	-	-	-	-	-
Total lease commitments	-	-	67,615	2,616	70,231

Operating lease commitments relates to leasing of office accommodation (procured via Department of Public Works) and photocopy machines (procured via a transversal contract).

3 leased properties have been sub-leased to other Departments, the reason for sub-leasing is due to the fact that the leased building are currently surplus to our requirements. We are in the process of finalising the Departments structure and we will be capacitating the district offices. (18/19 – 1 sub-leased property).

	Note	2019/20 R'000	2018/19 R'000
Rent earned on sub-leased assets		1,388	378
Total		1,388	378

The rental received from sub-leasing has been set off against lease expenditure.

22.2. Finance leases

2019/20	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	2,454	2,454
Later than 1 year and not later than 5 years	-	-	-	455	455
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	2,909	2,909

2018/19	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	2,236	2,236
Later than 1 year and not later than 5 years	-	-	-	1,271	1,271
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	3,507	3,507

Finance lease commitments relates to cell phone contracts procured via a transversal contract.

23. Accrued departmental revenue

	Note	2019/20 R'000	2018/19 R'000
Transactions in financial assets and liabilities		14,416	14,152
Total		14,416	14,152

23.1. Analysis of accrued departmental revenue

Opening balance		14,152	14,051
Less: amounts received		(146)	(1,141)
Add: amounts recognised		410	1,242
Closing balance		14,416	14,152

23.2. Impairment of accrued departmental revenue

Estimate of impairment of accrued departmental revenue		3,546	3,546
Total		3,546	3,546

The impairment has been made against debts where no receipts were received from inception of the debt.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 R'000	2018/19 R'000
24. Irregular expenditure			
24.1. Reconciliation of irregular expenditure			
Opening balance		4,784,566	3,651,025
Add: Irregular expenditure – relating to prior year		-	490,515
Add: Irregular expenditure – relating to current year		586,191	643,026
Less: Prior year amounts condoned		(18,521)	-
Irregular expenditure awaiting condonation		5,352,236	4,784,566
Analysis of awaiting condonation per age classification			
Current year		586,191	1,133,541
Prior years		4,766,045	3,651,025
Total		5,352,236	4,784,566
24.2 Details of irregular expenditure – added current year			
Incident	Disciplinary steps taken/criminal proceedings		
Non-compliance: Local Content	Local content calculation on SBD6.2 – omitted	124	
Non-compliance: Deviations	Related to deviations above 15%	268	
SCM process not followed by Municipalities	These cases relates to procurement of service providers for housing projects undertaken by various Municipalities (relates to contracts concluded in prior years)	585,756	
Acting allowances	No vacant posts	43	
Total		586,191	
24.3. Details of irregular expenditure condoned			
Incident	Condoned by		
Local content	Provincial Treasury	1,672	
Non-tax compliant	Provincial Treasury	16,849	
Total		18,521	

	Note	2019/20 R'000	2018/19 R'000
24.4. Details of irregular expenditure under assessment (not included in the main note)			
Incident			
These relate to 151 housing projects where the municipalities concluded the SCM processes for contracts concluded in prior years. These payments to Implementing Agents, appointed by Municipalities, in terms of the tripartite agreement is under assessment to confirm if the department is responsible for the transgression in legislation as it was required to make use of a mandated institution, without being involved in the actual supply chain management process.			
Projects under assessment			
Balance at 1 April 2019		5,414,927	
Add: current expenditure incurred		410,293	
Total		5,825,220	
24.5. Prior period error			
Nature of prior period error			
Relating to 2018/19		(10,085)	
Non-compliance with operating leases relating to office buildings		(10,085)	
Total		(10,085)	
Lease payments for office buildings incorrectly classified as irregular expenditure in prior years as the department was not responsible for the transgression in legislation as it was required to make use of a mandated institution, without being involved in the actual supply chain management process.			
25. Fruitless and wasteful expenditure			
25.1. Reconciliation of fruitless and wasteful expenditure			
Opening balance		1,110	568
Fruitless and wasteful expenditure – relating to prior year		-	-
Fruitless and wasteful expenditure – relating to current year		31	542
Less: Amounts written off		(200)	-
Closing balance		941	1,110
25.2. Analysis of awaiting resolution per economic classification			
Incident	Disciplinary steps taken/criminal proceedings		
Interest paid – Propel	Outstanding levies	31	
Total		31	
25.3. Analysis of Current year's (relating to current and prior years) fruitless and wasteful expenditure			
Incident	Disciplinary steps taken/criminal proceedings		
Interest paid – Propel	Outstanding levies	31	
Total		31	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 R'000	2018/19 R'000
25.4. Details of fruitless and wasteful expenditure written off			
Incident			
Cancellation of conference – 2009/10		109	
Interest paid – municipal services / Telkom / Post Office: 2016/17		77	
Interest paid – late payment of subsidy claim – 2017/18		14	
Total		200	
25.5. Prior period error			
Nature of prior period error			
Interest paid – Propel (omitted in error)		40	
Total		40	
26. Related party transactions			
Payments made			
Goods and services		26,669	24,398
Payments for financial assets		312,322	224,834
Total		338,991	249,232
Year end balances arising from revenue/payments			
Receivables from related parties		2,639	1,444
Payables to related parties		-	-
Total		2,639	1,444
List of related party transactions			
Expenditure applicable to related party transactions: KwaZulu-Natal Housing Fund - managed by same MEC and HOD		245,825	184,730
KwaZulu-Natal Department of Public Works - same MEC		93,166	64,502
Total		338,991	249,232
In kind goods and services provided			
The Department of Human Settlements provides administrative and management services to the KwaZulu-Natal Housing Fund: shared services		5,371	6,562
The Department of Human Settlements occupies 5 buildings (1 building for 3 months) owned by the Department of Public Works at no cost (estimated benefit to the Department)		7,239	7,087
Total		12,610	13,649
	No. of Individuals		
27. Key management personnel			
Officials:			
Level 15 to 16	2	3,861	3,891
Level 14	9	11,157	9,783
Family members of key management personnel		-	-
Total		15,018	13,674

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

28. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	61,787	-	4,015	(4,772)	61,030
Transport assets	30,721	-	1,045	(2,663)	29,103
Computer equipment	24,729	-	2,225	(1,658)	25,296
Furniture and office equipment	6,088	-	718	(451)	6,355
Other machinery and equipment	249	-	27	-	276
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	61,787	-	4,015	(4,772)	61,030

Movable Tangible Capital Assets under investigation

Number	Value R'000
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Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:

Machinery and equipment	1,129	6,103
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The Department has embarked on performing a 100% verification exercise, assets under investigation cannot be used (broken)

28.1. Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
MACHINERY AND EQUIPMENT	4,124	-	-	(109)	4,015
Transport assets	1,045	-	-	-	1,045
Computer equipment	2,334	-	-	(109)	2,225
Furniture and office equipment	718	-	-	-	718
Other machinery and equipment	27	-	-	-	27
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	4,124	-	-	(109)	4,015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**28.2. Disposals****DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020**

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash Received Actual R'000
MACHINERY AND EQUIPMENT	(2,909)	(1,863)	(4,772)	456
Transport assets	(1,801)	(862)	(2,663)	431
Computer equipment	(1,091)	(567)	(1,658)	22
Furniture and office equipment	(17)	(434)	(451)	3
Other machinery and equipment	-	-	-	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	(2,909)	(1,863)	(4,772)	456

28.3. Movement for 2018/19**MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	61,396	-	2,031	(1,640)	61,787
Transport assets	30,270	-	451	-	30,721
Computer equipment	24,902	-	1,231	(1,404)	24,729
Furniture and office equipment	5,975	-	349	(236)	6,088
Other machinery and equipment	249	-	-	-	249
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	61,396	-	2,031	(1,640)	61,787

28.4. Minor assets**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2020**

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	-	-	7,050	-	7,050
Additions	-	-	-	610	-	610
Disposals	-	-	-	(239)	-	(239)
TOTAL MINOR ASSETS	-	-	-	7,421	-	7,421

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Number of R1 minor assets	-	-	-	3,066	-	3,066
Number of minor assets at cost	-	-	-	4,713	-	4,713
TOTAL NUMBER OF MINOR ASSETS	-	-	-	7,779	-	7,779

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2019

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	13	-	6,617	-	6,630
Prior period error	-	-	-	-	-	-
Additions	-	-	-	732	-	732
Disposals	-	(13)	-	(299)	-	(312)
TOTAL MINOR ASSETS	-	-	-	7,050	-	7,050

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Number of R1 minor assets	-	-	-	3,108	-	3,108
Number of minor assets at cost	-	-	-	4,476	-	4,476
TOTAL NUMBER OF MINOR ASSETS	-	-	-	7,584	-	7,584

28.5 Movable assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2020

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	-	-	(126)	-	(126)
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	(126)	-	(126)

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2019

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	(13)	-	(299)	-	(312)
TOTAL MOVABLE ASSETS WRITTEN OFF	-	(13)	-	(299)	-	(312)

29. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Software	83	-	-	-	83
TOTAL INTANGIBLE CAPITAL ASSETS	83	-	-	-	83

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Software	1,569	-	-	(1,486)	83
TOTAL INTANGIBLE CAPITAL ASSETS	1,569	-	-	(1,486)	83

30. Immovable Tangible Capital Assets**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020**

	Opening balance R'000	Value adjustments	Additions R'000	Disposals R'000	Closing Balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	380	-	753	-	1,133
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	380	-	753	-	1,133
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	380	-	753	-	1,133

Additions**ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020**

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
BUILDINGS AND OTHER FIXED STRUCTURES	753	-	-	-	753
Other fixed structures	753	-	-	-	753
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	753	-	-	-	753

30.1 Movement for 2018/19

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	380	-	-	-	380
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	380	-	-	-	380
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	380	-	-	-	380

30.2 Capital Work-in-progress

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2020

	Note	Opening balance 1 April 2019 R'000	Current Year WIP R'000	Ready for use (Assets to the AR) / Contracts terminated R'000	Closing balance 31 March 2020 R'000
Buildings and other fixed structures	Annex 6	27,318	12,376	-	39,694
TOTAL		27,318	12,376	-	39,694

AGE ANALYSIS OF ONGOING PROJECTS	Number of projects Planned, construction not started	Number of projects Planned, construction started	2019/20 Total R'000
0 to 1 year	-	-	-
1 to 3 year(s)	-	2	2
3 to 5 years	-	-	-
Longer than 5 years	-	-	-
TOTAL	-	2	2

The 2 community halls as at 31 March 2020 was not completed due to time delays, they will be completed no later than 31 March 2021.

	Note	2019/20 R'000	2018/19 R'000
Payables not recognised relating to Capital WIP			
Social Amenities – 2 community halls		-	9,175
Total		-	9,175

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2019

Note Annex 6	Opening balance 1 April 2018 R'000	Prior period error R'000	Current Year WIP R'000	Ready for use (Assets to the AR) / Contracts terminated R'000	Closing balance 31 March 2019 R'000
Buildings and other fixed structures	11,886	-	15,432	-	27,318
Machinery and equipment	-	-	-	-	-
Intangible assets	-	-	-	-	-
TOTAL	11,886	-	15,432	-	27,318

AGE ANALYSIS OF ONGOING PROJECTS	Number of projects Planned, construction not started	Number of projects Planned, construction started	2018/19 Total R'000
0 to 1 year	-	2	2
1 to 3 year(s)	-	-	-
3 to 5 years	-	-	-
Longer than 5 years	-	-	-
TOTAL	-	2	2

All work-in-progress at 01 April 2018 was completed during the year and handed over to the respective municipalities for use. In February 2019, the construction of 2 community halls commenced, both of which will be completed and handed over to the respective municipalities before 31 March 2020. The first payment against the 2 community halls was made in April 2019.

Note	2019/20 R'000	2018/19 R'000
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31. Principal-agent arrangements

31.1. Department acting as the principal

	Fee Paid	
Ithala DFC Limited – Military Veterans Housing Programme	3,000	-
Ithala DFC Limited – Vulindlela Housing Programme	2,401	2,652
Ithala DFC Limited – Storm Disaster	-	-
Total	5,401	2,652

The Department has a principal agent relationship with Ithala Development Finance Corporation Limited. The Department transferred monies to Ithala DFC Limited in terms of the National Housing Code, in specific relation to the Enhanced People's Housing Process policy, to build houses for approved military veterans for the implementation of the military veterans and vulindlela housing programmes, as per the approved subsidy quantum. There are binding agreements between the parties for which Ithala DFC Limited will pay out claims only on certified milestones. The fees payable to Ithala DFC Limited for Military Veterans is 3% of the annual allocation, which will be deducted from the interest earned on the capital balance (to date no management and administration fees were deducted from the interest accrued) and 0.75% of claims paid to Ithala DFC Limited for the Vulindlela housing programme (fees are paid out of the subsidy quantum). Ithala DFC's Limited role in the Enhanced Peoples Housing Process programme is that one of a Community Resource Organisation (financial CRO).

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

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

32. Prior period errors

32.1. Correction of prior period errors

	Note	Amount bef error correction R'000	Prior period error 2018/19 R'000	Restated Amount R'000
Fruitless and Wasteful Expenditure - interest	25	502	40	542
Irregular Expenditure – leases on buildings	24	653,111	(10,085)	643,026
Net effect		653,613	(10,045)	643,568

Interest payment in respect of Propel.

Lease payments for office buildings incorrectly classified as irregular expenditure in prior years as the Department was not responsible for the transgression in legislation as it was required to make use of a mandated institution, without being involved in the actual supply chain management process.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

33. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION						SPENT				2018/19	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by Department	Amount spent by Department	Under / (Overspending)	% of available funds spent by Department	Division of Revenue Act	Amount spent by Department	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Human Settlements Development Grant	3,485,407	50,450	98,500	-	3,634,357	3,634,357	3,634,357	-	100	3,252,757	3,202,307	
Provincial Emergency Housing Grant	151,243	-	-	-	151,243	151,243	65,148	86,095	43	-	-	
EPWP Incentive Grant	15,090	-	-	-	15,090	15,090	15,040	50	100	11,484	11,484	
Title Deeds Restoration Grant	100,612	-	-	-	100,612	100,612	100,612	-	100	101,422	101,422	
Total	3,752,352	50,450	98,500	-	3,901,302	3,901,302	3,815,157	86,145		3,365,663	3,315,213	

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

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

ANNEXURE IA

Statement of conditional grants and other transfers paid to municipalities.

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2018/19		
	DoRA and other transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %	Amount received by Municipality R'000	Amount spent by Municipality R'000	Unspent funds R'000	% of available funds spent by Municipality %	Division of Revenue Act R'000	Actual Transfer R'000
eThekweni	65,954	-	-	65,954	53,469	-	-	53,468	10,963	42,505	21	144,371	145,350
Ray Nkonyeni	4,520	-	-	4,520	1,081	-	-	1,081	474	607	44	4,337	4,950
Msunduzi	8,464	-	-	8,464	2,642	-	-	2,642	2,642	-	100	17,247	19,922
Umlalazi	-	-	-	-	590	-	-	590	-	590	-	-	-
Alfred Duma	3,560	-	-	3,560	1,082	-	-	1,082	832	250	77	4,731	2,030
Okhahlamba	-	-	-	-	619	-	-	619	-	619	-	-	-
Newcastle	7,620	-	-	7,620	437	-	-	437	437	-	100	8,823	4,488
uMhlatuze	2,396	-	-	2,396	2,109	-	-	2,109	1,488	621	71	2,213	3,272
KwaDukuza	16,046	-	-	16,046	17,916	-	-	17,915	742	17,173	4	7,426	4,434
Ulundi	346	-	-	346	346	-	-	346	346	-	100	-	-
Umdoni	-	-	-	-	236	-	-	236	-	236	-	-	-
Endumeni	-	-	-	-	-	-	-	-	-	-	-	446	446
Umgeni	-	-	-	-	-	-	-	-	-	-	-	718	718
Mpofana	-	-	-	-	-	-	-	-	-	-	-	678	678
Richmond	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000
Inkosi Langalibalele	-	-	-	-	182	-	-	182	-	182	-	32	32
Nquthu	-	-	-	-	-	-	-	-	-	-	-	717	717
Uphongolo	-	-	-	-	2,750	-	-	2,750	-	2,750	-	90	90
Abaqulusi	-	-	-	-	-	-	-	-	-	-	-	1,012	1,012
Mandeni	-	-	-	-	1,580	-	-	1,579	-	1,579	-	2,219	2,219
Jozini	-	-	-	-	180	-	-	180	180	-	100	-	-
Umqimkhulu	-	-	-	-	472	-	-	472	-	472	-	633	633
Greater Kokstad	-	-	-	-	250	-	-	250	-	250	-	-	-
Dr Nkosazane Dlamini Zuma	-	-	-	-	-	-	-	-	-	-	-	439	439
Msinga	33	-	-	33	33	-	-	33	33	-	100	229	229
Mtubatuba	-	-	-	-	-	-	-	-	-	-	-	5	5
Other	130	-	-	130	95	-	-	98	95	-	97	150	149
Total	109,069	-	-	109,069	86,069	-	-	86,069	18,232	67,834	-	198,516	193,813

We hereby certify that all monies allocated to the respective Municipalities in respect of the Human Settlement Development Grant, was deposited into the Municipalities primary account. A total of R17,577 million was transferred to various Municipalities in respect of accreditation funding. Capital balances outstanding at various Municipalities at 31 March 2020 – R433,717 million (2019 – R422,368 million).

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**ANNEXURE 1B**

Statement of transfers to departmental agencies and accounts.

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2018/19
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
KwaZulu-Natal Housing Fund	177,468	-	73,000	250,468	245,826	98	184,730
Total	177,468	-	73,000	250,468	245,826		184,730

ANNEXURE IC

Statement of transfers to non-profit institutions.

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2018/19
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Donation	50	-	-	50	50	100	-
Total	50	-	-	50	50		-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

ANNEXURE ID

Statement of transfers to households.

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2018/19
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Project Linked	807,529	-	-	807,529	679,148	84	500,982
Individuals	25,000	-	-	25,000	25,495	102	13,028
Institutional	190,000	-	-	190,000	120,634	63	31,819
Rural Support	1,354,438	-	49,827	1,404,265	1,531,286	109	1,455,665
Emergency Support	469,066	-	-	469,066	429,819	92	166,250
Informal Settlements	332,022	-	-	332,022	354,645	107	292,655
Peoples Housing Process	207,530	-	-	207,530	244,673	118	357,868
Claims against the state	-	-	21	21	21	100	-
Other	3,083	-	-	3,083	3,404	110	5,164
Total	3,388,668	-	49,848	3,438,516	3,389,125		2,823,431

Capital balances outstanding at various entities at 31 March 2020 – R174,942 million (2018/19 – R124,766 million).

ANNEXURE IE

Statement of gifts, donations and sponsorships received.

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2019/20	2018/19
		R'000	R'000
Received in kind			
Rob Kirby Engineers	Game packages	-	1
NHBRC	Vouchers and laptop	-	10
Housing Development Agency	Shopping voucher: Incredible Connection / 3 Mini iPad	-	2
iThala Bank	Vouchers	-	15
First National Bank	Key rings / flash drives / power banks	-	8
Stedone Developments	Hard hats and accommodation voucher	-	5
CPW	Printing of programmes	-	4
Terraplan	Sun hats	-	5
Motheo Construction	Portable lights	-	2
Geo Sure	Reflector jackets	-	9
Rock Bottom Design	Envelopes for announcing winners	-	1
Master Builders Association	Hamper / Luggage sets / Power Banks	-	1
Vodacom	Gift sets / T/shirts and cellular phones accessories	-	1
Natal Portland Cement	Business coaching vouchers	-	15
Aha Hotels	Accommodation voucher	-	1
Protea Hotel	Accommodation and breakfast vouchers	-	2
Tourvest	Vouchers	-	30
Minrat Construction	Laptop bags / Mini Tablets	-	2
Hilton Hotel	Bed and Breakfast vouchers	-	1
Total		-	115

The above gifts were received from various sponsors for the provincial Govan Mbeki Awards.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**ANNEXURE 1F**

Statement of gifts, donations and sponsorships made and remissions, refunds and payments made as an act of grace.

NATURE OF GIFT, DONATION OR SPONSORSHIP	2019/20	2018/19
	R'000	R'000
Made in kind		
Furniture – 2 families OSS beneficiaries – Mandela month	-	34
Furniture for OSS beneficiaries – MEC handover	-	77
Summit – prayer on moral regeneration issues between men and women	-	100
Hire of transport and catering for the Organisation of Women's function – youth unemployment	-	50
Furniture for OSS beneficiaries – MEC handover	28	98
Donation: 10 wheelchairs to OSS beneficiaries with special needs	43	-
Catering: Military Veterans Women's Month Celebration	25	-
Donation: Women of Wentworth – costs in assisting door-to-door surveys	50	-
Total	146	359

ANNEXURE 2**Statement of contingent liabilities as at 31 March 2020**

Nature of Liability	Opening Balance 1 April 2019	Liabilities incurred during the year	Liabilities paid / cancelled / reduced during the year	Liabilities recoverable	Closing Balance 31 March 2020
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Breach of contract	72,372	-	(70,336)	-	2,036
Services rendered	43,888	-	(41,635)	-	2,253
Arbitration	2,347	17,000	(907)	-	18,440
Total	118,607	17,000	(112,878)	-	22,729

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

ANNEXURE 3
Claims recoverable

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2019/20	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
Cogta - KZN	373	-	605	-	978	-		
Agriculture, land Reform and Rural Development – National	24	-	-	-	24	-		
Sports and Recreation – KZN	-	-	357	-	357	-		
EDTEA – KZN	-	-	409	-	409	-		
Total	397	-	1,371	-	1,768	-		

ANNEXURE 4**Inter-government payables**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2019/20	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Departments								
Transport – KZN	-	-	-	31	-	31	-	-
Justice and Constitutional Development	12	2	-	8	12	10	-	-
Public Works – KZN	21,275	441	2,857	84,955	24,132	85,396	-	-
Government Printing Works	12	2	6	1	18	3	-	-
Office of the Premier – KZN	-	8	-	-	-	8	-	-
Treasury – KZN	74	-	-	-	74	-	-	-
Health – KZN	2	-	-	-	2	-	-	-
Total	21,375	453	2,863	84,995	24,238	85,448		

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**ANNEXURE 5****Inventories**

Inventories	2019/20 R'000	2018/19 R'000
Opening balance	1,467,909	1,020,878
Add: Adjustments to prior year balance	-	-
Add: Purchases - Cash	2,809,773	2,607,170
Less: Issues (completed units)	(2,794,779)	(2,160,139)
Closing balance	1,482,903	1,467,909

Inventory relates to incomplete low income houses at various stages (milestones) of completion.

The milestones are, namely:

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

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

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

ANNEXURE 6**Movement in capital work in progress****MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2020**

	Opening balance R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract terminated R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	27,318	12,376	-	39,694
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	27,318	12,376	-	39,694
TOTAL	27,318	12,376	-	39,694

In February 2019, the construction of 2 community halls commenced, both of which was scheduled to be completed and handed over to the respective municipalities before 31 March 2020.

Owing to various challenges, the contract has been extended for time only and should be completed, by no later than 31 March 2021.

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance R'000	Prior period error R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract terminated R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	11,886	-	15,432	-	27,318
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	11,886	-	15,432	-	27,318
TOTAL	11,886	-	15,432	-	27,318

All work-in-progress at 01 April 2018 was completed during the year and handed over to the respective municipalities for use. In February 2019, the construction of 2 community halls commenced, both of which will be completed and handed over to the respective municipalities before 31 March 2020.

The first payment against the 2 community halls was made in April 2019.



KWAZULU-NATAL PROVINCE

HUMAN SETTLEMENTS

REPUBLIC OF SOUTH AFRICA



PART F:
FINANCIAL INFORMATION –
KWAZULU-NATAL HOUSING
FUND

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the KwaZulu-Natal (KZN) Housing Fund set out on pages 261 to 284, which comprise the statement of financial position as at 31 March 2020, the statement of financial performance, the statement of changes in net assets, the cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the KZN Housing Fund as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the KZN Housing Fund in accordance with sections 290 and 291 of the *Code of ethics for professional accountants* and parts 1 and 3 of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
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.

Material impairment

7. As disclosed in note 6 to the financial statements, a material impairment of receivables from exchange transactions amounting to R73,14 million (2019: R77,21 million) was recognised as the recoverability of these amounts were doubtful.

Responsibilities of the accounting officer for the financial statements

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

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

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

Performance information reporting

12. The fund is not required to prepare a report on its performance against predetermined objectives, as it does not fall within the ambit of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) and such reporting is not required in terms of the fund's specific legislation.

Report on the audit of compliance with legislation

Introduction and scope

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the fund with specific matters in key legislation.
14. As the fund does not have entity specific legislation, no work was performed on the audit of compliance with legislation.

Other information

15. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements and the auditor's report.
16. My opinion on the financial statements do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
17. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
18. The other information I obtained prior to the date of this auditor's report is the report of the accounting officer to the executive authority and the audit committee's report is expected to be available to me after 30 September 2020.
19. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.
20. When I do receive and read the audit committee's report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

21. I considered internal control relevant to my audit of the financial statements 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

Pietermaritzburg

30 September 2020



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

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

GENERAL INFORMATION

NAME	KwaZulu-Natal Housing Fund
PHYSICAL ADDRESS	Old Mutual Building 203 Church Street Pietermaritzburg 3201
POSTAL ADDRESS	Private Bag X9157 Pietermaritzburg 3201
Legal Form	The KwaZulu-Natal Housing Fund is an unlisted public entity in terms of Section 47 (2) of the Public Finance management Act, 1999, (Act No. 1 of 1999)
Jurisdiction	Province of KwaZulu-Natal
Entities operations and principal activities	<ul style="list-style-type: none"> • Is to maintain the properties that are owned by the KwaZulu-Natal Housing Fund; • Is to dispose of its properties, by: <ul style="list-style-type: none"> • Promoting home ownership in term of the Enhanced Extended Discount Benefit scheme (EEDBS); and • Devolving properties in terms of the Housing Act, 1997 (Act, 107 of 1997).
Legislation governing the entity's operations	<ul style="list-style-type: none"> • Constitution of the Republic of South Africa, 1996, (Act, No 108 of 1996); • Housing Act, 1997 (Act, 107 of 1997); • KwaZulu-Natal Housing Act, 1998 (Act No. 12 of 1998 as Amended); and • Public Finance Management Act, 1999 (Act No. 1 of 1999).
Controlling Entity	The KwaZulu-Natal Housing Fund is administered by the KwaZulu-Natal Department of Human Settlements (Vote 8).

PERFORMANCE INFORMATION

PROGRAMME 4: HOUSING ASSET MANAGEMENT, PROPERTY MANAGEMENT

This programme co-ordinates the maintenance of the Departmental rental housing stock, the refurbishment of the old hostels and the conversion thereof to community residential units, the rectification of units built prior to 1994 and the transfer of rental housing stock to qualifying beneficiaries in terms of the Enhanced Extended Discount Benefit Scheme (EEDBS).

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

Strategic objectives, performance indicators, planned targets and actual achievements

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

- In eThekweni there are R293 Townships that are affected by unresolved land legal and beneficiary related issues preventing movement of transfers. This is a lengthy process which has contributed to the delays in the transferring of units.
- Some Municipalities have not finalised the appointments of conveyancing attorneys.
- Some Municipalities have delayed issuing of clearance certificates as a result of unpaid/ outstanding Municipal debts.

Strategic objectives

Programme 4: Housing Asset Management, Property Management					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Fast-track the implementation of the Title Deeds Restoration Programme (prior to 01 April 1994): Approved Implementation Plan for the Title Deeds Restoration Programme (Prior to 01 April 1994) reviewed annually	1	1	1	-	Target achieved
Fast track the devolution of properties of the KwaZulu-Natal Housing Fund to municipalities in terms of Section 15 of the Housing Act, 1997: Approved Implementation Plan for the Devolution of the KwaZulu-Natal Housing Fund properties to the municipalities in terms of section 15 of the Housing Act, 1997 reviewed annually	1	1	1	-	Target achieved

Performance indicators

Programme 4: Housing Asset Management, Property Management							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of Pre-1994 title deeds issued	525	779	875	5,500	626	(4,874)	<p>Challenges:</p> <p>Departmental Stock:</p> <p>1) The target for Departmental stock for the financial year was 600 transfers. The Property Management Directorate achieved 416 transfers for the year. Seventy two transfers of the 416 transfers could not be included in the achievement for the year due to the Deeds Office not updating information on the Deeds System timeously because of the lock-down and COVID-19 related issues.</p> <p>Municipal Stock:</p> <p>1) Unresolved land issues and an appeal in the appointment of the conveyancing panel led to delays in the intended deliverables.</p>

Programme 4: Housing Asset Management, Property Management

Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
							<p>Remedial Action: Departmental Stock:</p> <p>1) New processes at the Deeds Office with effect from the 2nd January 2020 requires advertisement in the print media by conveyancers for the registration of the Regulation 68(1) Certificates which resulted in the slowing down of the transfer process. The request for exemption from this process has been escalated to the Provincial Deeds Office who is engaging with the Chief Registrar office in Pretoria.</p> <p>2) Extremely slow pace by the Msunduzi municipality in the issue of Rates Exemption Certificates. Department is exploring with Msunduzi Municipality an electronic system to be installed at Departmental Offices for the request of rates exemption certificates electronically.</p>



Programme 4: Housing Asset Management, Property Management

Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
							<p>3) Submission has been drafted for the appointment of 3 new Private Conveyancers on a quotation basis. Supply Chain Directorate is in the process of appointing a new panel of conveyancers.</p> <p>4) Meetings were held with Conveyancers to provide support and assistance.</p> <p>5) The additional 72 transfers will be reported as soon as the Deeds System is updated and the Deeds Searches can be printed.</p> <p>Municipal Stock:</p> <p>1) The Housing Development Agency has been brought in to assist with Land Legal Matters and the department in the meantime will be utilising the State Attorney services for transfers.</p>



Programme 4: Housing Asset Management, Property Management

Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of rental units sold to beneficiaries	-	232	239	458	442	(16)	<p>Challenge: Twenty one beneficiaries have signed sale agreements within the section-alised scheme for Hime Street which were registered at the Deeds Office on 24th March 2020. These 21 sale agreements could not be counted towards the achievement for March 2020, due to the registration of the scheme at the Deeds Office not being updated on the Deeds System because of the closure for the Covid 19 lock-down.</p> <p>Remedial Action: The 21 sale agreements will be captured on the Debtors System once the registration of the Hime Street Scheme is updated by the Deeds Office.</p>



Programme 4: Housing Asset Management, Property Management							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of debtors reduced per financial year	-	222	405	600	232	(368)	<p>Challenges:</p> <ol style="list-style-type: none"> 1) A submission for 133 EEDBS cases is pending approval, 2) Delays caused by all EEDBS documents needing to be certified externally, 3) Delayed certification of beneficiaries by HSS due to system challenges, 4) Slow process of submission of required documents by Beneficiaries, and 5) Fieldworkers not being able to collect outstanding documents during the lock-down period. <p>Remedial Actions:</p> <ol style="list-style-type: none"> 1) The approval will be implemented once received. 2) Department has engaged Ward Councillors who are now assisting with all certifications. 3) The matter was escalated to National who assisted with information & IT subsequently re-loaded HSS system. 4) Fieldworkers are contacting beneficiaries telephonically and on Whatsapp, following up on outstanding docs and providing guidance to beneficiaries on completion of EEDBS forms. 5) Fieldworkers will continue with home visits to beneficiaries after lock-down and physically assist beneficiaries to complete forms.



Programme 4: Housing Asset Management, Property Management

Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of units maintained	1,985	968	1,030	500	1,129	629	The target was exceeded due to the following: 1) The huge demand for maintenance works to be carried out in the areas where the department owns residential properties and vacant site 2) The huge demand for maintenance works is also due to the poor underground infrastructure in areas such as Austerville, Oribi and the hostels which require constant maintenance.
Number of units rectified for Pre-1994 stock	993	669	480	566	682	116	The target for the financial year was exceeded due to over-performance in the third quarter resulting from high demand for units to be rectified.



Programme 4: Housing Asset Management, Property Management							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
Number of Land Parcels devolved to Municipalities in terms of Section 15 of the Housing Act, 1997	-	-	18	100	44	(56)	<p>Challenges: 1) Twenty six instructions are with private attorneys and 12 with the office of the State Attorney. The private attorneys and the State Attorney experienced difficulties with the Deeds Office due to the complex nature of the properties. However, the challenges were resolved and the cases were lodged in March 2020. Due to the COVID-19 pandemic and the early closure of offices, it is expected that these transfers will be registered as soon as the Deeds Office reopens.</p> <p>Remedial Actions: 1) The attorneys were assisted in resolving the challenges that were being experienced and the transfers were lodged at the Deeds Office in March 2020. 2) It is expected that these transfers will be registered as soon as the Deeds Office reopens in the month of staff returning to work at the Deeds Office following the lockdown.</p>





Strategy to overcome areas of under performance

Property Management

The Lodging Agents of the State Attorney's Office are being utilised to fast track the registration of unregistered sectional title schemes and the transfer of sold units to qualifying beneficiaries.

Underlying land issues including the non - issuing of required certification by municipalities and beneficiary issues caused under-delivery in the issuing of title deeds. The land issues are being resolved where affected land will be transferred to the relevant authority for further individual transfers to take place. A database of social facilitators; stage 1 professionals has been appointed to address critical areas which inhibit the attainment of the desired outcome.



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

1. General review of the state of financial affairs

The KwaZulu-Natal Housing Fund is dormant and receives no funding from the National Department of Human Settlements.

2. General

The Housing Act, Act no.107 of 1997 that governs the Housing Fund is currently in the process of being amended at a national level in order to disestablish the National Housing Fund. Once the said act has been amended the KwaZulu-Natal Department of Housing will be in a position to amend the KwaZulu-Natal Housing Act 12 of 1998, to allow for the de-establishment (target date 31 March 2021) of the KwaZulu-Natal Housing Fund and to transfer all its assets and liabilities to the KwaZulu-Natal Department of Human Settlements.

The two consultants responsible for cleaning up the fund, took up contract posts in the fund. Their responsibilities are to ensure that the fund's activities are accurately maintained at all times.

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

Scopa resolutions

The following Scopa resolution was applicable to the KwaZulu-Natal Housing Fund:

1. Resolution 32/2019: Material impairment of receivables from exchange transactions (R77.88 million)

Noting that:

- (a) A material impairment of receivables from exchange transactions amounting to R77.88 million relating to rental debtors and suspensive sale debtors was recognised, as the recoverability of these amounts was doubtful.
- (a) The application of the Enhanced Extended Discount Benefit Scheme (EEDBS), which is directed at indigent persons and seeks to promote home ownership, will likely result in most of these debts being written off.

The Committee resolves:

That the Accounting Officer provide a progress report to the Committee by 31 January 2020 on the writing off of these debts due to the application of the EEDBS and the recovery of the remaining debts.

Departmental Response

- All properties and debtors from the old dispensation are held and accounted for in the Housing Fund.
- The Department is currently facilitating the Title Deeds restoration program, to enhance the ownership of property and tenure in the Province, by fast tracking the transfer of sold units to identified beneficiaries.
- These housing units are occupied by the same debtor since inception in 1994 who are mostly indigent or pensioners and are not able to repay the outstanding balances and take ownership of the state properties, they occupy.

- In order to assist the transfer process, the EEDBS policy was formulated and rolled out by the National Department of Human Settlements. This policy allows for a subsidy and a write-off to be approved against each debtor's outstanding balances in terms of the debtor's income brackets.
- Efforts are also made, however, to collect as much of the debt as possible in circumstances where debtors have an income and can afford to pay.
- **Progress: 1 April 2019 to date**

Details	Balance
EEDBS and WRITEOFFS APPROVED AND IMPLEMENTED	R4,350,540
BALANCE OF RENTAL DEBTORS @ 1 JANUARY 2020	R38,002,725
BALANCE OF SOLD DEBTORS @ 1 JANUARY 2020	R37,060,542

It must be noted that the balances reflected in the above table are subject to constant change due to monthly raisings.

- Since April 2019, a further **363** of the total 1 465 RENTAL debtors were investigated and converted to sold properties to eventually pass ownership to the rightful occupants. Although serious resistance is received from the communities, the Department has been educating and convincing the occupants to take ownership.
- The promotion of EEDBS to the remaining SOLD Debtors has been escalated to meet the Department's APP targets and in response to the pending disestablishment of the Housing Fund. Although the Department has escalated the promotion of EEDBS among the remaining debtors, the Department has to navigate through various challenges, as occupants resist taking ownership of their state allocated homes.
- A further amount of R15 million, included in the SOLD debtors outstanding balance, for debtors that do not qualify for EEDBS but who are indigent or pensioners, is presently being investigated for writeoff in terms of the provisions of the PFMA. We envisage that write off will be finalised within the current financial year.
- Debtor statements are sent every 3 months to all debtors to facilitate the recovery of the outstanding debts. After the approval of the EEDBS, debtors that still have outstanding settlement balances, further debt collection processes are followed to either collect the outstanding amounts or write off the debts in terms of the provisions of the PFMA.

The Department is presently making good progress with regards to the reduction of the outstanding debt and the transfer of state houses to identified beneficiaries.

2. **Resolution 35/2020: KZN Housing Fund- material impairment of receivables from exchange transactions (R77.88 million) (relating to Resolution 32/2019)**

Noting:

The steps taken by the Department to recover the outstanding debts and to write-off irrecoverable debts.

The committee resolves:

That the Accounting Office provide a report by 30 April 2020 on the progress made in the reduction of outstanding debts and the sale and transfer of properties to the occupants thereof.

Departmental Response

- Most debtors are either low income earners or pensioners or indigent, and a minority of debtors earn above the threshold (owing to the effluxion of time).
- Application of the EEDBS policy (National policy) will result in most of the above debtors qualifying for a 100% write-off. Whereas the debtors above the threshold will qualify for EEDBS discounts as per their salary threshold.
- As a result of the above the Fund makes a provision of 95% of its debtor balances, which it deems to be irrecoverable.(owing to the fact that the EEDBS policy allows for 100% write-offs)



- This policy is in force to promote home ownership and fast tracking the title deeds restoration programme.
- The KZN Housing Fund is aggressively promoting home ownership ensuring that the occupants have tenure.
- The reason for the increase in the discounts offered by the state is that the state intends to dissolve the Housing Funds sooner rather than later and re-direct the funds.
- In the interim the KZN Housing Fund is also rehabilitating some of the units prior to transfer being effected.
- The KZN Housing Fund also embarked on an education drive on the advantages of home ownership and the mechanics and workings of body corporates.

3. Events after the reporting date

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

4. Approval

The attached annual financial statements set out in pages 261 to 284 have been approved by the Accounting Officer.

Mr. M. O.S. Zungu
Accounting Officer
KwaZulu-Natal Housing Fund
Date: 30 September 2020



STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 R'000	2018/19 R'000 Restated
Revenue	2	14 816	12 632
Other Revenue	3	249 897	197 857
Total Revenue		264 713	210 489
Expenditure	4	449 030	304 730
Net deficit for the year		(184 317)	(94 241)
Transferred to accumulated funds		184 317	94 241
		-	-

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 R'000	2018/19 R'000 Restated
ASSETS			
Current assets		11 542	11 838
Inventory	4.5 / 18	2 336	2 435
Receivables from Exchange Transactions	6	3 796	4 064
Receivables from Non-Exchange Transactions	7	5 410	5 339
Non-current assets		756 124	809 577
Land and Buildings	5 / 16	756 124	809 577
TOTAL ASSETS		767 666	821 415
LIABILITIES			
Current liability		21 719	7 060
Payables from Exchange Transactions	8	19 080	5 616
Payables from Non-Exchange Transactions	9 / 17.2	2 639	1 444
TOTAL LIABILITY		21 719	7 060
NET ASSETS		745 947	814 355
Represented by:		745 947	814 355
Accumulated Funds	16	22 731	40 547
Non - Distributable Reserve	13	723 216	773 808
TOTAL		745 947	814 355

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2020

	Note	Revaluation Reserve R'000	Accumulated Surplus R'000	Total Net Assets R'000
Accumulated Funds				
Balance at 31 March 2018		837 180	51 860	889 040
Fundamental error - adjustment to properties				
- adjustment for revaluation - take on of new property		590	-	590
- adjustment for revaluation	16	(435)	-	(435)
- adjustment for depreciation		-	468	468
- adjustment for depreciation trf to revaluation reserve		468	(468)	-
Balance at 31 March 2018 (Restated)		837 803	51 860	889 663
Transfer of receipts from closed debtor accounts	12	-	341	341
Transfer of unallocated balances from LI and PO suspense accounts	12	-	(534)	(534)
Net deficit for the year transferred from statement of financial performance		-	(94 241)	(94 241)
	13	(63 995)	83 121	19 126
Take-on of new properties		15 593	-	15 593
Transfer of depreciation on revalued portion of buildings from accumulated surplus to revaluation reserve		(13 407)	13 407	-
Impairment for the current year		(233)	-	(233)
Impairments reversed	5	3 766	-	3 766
Transfer of revaluation reserve realised on sale of properties		(69 714)	69 714	-
Balance at 31 March 2019 (Restated)		773 808	40 547	814 355
Transfer of receipts from closed debtor accounts		-	2	2
Net deficit for the year transferred from statement of financial performance		-	(184 317)	(184 317)
		(50 592)	166 499	115 907
Revaluation adjustment		102 014	-	102 014
Take-on of new properties		11 321	-	11 321
Transfer of depreciation on revalued portion of buildings from accumulated surplus to revaluation reserve		(14 729)	14 729	-
Impairments reversed - current year		2 572	-	2 572
Transfer of revaluation reserve realised on sale of properties		(151 770)	151 770	-
Balance at 31 March 2020		723 216	22 731	745 947

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 R'000	2018/19 R'000 Restated
CASH FLOW UTILISED FOR OPERATING ACTIVITIES			
Receipts			
Debtors: -			
- Sold		687	1 185
- Rental		383	936
- Individual Loan		1	9
-Transfers received from Department of Human Settlements	3	245 825	184 730
Expenditure			
Payments			
- Commission on post office receipts	4	(20)	(33)
- Funded by Department of Human Settlements	3	(245 825)	(184 644)
- Rates written off - (EEDBS)		(76)	(67)
- Recoverable rates		(2 140)	(1 968)
Net cash flows from operating activities	11	(1 165)	148
NET CASH FLOW FROM INVESTING ACTIVITIES		2	(193)
Increase / (Decrease) in Accumulated Funds	12	2	(193)
NET CASH FLOW FROM FINANCING ACTIVITIES		1 163	45
(Increase) / Decrease in clearing accounts	6.1	53	27
Increase in Department of Human Settlements	9	1 124	18
Refunds: debtors with credit balances		(14)	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		-	-

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS FOR THE YEAR ENDED 31 MARCH 2020

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 55(1) (b) of the Public Finance Management Act, (Act No.1 of 1999 as amended by Act No. 29 of 1999). Assets, liabilities, revenues and expenses have not been offset except where offsetting is required or permitted by a Standard of GRAP. The accounting policies are applied consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements.

1. Presentation of the Financial Statements

1.1. Basis of preparation

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for financial instruments that have been measured at fair value.

1.2. Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the fund.

1.3. Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4. Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.5. Revenue

1.5.1. Net Revenue

The net cash revenue received is surrendered to the Provincial Revenue Fund.

1.5.2. Revenue recognition

Receivables from exchange transactions

Represents interest charged on suspensive sale debtors at various rates, admin fees charged at a fixed and rental charged at a pre-determined formula.

Rentals are recognised on a straight-line basis over the term on the lease agreement. Interest earned on investments is recognised in the Statement of Financial Performance on the effective interest rate basis that takes into account the effective yield on the investment.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Fund has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Fund retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Fund; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Receivables from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from Department of Human Settlements

Revenue from the Department is assistance by the Department in the form of transfer of resources in return for compliance with conditions relating to operating activities. Revenue is recognised on a systematic basis over periods necessary to match the related costs.

1.6. Expenditure

1.6.1. Compensation of employees

1.6.1.1. Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the accrual basis.

1.6.1.2. Social contributions

Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the accrual basis.

Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the accrual basis.

1.6.2. Other expenditure

Other expenditure (such as goods and services, transfers and subsidies) is recognised in the statement of financial performance on the accrual basis.

1.7. Going concern assumption

These annual financial statements are prepared on the basis that the Fund will remain a going concern for the foreseeable future, although a national decision was made to disestablish the Provincial Housing Funds, however legislative changes to the National Housing Act, 1997 (Act no. 107 of 1997) have not been enacted to allow for the disestablishment of the Fund.

1.8. Impairment of financial assets

Annually an assessment is made as to whether there are any impairments of Financial Assets. If so, the recoverable amount is estimated and an impairment loss is recognised.

Debtors are stated at cost less any provision for impairment. The provision of 95 % is made of all debtors at year end. The reason for using 95 % is that history and trends have shown us that we only collect about 5 % of our debtors inclusive of the subsidy amount. The other factor of making a provision of 95 % is that a significant portion of our debtors are indigent and there are debtors who on approval of their EEDBS application cease to pay. We assess the recoverability of debtors collectively after grouping the indigent and/or approved EEDBS debtors in financial asset groups with similar credit risk characteristics.

Loans and Receivables are non-derivative Financial Assets with fixed or determinable payments. They are included in current assets.

Loans and receivables are recognised initially at cost which represents fair value.

After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less provision for impairment. All classes of loans and receivables are separately assessed for impairment annually.

1.9. Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of the net revenue. The write off occurs at year-end or when funds are available. Provision is made for irrecoverable amounts.

All other losses are recognised when authorisation has been granted for the recognition thereof.

1.10. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the annual financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred. Fruitless and wasteful expenditure is removed from the notes to the annual financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

1.11. Irregular expenditure

Irregular expenditure is recorded in the notes to the annual financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

Assets

1.12. Property, plant and equipment

The Fund's primary property portfolio is held to provide a social service and which also generates cash flows. The Fund holds a large housing stock used to provide housing to low income families at below market rental. In this situation, the property is held to provide housing services rather than for rentals or capital appreciation and rental revenue generated is incidental to the purposes for which the property is held.

As per the guidance provided in GRAP 16: Investment property; such property is not considered as investment property nor inventories and would be accounted for in accordance with the Standard of GRAP on property, plant and equipment.

Initial recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Fund. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an item of property, plant and equipment is acquired at no cost, or for nominal cost, its cost is its fair value as at the date of the acquisition. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired non-monetary asset's fair value is undeterminable, it's deemed cost is the carrying amount of the asset given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Major spare parts and stand by equipment which are expected to be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Subsequent measurement – Revaluation model

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are done every 5 years, if market conditions have significantly changed, that the carrying amount does not materially differ from that which would be determined using fair value at the end of the reporting period. Management considers the latest municipal values as a reliable basis as compared to fair value.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to the revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

An impairment test is conducted on an annual basis, if an indication of an impairment is present, the asset will be written down to its recoverable amount.

Any decrease in an asset's carrying amount, as a result of a devaluation, is recognised directly in surplus or deficit for the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset first.

Depreciation

Subsequent to initial measurement property, plant and equipment are depreciated on a straight line basis over their expected useful lives to their estimated residual values. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS FOR THE YEAR ENDED 31 MARCH 2020

The useful lives of property plant and equipment have been assessed as follows:

	Years
Land	0
Buildings	30

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The residual value, the useful life and depreciation method of each asset is reviewed at the end of each reporting date. If the expectation differs from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

De-recognition

Items of property, plant and equipment are derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment, is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Such a difference is recognised in surplus or deficit when the item is derecognised.

1.13. Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made.

1.14. Receivables and prepayments

Receivables and prepayments, included in the statement of financial position comprises rental debtors, suspense sale debtors and individual loan debtors.

Receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. When a trade receivable is uncollectible, it is written off in terms of the Fund's Credit Control and Debt Collection Policy. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

Liabilities

1.15. Accruals and payables

Accruals and payables are recognised and recorded in the annual financial statements when the goods are received or, in the case of services, when they are rendered to the fund or in the case of transfers and subsidies when they are due and payable.

Accruals and payables recognized, are measured at cost.

However the accruals and payables are not discounted where the initial credit period granted is consistent with the terms used in the public sector.

1.16. Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the fund; or

A contingent liability is a present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are included in the notes.

1.17. Commitments

Commitments represent capital goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date.

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

1.18. Employee benefits**Short term employee benefits**

Short term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of period in which the employees render the related service.

When an employee has rendered services to the Fund during a reporting period, the Fund recognises the undiscounted amount of the short term employee benefits expected to be paid in exchange for that service:

- As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Fund recognise that in excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, reduction in future payments or a cash refund; and
- As an expense, unless another standard requires or permits the inclusion of benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, the case of non-accumulating absences, when the absence occurs. The Fund measures the expected cost of accumulating absences as the additional amount that the Fund expects to pay as a result of the unused entitlement that has accumulated at reporting date.

The Fund recognises the expected cost of bonus; incentive and performance related payments when the Fund has a legal or constructive obligation to make such payment as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Fund has no realistic alternative but to make payments.

1.19. Inventory

Inventories are stated at the lower of cost and net realisable value. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the time of acquisition.

All inventory items at year-end are reflected using the FIFO cost formula.

1.20. Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessor

Operating lease revenue is recognised as revenue on a straight line basis over the lease term. The difference between amounts recognised as income and the contractual payments are recognised as an operating lease liability or asset.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight line basis.

Any contingent rent is recognised separately as revenue in the period in which they are received.

Income for leases is disclosed under revenue in the statement of financial performance.

Finance leases – lessor

The Fund recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the Fund's net investment in the finance lease.

These debtors are in respect of sales of individual properties where the monthly repayment is over a 30 year period. Ownership is transferred on repayment of the loan in full.

Net Assets**1.21. Accumulated Funds**

Accumulated Funds comprise amounts recognised as receivables and other assets raised.

1.22. Non-Distributable Reserve

Non-distributable reserves comprise revaluations to immovable property.

1.23. Related party transactions

Related parties are entities that control or significantly influence the fund in making financial and operating decisions. Specific information with regards to related party transactions is included in the notes.

	Note	2019/20 R'000	2018/19 R'000 Restated
2 Revenue			
Revenue from exchange transactions			
Admin fees received - individual loan debtors		-	-
- finance leases (suspensive sale debtors)		8	9
Interest received - individual loan debtors		2	20
- finance leases (suspensive sale debtors)		11 546	9 527
Rent received from rental debtors		3 260	3 076
Total		14 816	12 632
3 Other Revenue			
Revenue from non-exchange transactions			
Transfers received from Department of Human settlements	17.1	245 825	184 730
Decrease in provision for doubtful debts		4 072	13 127
Total		249 897	197 857
4 Expenditure			
4.1 Funded by the KwaZulu-Natal Housing Fund:		189 612	119 202
Commissions paid on post office receipts		20	33
Depreciation - buildings	5	15 472	14 235
Devolution - properties		68 918	4 674
EEDBS - capital adjustments / rebates / writeoffs		11 922	22 990
Induplum interest write back		10 122	5 876
Loss on sale of land and Buildings		83 152	71 388
Subsidies given to debtors on receipt of instalments		6	6
4.2 Funded by the Department of Human settlements and accruals:		259 418	185 528
Compensation of employees			
Salaries and wages			
Basic salary		28 233	26 753
Performance awards		-	511
Service Based		324	177
Compensative / circumstantial		258	285
Other non-pensionable allowances		5 391	5 022
Total		34 206	32 748

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 R'000	2018/19 R'000 Restated
Social Contributions			
Employer Contributions			
Pension		3 170	4 259
Medical		2 282	2 095
Bargaining Council		11	10
Total		5 463	6 364
Total compensation of employees		39 669	39 112
Goods and services			
Advertising		1 022	142
Audit fees		2 074	1 874
Assets less than R5,000		63	-
Catering		17	16
Computer services	4.3	398	674
Consultants, contractors and agency/outsourced services	4.4	695	1 891
Interest paid		31	269
Inventory	4.5	335	678
Property payments	4.6	45 349	37 566
Travel and subsistence		393	406
Other operating expenditure		231	600
Total		50 608	44 116
Payment for financial assets		17	-
Transfers and subsidies			
Provinces and municipalities	4.7	82 705	59 941
Households	4.8	86 419	42 359
Total		169 124	102 300
Total expenditure		449 030	304 730
4.3 Computer services			
External computer service providers		398	674
4.4 Consultants, contractors and agency/outsourced services			
Legal costs		600	273
Contractors		95	1 618
Total		695	1 891
4.5 Inventory			
Opening balance		2 435	2 543
Materials and supplies		236	570
Closing balance		(2 336)	(2 435)
Total		335	678

	Note	2019/20 R'000	2018/19 R'000 Restated
4.6 Property payments			
Municipal services and levies		39 950	29 688
Property maintenance and repairs		5 399	7 878
Total		45 349	37 566
4.7 Provinces and municipalities			
Property maintenance and rectification		60 193	36 048
Title deeds restoration programme		9 238	10 958
Rates and taxes		13 274	12 935
Total		82 705	59 941
4.8 Households			
Employee benefits		836	217
Rectification		85 583	42 142
Total		86 419	42 359

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

5 Property, plant and equipment

	Cost/ Valuation R'000	Accumulated depreciation R'000	Accumulated impairment R'000	Carrying Value R'000
2020				
Land	487 730	-	-	487 730
Buildings	408 645	(102 757)	(37 494)	268 394
	896 375	(102 757)	(37 494)	756 124
2019				
Land	493 194	-	-	493 194
Buildings	455 486	(93 007)	(46 096)	316 383
	948 680	(93 007)	(46 096)	809 577

Reconciliation of property, plant and equipment

	Opening Balance	Additions	Disposal	Impairments reversed	Revaluations	Depreciation	Total
2020							
Land	493 194	4 722	(60 140)	-	49 954	-	487 730
Buildings	316 383	7 403	(94 552)	2 572	52 060	(15 472)	268 394
	809 577	12 125	(154 692)	2 572	102 014	(15 472)	756 124
2019							
Land	519 356	4 982	(31 144)	-	-	-	493 194
Buildings	363 591	12 346	(48 852)	3 766	-	(14 235)	316 383
	882 947	17 328	(79 996)	3 766	-	(14 235)	809 577

Properties comprise vacant land, residential (serviced and unserviced) and commercial land and buildings.

Properties are stated at market valued.

Revaluations

The effective date of the revaluations was 01 April 2019. Land and buildings are revalued at municipal values and where applicable an independent valuer was used.

The method used by the independent valuer in estimating the market value of the properties was a comparative market analysis, also known as direct comparison method. Adjustments were made to the sale price of the comparable properties for inevitable differences between the comparable properties and the subject properties.

	Note	2019/20 R'000	2018/19 R'000 Restated
6 Receivables from exchange transactions			
Clearing accounts	6.1	(53)	-
Rental debtors	6.2	39 504	41 206
Suspensive sale debtors	6.3	37 482	40 067
Less: provision for doubtful debts	3	(73 137)	(77 209)
		3 796	4 064
6.1 Clearing Accounts			
LI Suspense		(24)	-
Post Office		(29)	-
		(53)	-
6.2 Rental debtors	22.2	39 504	41 206
These debtors are in respect of rentals owing by individuals on properties rented.			
6.3 Suspensive sale debtors	22.2	37 482	40 067
Individual loans		15	13
Sold properties		37 467	40 054
6.3.1	These debtors are in respect of sales of individual properties where the monthly repayment is over a 30 year period. Ownership is transferred immediately with respect to individual loans and with respect to sold properties ownership is transferred on repayment of the loan in full.		
6.3.2	Induplum interest was written back during the current financial year - R 10,122 m		
6.3.3	Enhanced extended discount benefit scheme (EEDBS)		
The KwaZulu-Natal Housing Fund has embarked on a drive to promote the EEDBS policy. This policy encourages the debtors to take advantage of the said policy. This policy is directed at indigent people and it also promotes home ownership.			
6.3.4	Reconciliation between the total gross investment in the lease and present value of the minimum lease payments:		
Gross investment in finance lease			
Not later than 1 year		1 307	2 258
Later than 1 year and not later than 5 years		5 229	9 031
Later than 5 years		577	238
		7 113	11 527
Unearned future finance income		(3 771)	(4 689)
Net investment in finance leases		3 342	6 838
6.4 Financial assets by category			
Financial instrument at amortised cost			
Rental debtors		1 975	2 060
Suspensive sale debtors		1 874	2 004
		3 849	4 064

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 R'000	2018/19 R'000 Restated
7 Receivables from non-exchange transactions			
Department of Human Settlements		71	-
Provincial Revenue Fund		5 339	5 339
		5 410	5 339
8 Payables from exchange transactions			
Trade Creditors		18 928	5 434
Debtors' Credit Balances		152	182
	10	19 080	5 616
9 Payables from non-exchange transactions	10 / 17.2	2 639	1 444
Department of Human Settlements			
The KwaZulu-Natal Housing Fund does not have its own bank account.			
All its cash transactions are done via the Department of Human Settlements bank account.			
10 Financial Liability by category			
Financial instrument at amortised cost			
Trade creditors	8	18 928	5 434
Debtors' with credit balances	8	152	182
Department of Human Settlements	9	2 639	1 444
		21 719	7 060
11 Reconciliation of net cash flows from operating activities:			
Deficit		(184 317)	(94 241)
Non - cash movements			
Revenue			
Admin fees received		(8)	(9)
Rent received from rental debtors		(3 260)	(3 076)
Interest received on suspensive sale and individual loan debtors		(11 548)	(9 547)
Decrease in provision for doubtful debts		(4 072)	(13 127)
		(203 205)	(120 000)
Expenditure			
Increase in trade creditors		13 494	777
Depreciation		15 472	14 235
Devolution - properties		68 918	4 674
EEDBS - capital adjustments / rebates / writeoffs		11 846	22 922
Induplum interest write back		10 122	5 876
Loss on sale of land and buildings		83 152	71 388
Decrease in inventory		99	108
Subsidies given to debtors on receipt of instalments		6	6
		(96)	(14)
Cash receipts and expenditure			
Receipts from debtors		1 071	2 130
Recoverable expenditure relating to debtors		(2 140)	(1 968)
Net cash flows from operating activities		(1 165)	148
12 Accumulated Funds		2	(193)
12.1 Debtors' with credit balances and LI suspense and PO suspense accounts, written-off against accumulated funds			

	Note	2019/20 R'000	2018/19 R'000 Restated
13 Non-Distributable Reserve			
Revaluation of land and buildings			
Restated balance		773 808	837 180
Prior year adjustment / Fundamental error -			
- Take on of new property		-	590
- properties incorrectly classified as land and building instead of land		-	33
Balance at beginning of year		773 808	837 803
Transfer of depreciation on revalued portion of buildings from accumulated surplus to revaluation reserve		(14 729)	(13 407)
Take-on of new properties		11 321	15 593
Transfer of revaluation reserve realised on sale of properties		(151 770)	(69 714)
Impairments on revalued portion of buildings		-	(233)
Impairments reversed on revalued portion of buildings		2 572	3 766
Revaluation adjustment		102 014	-
		723 216	773 808
13.1	The non-distributable reserve arose as a result of revaluing of the land and buildings to market value.		
14 Prior Year Adjustment			
- induplum interest write back	16	(711)	(3 385)
The prior year adjustment arose as a result of the induplum write back.			
15 Commitment			
Capital expenditure			
Approved and contracted for		3 546 797	3 661 946
Approved and not contracted for		-	-
Total commitments	17.3	3 546 797	3 661 946
16.1 Correction of Prior Period Error			
Accumulated Funds			
Balance as previously reported			40 583
Fundamental error:-			
- decrease - induplum interest write back - previous year			(711)
- increase - adj to provision for doubtful debts - previous year			675
- reversal of depreciation - properties			537
- reversal of depreciation - properties incorrectly classified			(537)
Balance as currently reported			40 547
Receivables from Exchange Transactions			
Balance as previously reported			4 100
Fundamental error - decrease - induplum interest addback			(711)
- increase - adj to provision for doubtful debts			675
Balance as currently reported	6		4 064
Provision for doubtful debts			
Balance as previously reported			(77 884)
- decrease - adj to provision for doubtful debts - previous year			675
Balance as currently reported	6		(77 209)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note	2019/20 R'000	2018/19 R'000 Restated
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Revaluation reserve

Balance as previously reported		773 115
- take on of new property		590
- reversal of revaluation reserve on property incorrectly classified		(435)
- reversal of depreciation on property - previous year		70
- reversal of depreciation on property - prior years		468
Balance as currently reported		773 808

PPE - Land and Buildings

Balance as previously reported		808 884
- take on of new property		590
- reversal of revaluation reserve on property incorrectly classified		(435)
- reversal of depreciation on property incorrectly classified		538
- reversal of revaluation reserve on property incorrectly classified building		(1 650)
- re-classification of revaluation reserve on property - land		1 650
Balance as currently reported	5	809 577

Fundamental Error**Suspensive Sale**

The fundamental error arose as a result of the split of the induplum interest addback between previous year, which resulted in the decrease in the provision for doubtful debts.

PPE and Revaluation reserve

The fundamental error arose as a result of performing a completeness test at 31 March 2020. The test revealed that one (1) property had to be added. The said amendment was done retrospectively.

2 Properties were incorrectly classified as land and building whereas they should have been classified as land only.

16.2 Correction of Change in Accounting Policy**Commitment****Current Expenditure**

Approved and contracted for		
Balance previously reported		299
Change in accounting policy		(299)
Balance currently reported		-

The change arose as a result of the change in National Treasury's guidelines on commitments, only capital commitments are disclosed.

17 Related party transactions

The following related parties were identified

17.1 Value of the Transactions

3	245 825	184 730
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The KwaZulu-Natal Housing Fund does not receive any funding from the National Department of Human Settlements. The Provincial Department of Human Settlements pays for its expenses in terms of DoRA.

	Note	2019/20 R'000	2018/19 R'000 Restated
17.2 Department of Human Settlements	9	2 639	1 444
<p>The Department of Human Settlements controls the KwaZulu-Natal Housing Fund. The said fund does not have its own bank account. All monies received by the said fund is deposited in the Departments bank account. This obligation is expected to be settled in the entities normal operating cycle, i.e. on receipts from its debtors.</p>			
17.3 Commitments	15	3 546 797	3 661 946
<p>These commitments are of a long term nature, in relation to the operations of the KwaZulu-Natal Housing Fund and in respect of maintenance and rectification of its properties.</p>			
17.4 Guarantees			
<p>The KwaZulu-Natal Housing Fund will meet its obligations in the normal course of business through its funding from The Provincial Department of Human Settlements via DoRA.</p>			
17.5 Shared Services			
Class of management	No of individuals		
- Programmes 1,2 & 3 - level 15 to 16	2	270	296
- level 14	2	775	703
- other	70	4 326	5 563
		5 371	6 562
<p>The Department of Human settlements provides administrative and management services to the KwaZulu-Natal Housing Fund. The cost of R 5,371 m (2019 - R 6,562 m), is not included in the compensation to employees figure in note - 4.2. This figure comprises of actual time spent of basic salary and performance bonuses were applicable.</p>			
18 Inventory			
Opening balance		2 435	2 543
Add: purchases		236	570
Less: issues		(335)	(678)
Closing balance		2 336	2 435
<p>Inventory comprises of building and maintenance materials.</p>			
19 Fruitless and Wasteful Expenditure			
Opening balance		269	-
Add: fruitless expenditure - relating to the current year		31	269
Less: condoned		-	-
Closing balance		300	269
<p>Relates to interest paid on unpaid levies.</p>			
20 Irregular Expenditure			
Reconciliation of irregular expenditure			
Opening balance		22 709	22 187
Add: irregular expenditure - relating to the current year		-	522
Less: condoned		-	-
Irregular expenditure awaiting condonation		22 709	22 709

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 R'000	2018/19 R'000 Restated
Details of irregular expenditure			
Incident			
		22 709	22 709
21	Contingent Liabilities		
	Contractual Dispute	1 057	1 057

22 Risk Management**22.1 Financial Risk Management**

The Fund's activities exposed it to a variety of financial risks:

- market risks (including interest rate risk);
- credit risk; and
- liquidity risks.

This note presents information about the Fund's exposure to each of the above risks, the fund's objectives, policies and processes for the measuring and managing risks, and the Fund's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Accounting Authority has the overall responsibility for the establishment and oversight of the Fund's risk management framework.

The Fund's risk management policies are established to identify and analyse the risk faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the fund's activities. The Fund, through its training and management standards and procedures, aims to develop a discipline and constructive control environment in which all employees understand their roles and obligations.

22.2 Credit Risk

Credit risk is the risk of the financial loss to the Fund if a customer to a financial instrument fails to meet its contractual obligations, and arises primarily from the Fund's receivables from customers.

Trade and Loans Receivables

The Fund's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The demographics of the Fund's customer base have less of an influence on credit risk. Geographically, there is no concentration of risk.

The Fund establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables and loans receivable. The collective loss allowance is determined, based on historical data payment statistics for similar financial assets.

The carrying amount of the financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2019/20 R'000	2018/19 R'000 Restated
Trade receivables from exchange transactions - rentals		39 504	41 206
Suspensive sale debtors		37 482	40 067
Receivables from exchange transactions	6	76 986	81 273
The collectivity of these receivables at considered to be low:-			
- most of the debtors are indigent;			
- downturn in the economy;			
- difficulty in estimating the monthly payments of the indigent debtors and those debtors that applied for EEDBS;			
Aging of receivables from exchange transactions			
-Due not later than 1 year		9 456	9 497
-Due later than 1 year and not later than 3 years		11 976	7 518
-Due later than 3 years		55 554	64 258
		76 986	81 273

22.3 Interest Rate Risk

Interest rate risk results from the cash flow and financial performance uncertainty arising from interest rate fluctuations.

The Fund's exposure to the risk of changes in the market interest rate relates primarily to the Fund's loans and receivables from exchange transactions. The objective of managing interest rate risk management is to safeguard the Fund's assets whilst still enabling fulfillment of the Fund's mandate. The objective of interest rate risk management is to consider the effect of fluctuations in interest rates that might affect the fair value or future cash flows of a financial instrument. The Fund's exposure to interest rate risk arises from increases in the rate that could give rise to default of the counterparty.

22.4 Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The table below analyses the fund's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

	R'000 Less than 1 year	R'000 between 1 and 2 years	R'000 Total
2020			
Trade and other payables	19 080	-	19 080
2019			
Trade and other payables	5 616	-	5 616

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**23 Going Concern**

The annual financial statements are prepared on the basis that the Fund will remain a going concern for the foreseeable future, although a national decision was made to de-establish the Provincial Housing Funds, however the legislative changes to the National Housing Act, 1997 (Act no.107 of 1997) have not yet been enacted to allow for the de-establishment of the Fund.

The Fund aims to finalise the sensitization of the properties meaning to transfer, delete and devolve the properties and phasing out of the debtor book by promoting ownership by March 2025, at which stage, subjected to the expected amendments to the housing legislation, the Fund will be closed and the remaining assets of the Fund will be transferred to the books of the Department or devolved to municipalities/local authorities.

Furthermore there are no factors that are contrary to our evaluation. There is no intention for the Fund to be liquidated or cease operations.

There is no significant doubt that the Fund will continue to exist at this stage. The Statement of Financial Position and the property portfolio of the fund continues to reflect a positive net asset current ratio.

24 Budget vs Actual**24.1 Comparison of Budget to Actuals**

Economic classification	2019/20				2018/19	
	Final Appropriation	Actual expenditure on cash basis	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure on cash basis
	R'000	R'000	R'000	%	R'000	R'000
Current	99 127	90 951	8 176	1	86 503	81 371
Compensation of employees	40 966	39 863	1 103	0,0%	39 638	39 039
Goods and services	58 161	51 057	7 104	87,8%	46 865	42 063
Interest	-	31	(31)		-	269
Transfers & subsidies	150 390	154 858	(4 468)	103,0%	100 136	103 359
Provinces & municipalities	79 024	82 656	(3 632)	104,6%	60 416	60 284
Households	71 366	72 202	(836)	101,2%	39 720	43 075
Payment for financial assets	-	17	(17)	1,5%	-	-
Financial transactions in assets and liabilities	-	17	(17)	1,5%	-	-
Total	249 517	245 826	3 691	1,5%	186 639	184 730

Explanation of variance: This programme under spent mainly from vacant posts such as Control Works Inspector, Senior Admin Officer, General Worker, etc. due to natural attrition and retirement. Also, there were savings in respect of TDRG due to delays in the issuing of rate clearance certificates by municipalities, as well as the township establishment processes which was taking longer than anticipated. These delays resulted in delays in the issuing of the title deed

24.2 Reconciliation of actual amounts on a comparable basis (Cash basis) and actual amounts on accrual basis

Economic classification	2019/20			2018/19		
	Actual expenditure on cash basis	Movement in accruals	Actual expenditure on accrual basis	Actual expenditure on cash basis	Movement in accruals	Actual expenditure on accrual basis
Current	90 951	(674)	90 277	81 371	1 857	83 228
Compensation of employees	39 863	(194)	39 669	39 039	73	39 112
Goods and services	51 057	(480)	50 577	42 063	1 784	43 847
Interest	31	-	31	269	-	269
Transfers & subsidies	154 858	14 266	169 124	103 359	(1 059)	102 300
Provinces & municipalities	82 656	49	82 705	60 284	(343)	59 941
Households	72 202	14 217	86 419	43 075	(716)	42 359
Payment for financial assets	17	-	17	-	-	-
Financial transactions in assets and liabilities	17	-	17	-	-	-
Total	245 826	13 592	259 418	184 730	798	185 528

24.3 Budget information

The KwaZulu-Natal's Housing Fund is subject to budgetary limits in the form of appropriations, which is given effect through authorising legislation.

The KwaZulu-Natal's Housing Fund's source of funding is its appropriation from the Department of Human Settlements and receipts from its debtors.

The approved budget and the expenditure is presented by economic classification.

The approved budget covers the fiscal period from 01 April 2019 to 31 March 2020.

The annual financial statements are presented on the accrual basis and whereas the budget is stated on the cash basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.





KWAZULU-NATAL PROVINCE
HUMAN SETTLEMENTS
REPUBLIC OF SOUTH AFRICA

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