

# ANNUAL REPORT

2021/2022

Integrated Sustainable Human Settlements



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





LIMPOPO

PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

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

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

**LIMPOPO**

**VOTE NO. 11**

**ANNUAL REPORT**

**2021/2022 FINANCIAL YEAR**

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## **PART A: GENERAL INFORMATION**

## **1. DEPARTMENT GENERAL INFORMATION**

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REPORT 2021/22**

## 2. LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements	HSS	Housing Subsidy System	PGDS	Provincial Growth and Development Strategy
AG	Auditor-General	IDMS	Infrastructure Delivery Management System	PIGR	Provincial Intergovernmental Relations
APP	Annual Performance Plans	IAMP	Infrastructure Asset Management Plan	PHP	People Housing Process
BAS	Basic Accounting System	ICT	Information and Communication Technology	PMS	Performance Management System
B2B	Back to Basics	IDP	Integrated Development Plan	PFMA	Public Finance Management Act
CD	Chief Director	IGR	Intergovernmental Relations	QPRs	Quarterly Performance Reports
CIDB	Construction Industry Development Board	IFMS	Integrated Financial Management System	RM	Records Management
CD	Chief Director	IOD	Injury on Duty	SALGA	South African Local Government Association
CFO	Chief Financial Office	INEP	Integrated National Energy Programme		
CIO	Chief Financial Office	HH	Household	SCM	Supply Chain Management
CIPC	Registration of Companies, Cooperatives and Intellectual Property	IDMS	Infrastructure Delivery Management System	SDG	Sustainable Development Goals
CoGTA	Cooperative Governance and Traditional Affairs	IRPD	Integrate Reconstruction and Development Programme	SDF	Spatial Development Framework
CPM	Certified Project Mangers	ISHS IT	Integrated Sustainable Human Settlements Information Technology	SDIP	Service Development Improvement Plan
CoGHSTA	Cooperative Governance Human Settlements and Traditional Affairs	LCF	Local Competitive fund	SH	Social Housing
CoGTA	Cooperative Governance and Traditional Affairs	LED	Local Economic Development	SEZ	Special Economic Zones
Covid-19	Corona Virus Disease 19	LDP	Limpopo National Plan	SETA	Sector education and Training Authority
CRU	Community Residential Unit	LGSF	Local Government Support	SHRM	Strategic Human Resources

			Fund		
CSD	Central Supply database	ISHS	Integrated Sustainable Human Settlements	SMS	Senior Management Services
CWP	Community Work Programme	LUS	Land Use Structure	SM	Senior Manager
D	Director	GITO	Government Information Technology Office	SPLUMA	Spatial Planning and Land Use Management Act
DBSA	Development Bank of South Africa	GSDM	Greater Sekhukhune District Municipality	SP	Strategic plan
DDG	Deputy Director General	KPA	Key Performance Area	NSDF	National Spatial Development Framework
DMICS	Disaster Management Information Communication System	MEC	Member of the Executive Council	NDSHS	
DPP	Departmental Procurement Plan	MPAC	Municipal Public Accounts Committee	STATSA	Statistics South Africa
DRDLR	Department of Rural Development and Land Reform	MYHDP	Multiyear human settlement development plan	TKLA	Traditional and Khoisan leadership Act
DPW	Department of Public Works	IRDP	Integrate Reconstruction and Development Programme	VDM	Venda District Municipality
EAP	Employee Assistance Programme	IT	Information Technology	WSA	Water Services Authority
EPRE	Estimate of Provincial Revenue and Expenditure	MFMA	Municipal Financial Management Act	WSP	Workplace Plan
ECM	Enterprise Content Management	MTSF	Medium Term Strategic Framework	UISP	Upgrading of Informal Settlements Programme
EEDBS	Enhanced Extended Discount Benefit Scheme	MISA	Municipal Infrastructure Systems Agent		
EEP	Employee Equity Plan	MSA	Municipal System Act		
EMDP	Executive Management Development Programme	MIG	Municipal Infrastructure Grant		
EPWP	Expanded Public Works Programme	MIIF	Municipal Infrastructure Investment Framework		
FBE	Free Basic Electricity	MOU	Memorandum of Understanding		
FBS	Free Basic Services	MPRA	Municipal property Rate Act		
FBW	Free Basic Water	MISS	Minimum Information Security System		



FLISP	Financed Linked Individual Subsidy Programme	MPSS	Minimum Physical Security System	
GAP	General Accounting Practice	MTEF	Medium Term Expenditure Framework	
GBVF	Gender Based Violence and Femicide	NGO	Non-Governmental Organization	
GCCN	Government Common Core Network	NDP	National Development Plan	
GDP	Gross Domestic Product	NHBRC	National Home Builders Registration Council	
GDPR	General Data Protection Regulation	NSDP	National Spatial Development Plan	
GIS	Geographical Information System	NYS	National Youth Services	
GITO	Government Information Technology Office	NT	National Treasury	
GSDM	Greater Sekhukhune District Municipality	NSP	National Strategic Planning	
HOD	Head of Department	OTP	Office of the Premier	
HSDG	Human Settlements Development Grant	NSDF	National Spatial Development Framework	
CAC	Central Audit Committee	PAIA	Promotion of Access to Information Act	
CAE	Chief Audit Executive	PDA,	Priority Development Areas	
DPWRI	Department of Public Works, Roads and Infrastructure	SIAS	Shared Internal Audit Services	

### 3. FOREWORD BY THE MEC



**Makamu RB**  
**Member of Executive Council**

The dawn of our sixth term of administration in 2019 was disturbed by Covid-19. Nevertheless, we continue to commit ourselves to the implementation of the Medium-Term Strategic Framework. The results accounted for in this report are a reflection of committed Government to change the lives of ordinary people for the better. This annual report is cardinal to inform the trajectory of the current Administration as it reviews the mid-term performance.

In keeping with the provincial targets which includes 30 732 houses, 8 435 serviced sites, 744 Rental Housing Units and 10 000 registered title deeds, as the department we poised ourselves to appoint eligible civil & structural engineers and contractors to achieve a target of 49 911 housing opportunities by 2024. Despite facing numerous housing delivery challenges during the first two quarters of the previous financial year, I'm optimistic that service delivery will improve for the benefit of the citizens of the Province.

To support rapid land release, the Department endeavours to increase servicing of sites as a focal area on conditional grants. This will ensure that while low cost houses will be built in the urban areas, beneficiaries who do not qualify to receive Breaking New Ground (BNG) houses can build their own houses. Bulk infrastructure projects will also be implemented to upscale delivery of serviced sites in pursuance of integrated human settlements.

In line with the Provincial Spatial Development Framework, we will continue to channel resources to the identified provincial growth points which also support gazetted priority development areas and District Development Model.

Previously constructed single gender-based hostels degraded the dignity of our citizens and further contributed to the collapse of the family structure. To address this anomaly, the democratic government continues to abolish the hostels and create family friendly Community Residential Units (CRUs). The CRU programme aims to facilitate the provision of secure, stable rental tenure for lower income persons or households. The roll out of CRU continues to be of the key focus of our Department. In the past financial year, we targeted 150 CRU units in Marapong in Lephalale. The target was not met due to payment dispute between the Implementing Agent which is Housing Development Agency (HDA) and contractors. To mitigate this challenge, the Department terminated the implementation agreement with HDA and the Department is managing the project.

Other CRU projects are for Talana in Greater Tzaneen and Tshikota in Makhado municipalities. To date, the feasibility study and project packaging for Talana CRU has been finalised. The Principal Agent and contractor for Talana will be appointed in the 2022/2023 financial year to commence with the actual work of delivering community residential units and ease congestion in the areas, while the service providers for Tshikota CRU have been appointed.

Regulatory boards play a pivotal role in both our public and private institutions. Limpopo Rental Housing Tribunal and Limpopo Housing Advisory Panel statutory bodies have been appointed in January 2022.

A plan has been developed for Human Settlements programmes to enhance forward planning. This will ensure that we are ready to implement projects for the upcoming financial year in the last quarter of the preceding year.

The Department continues to provide technical and oversight support to municipalities in terms of implementing their mandates. Support to municipalities has culminated into institutional stability and efforts towards improved performance on key performance areas as enshrined in the applicable regulations. On instances of under-performances, the Department deployed requisite interventions at political and administrative levels to improve performance across all municipalities.

The Country administered successful Local Government Elections in November 2021. My message to all Mayors is that you have a bigger task lying ahead. The people of Limpopo are waiting impatiently for implementation of the plans entailed in Integrated Development Plans (IDP).

In pursuit of the District Development Model (DDM), each of the five district municipalities were supported to develop their One Plans. The provincial government has adopted the Limpopo Development Plan (LDP) to guide development planning actions of government and non-government actors in the province. EXCO further adopted the Provincial IGR and Integrated Planning and M&E Framework in August 2021 which makes the argument for the DDM to be institutionalized within current Political and Technical IGR structures in the Province. The framework argues that the DDM should be mainstreamed into existing provincial and

district IGR structures and not be viewed as a parallel process. Thus, at a provincial level, DDM is driven by the Premier through the Premier's Intergovernmental Forum and supporting structures, while at a district level it is championed by Executive Mayors. All government spheres, civil society and private sector should continue to embrace the principles of DDM and align to the comparative advantage of each district.

Covid-19 and the recent floods have highlighted the centrality of mainstreaming disaster management in programmes of Government. As a result, to achieve our developmental goals, it is imperative that the effects of climate change are embodied in government programs, as we observe changes in rainfall patterns, diseases and other disasters resulting in loss of lives and infrastructure damage. In response, our Provincial Disaster Management Centre, working in collaboration with various stakeholders have started the process of reviewing the Provincial Disaster Management Plan. We further call upon our district municipalities to ensure that the District Disaster Management Centres have the necessary capacity to prepare, manage and respond to any disaster.

The Municipal Public Accounts Committees (MPACs) have a duty to provide the necessary oversight so that we can improve audit results. This will help restore the confidence of our people in the system of local government.

Consistent with the Constitution and other legal prescripts, the Department supported the Institution of Traditional Leadership with offices, staff, transport, communications and inaugural ceremonies. On its role, the Institution of Traditional Leadership lent its hand in the government-wide fight against the Covid-19 pandemic and Gender-Based Violence initiatives.

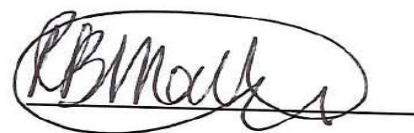
In fulfilment of the provisions of the Traditional and Khoisan Leadership Act, the Department is in the middle of the roll out of the constitution of traditional councils, due for completion in 2023. Traditional Affairs sector is characterized by disputes among royal family members, leading to instability and in some instances damage to property (traditional council offices). This has implications on the ability of the Department to allocate resources for building and/or refurbishing the Councils offices and other tools of trade. The Royal families are always encouraged to follow their traditions and customs.

Subsequent to suspension of traditional initiations due to Covid-19 pandemic, the process for readiness began in December 2021, by issuing a circular to invite all districts for submission of applications to hold initiations. The cooperation with the traditional institutions and stakeholders with the sector at large is commendable as it ensures safety of initiates at all times.

As life reverts to normal, the Department returns normal business to provide human settlements solutions, support municipalities and the Institution of Traditional Leaderships. Municipalities will rise to their constitutional obligations; housing backlogs will reduce significantly and the Institution of Traditional Leadership will be the glue that holds traditional communities together in advancing the developmental agenda of the democratic dispensation.

I take this opportunity to acknowledge the sterling contributions by the erstwhile Head of Department Ms. Ngaka Dumalisile in steering the Department in an upward trajectory to meet its outcomes. Dr Modjadji Malahlela took charge as the Acting Head of Department and has the duty to ensure that the ship is on an even keel going forward.

I would like to express my sincere gratitude to the Hon. Premier and colleagues in the Executive Council, the Portfolio Committee and other Oversight Committees of the Legislature, as well as to management and all staff of COGHSTA for their invaluable contribution to the strides attained during the reporting period. Indeed, development is about people as Limpopo citizens are the cornerstone of our efforts.

A handwritten signature in black ink, appearing to read 'RBM', enclosed within an oval shape.

**Makamu R.B, MPL**

**MEC of the Department of Co-operative Governance, Human Settlements and Traditional Affairs**

**31 July 2022**

#### **4. REPORT OF THE ACCOUNTING OFFICER**



**Malahlela MM**

**Acting Head of Department**

This year saw the recovery from the Covid-19 pandemic interruptions as our systems have been adapted. Service delivery programmes were gradually operating in full, as contractors were on site all the time. On the same note, the process of finalising the review of the organisational structure was concluded, with implementation to commence in the 2022\2023 financial year. This milestone is critical to ensure optimal operations of the Department given the changing environment. Several critical positions were vacated in the year under review including that of Head of Department, Deputy Director General for Integrated Sustainable Human Settlements as well as SMS members in Information Technology and Supply Chain Management Units.

The 2021 November Local Government Elections ushered another maturity towards progressive realisation of stable public sector. The provincial government managed the transition seamlessly as handover reports were prepared and shared with the incoming Councils for implementation. This was instituted by Provincial Executive Council primarily to ensure minimum interruptions in the established systems of governance. All Councils have been inducted in line with applicable regulatory framework.

Post elections support is the primary responsibility of the Department. In accordance with Municipal Structures Act of 1998, as amended, the establishment of ward committees to promote public participation was instituted. During the period under review, 561 ward committees were successfully established against the total of 568 wards across the province, with Waterberg recording a highest number of outstanding ward committees. Municipalities were granted extension to finalise the establishment of ward committees.

Municipal Infrastructure Grant Provincial Allocation of R3,116,210,000 was reduced during the stopping and re-allocation by R15.388 million to R3,100,822,000. This is mainly due to low expenditure reported as at end of December 2021 by municipalities. Of the R165.947 million stopped, R150.559 million was re-allocated to these municipalities for their positive performance: Greater Tzaneen (R62m), Collins Chabane (R28m), Blouberg (R24m), Maruleng (R20.559m) and Makhado (R16m). The Department continues to monitor and support through deployment of professionals by MISA and other state organs within the sector.

The main source of revenue for municipalities is derived from property rates, services and conditional grants. To maximise revenue collection, strengthening implementation of credit control policies and by-laws is crucial and initiatives on rural property registration has commenced. Department of Public Works Roads & Infrastructure has commenced with land audit to enable payment of property rates together with Agriculture, Land Reform and Rural Development. In addition, township establishment projects are being implemented in some municipalities.

Despite identified challenges, municipalities are stable and there has been an improvement in several key performance areas, though the financial health has deteriorated. There is however a risk of the gains being lost due to change of leadership as well as the expiry of senior manager's contracts. Regular engagements are undertaken with the new Council's leadership to focus on the state of the municipalities, and specific areas of concern per municipality to mitigate the risks.

The introduction of Traditional and Khoi-Son Leadership Act No.3 of 2019 (TKLA) has several implications which requires the Department to manage the programme differently. The Act requires all traditional councils in the province to be constituted by 31 March 2023. With the support of the Department of Agriculture, Rural Development and Land Reform, the department completed the verification of traditional boundaries and Traditional Leaders have been inducted on the Act.

Human Settlements infrastructure projects are mainly implemented through conditional grants. During the year under review, R1,121 billion was received which is composed of R864 million for Human Settlement Development Grant (HSDG), R254 million for Informal Settlements Upgrading Programme Grant (ISUPG), R2 million for Extended Provincial Works Programme (EPWP), R2.3 million for Provincial Emergency Housing Grant and R6.1 million for Title deeds registration grant. Through the grants, 4 272 housing units were delivered and 2 525 sites were serviced with water and sanitation to improve conditions of living of households. Performance on conditional grant was affected by poor performance by some service providers, availability bulk infrastructure for servicing of sites and inadequate forward planning. A risk assessment has been conducted to enable management of hindrances for project implementation. These include: linking procurement plan with Human Settlements planning cycle, obtaining concurrence with Water Services Authorities (WSA) prior to inclusion of projects in the annual business plan and ensuring that all planning activities for the coming year are finalised in the current year. In addition, the department will implement several interventions to improve contracts management to address the challenges.

The total amount of R24 469 000 was incurred as irregular expenditure during the period under review. Included in this amount was an amount of R16 314 000 incurred as a result of a multi-year contract that was awarded to a service provider in 2018/19 financial year. The original contract was declared irregular, therefore, all subsequent payments made against this contract were irregular.

### **Departmental receipts**

The revenue budget estimate was R5.6 million (2021: R7.7 million) and actual collection amounted to R87.8 million (2021: R18.0 million) resulting in an over collection by R82.3 million (2021: R10.3 million). The over collection was as a result of recoveries from an HDA that refunded back funds that were paid during 2021 in previous years and were not yet utilised at the end of the financial year. Sale of capital assets only occur through an auction process and this did not happen as a result of Covid 19.

There were no free services rendered by the department that would have yielded significant revenue. The department made use of transversal tariffs as determined and approved by the Provincial Treasury.

A total amount of R1,349 million (2021: R0.880 million) was written off as irrecoverable during the year under review. The debts were written off in terms of the transversal debt management policy by the Provincial Treasury.

Departmental receipts	2020/2021			2021/2022		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	1,499	1,228	(271)	1,559	1,055	504
Interest, dividends and rent on land	4,578	5,074	496	1,264	3,741	<b>(2,477)</b>
Sale of capital assets	746	385	(361)	1,027	0	<b>1,027</b>
Financial transactions in assets and liabilities	880	11,331	10,451	1,702	83,034	<b>(81,332)</b>
<b>Total</b>	<b>7,703</b>	<b>18,018</b>	<b>10,315</b>	<b>5,552</b>	<b>87,830</b>	<b>(82,278)</b>

### Programme Expenditure

Expenditure amounted to R1,887 billion (80%) of the final appropriation of R2, 362 billion compared to 96% in 2020\21 (R2,109 of R2,193 billion). Underspending is mainly attributed to, non-performance by some contractors for low-cost housing and areas for services not ready due to bulk unavailability, delay in identification of projects as well as procurement processes for service providers in respect of construction of Traditional Council Offices as well as delay in filling of vacant positions.

Programme Name	2020/2021			2021/2022		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Administration</b>	367 318	346 880	20,438	321 147	295 693	25 454
<b>Human Settlements</b>	1 029 705	1 010 559	19 146	1 232 774	868 265	364 509
<b>Cooperative Governance</b>	278 879	263 612	15 267	279 078	270 685	8 393
<b>Traditional Institutional Development</b>	517 400	488 349	29 051	529 201	453 417	75 784
<b>TOTAL</b>	<b>2 193 302</b>	<b>2 109 400</b>	<b>83 902</b>	<b>2 362 200</b>	<b>1 888 060</b>	<b>474 140</b>

### **Virements and roll overs**

Provincial Treasury approved virements which the Department submitted to address shortfall on SITA costs, writing-off of debts as well as costs associated with early retirement without penalty.

During 2021\2022 an amount of R6, 125 million on conditional grants was received as roll over. Submitted rollover requests in respect of Conditional Grants (R352, 883 million) as well as equitable share (R7, 595m) on the unspent funds for the year under review.

### **Unauthorised, fruitless and wasteful expenditure , irregular expenditure**

No amount was incurred as unauthorized expenditure during the period under review. A total amount of R6,555 million was incurred as fruitless and wasteful expenditure while R24,469 million was incurred as irregular expenditure during the period under review. These amounts were referred for investigation. The officials whose commission or omission led to fruitless and wasteful expenditure are held accountable by making good the loss suffered by the department.

### **Strategic focus over the short to medium term period**

Delivery of results depends on the ability of the Department to address the service delivery bottlenecks timeously. A Comprehensive human settlement planning programme is being implemented by ensuring that human settlements planning activities (i.e. beneficiaries, project feasibility assessments, NHBRC enrolments etc) for next year are concluded in the current year. Implementation of capital projects in Traditional Affairs is conducted on 3 year prioritisation cycle. To promote effective governance and accountability, institutional stability is critical in the Local Government sector.

### **Public Private Partnerships**

The department did not enter into any Public Private Partnerships in the previous financial year.

### **Discontinued, New and Proposed key activities**

None

### **Supply Chain Management**

There were no unsolicited bid proposals concluded for the year under review. There are SCM processes and systems which are in place to prevent irregular expenditure. The newly approved structure caters for Contract Management Unit which is not yet filled and as a result there is shortage of staff. Efforts have been made to prioritisation of posts within SCM more especially the post of Director Demand and Acquisition.

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

No gifts and donations in kind were received during the year

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

There were no exemptions from the PFMA and TR or deviation from the financial reporting requirements received for the current and/or previous financial year.



### **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.

### **Payment of invoices**

The department has achieved 99.57% payment of undisputed claims/invoices within 30 days from date of receipt in compliance with the relevant prescripts. On average, suppliers are paid within 10.3 days.

### **Employment Equity**

On the overall staff establishment, female representation is at 58% while males are at 42%. This representation is still skewed as the bulk of the female representation is at lower levels not in management. A number of females left the employ of the Department at senior management level during the period under review, representation is at 47%.

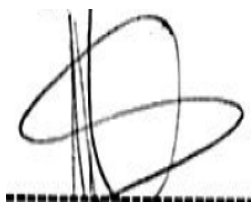
### **Risk Management**

A Risk Management Committee has been established chaired by an independent person, the Committee have considered the following during the year:

- Risk assessment process and tracked progress on mitigation measures
- Approved Risk management policy and Charter
- Impact of Covid-19 on operations
- Monitored implementation of AG Audit Action Plan to improve audit outcomes

### **Acknowledgement**

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



**Malahlela MM**  
**Accounting Officer**  
**Department of Co-operative Governance, Human Settlements and Traditional Affairs**

**Date: 31 May 2022**

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

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

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

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

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

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

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

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

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

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the

financial affairs of the department for the financial year ended 31 March 2022.

Yours faithfully

A handwritten signature in black ink, consisting of several loops and a vertical line, positioned above a horizontal dashed line.

**Accounting Officer**

**Malahlela MM**

**31 May 2022**

## 6. STRATEGIC OVERVIEW

### 6.1 Vision

Integrated Sustainable Human settlements

### 6.2 Mission

To be an effective agent of change that delivers quality services to citizens of Limpopo through:

- Promoting developmental local governance,
- Supporting municipalities and Traditional Leadership Institutions, and
- Optimally deliver integrated and sustainable human settlements.

### 6.3 Values

Our values are underpinned by the Batho Pele Principles.

#### Service Excellence:

We shall strive to attain recognised standards of service quality, and maintain continuous improvement in service delivery.

#### Innovation:

We shall toil in the pursuit of excellence and innovation on the use of information and communication technology to enhance public service delivery.

#### Integrity:

We shall conduct our business with integrity at all times to inculcate a culture of honesty and accountability among all our employees.

#### Prudence:

We shall exercise prudence and economy in running the business of the department and in pursuance of its goals and the objectives of government.

#### Transparency:

We shall always ensure transparency in everything we do in order to build trust and confidence with all our stakeholders.

#### Fairness and consistency:

We shall treat all our beneficiaries, suppliers and employees with fairness and equity at all times.

#### Professionalism

We shall ensure that employees demonstrate high level of professionalism when interacting with all stakeholders

#### Ethical

We shall strive for high standard of professional ethics and conduct

## 7. LEGISLATIVE AND OTHER MANDATES

### Constitutional mandate

Section of the Constitution	Direct responsibility in ensuring compliance
Chapter 2, section 26	This section puts direct responsibility on the department in ensuring that everyone has access to adequate housing, a responsibility carried out through the ISHS sub-Department.
Chapter 6, Section 139	The MEC as per the directives of the Provincial Executives (EXCO) may intervene in the affairs of a municipality
Chapter 7, section 154	This section directs the provincial government to support and strengthen the capacity of municipalities to manage their own

	affairs, to exercise their powers and to perform their functions.
Chapter 12, Section 212	Departmental responsibility: To acknowledge the role for Traditional Leadership as an institution at local level on matters affecting local communities and to deal with matters relating to traditional leadership, the role of traditional leaders, customary law and customs of communities observing a system of customary law by the establishment of houses of traditional leaders.

### Legislature and policy mandates

Relevant Act	Key Responsibilities
A. Public Service Act of 1994 (as amended) and Regulations	To provide for the organization and administration of the public service of the Republic, the regulation of the conditions of employment, terms of office, discipline, retirement and discharge of members of the public service.
B. Public Finance Management Act 1 of 1999 (as amended) and Regulations	To regulate financial management in the national government and provincial government, to ensure all revenue, expenditure, assets and liabilities of the government are managed efficiently.
C. Municipal Finance Management Act of 2003 (as amended)	To secure sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government.
D. Division of Revenue Act of 2012 (as amended).	Section 214(1) of the Constitution requires that every year a Division of Revenue Act determine the equitable division of nationally raised revenue between national

Relevant Act	Key Responsibilities
	government, the nine provinces and 278 municipalities. This budget process takes into account the powers and functions assigned to each sphere of government. The division of revenue process fosters transparency and is at the heart of constitutional cooperative governance.
E. Housing Act of 1997	The Department in consultation with provincial organization must do everything in its power to promote and facilitate the provision of adequate housing in its province within the framework of the national housing policy.
F. Local Government Municipal Structures Act of 1998	The MEC for local government in a province, by notice in the Provincial Gazette must establish a municipality in each municipal area which the Demarcation Board demarcates in terms of the Demarcation Act.
G. Local Government Municipal Systems Act of 2000	The MEC for local government in the province may, subject to any other law regulating provincial supervision of local government, assist a municipality with the planning, drafting, and adoption of mid review of its 5 year integrated development plan.
H. Disaster Management Act 2002	To provide for- an integrated and coordinated disaster management policy that focuses on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective

Relevant Act	Key Responsibilities
	<p>response to disasters and post-disaster recovery;</p> <ul style="list-style-type: none"> <li>the establishment of national, provincial and municipal disaster management centres;</li> <li>disaster management volunteers; and</li> <li>Matters incidental thereto.</li> </ul>
I. Development Facilitation Act of 1995	To facilitate and speed up the implementation of reconstruction and development programmes and projects in relation to land; and in so doing, to lay down general principles governing land development throughout the Republic.
J. Local Government Municipal Property Rates Act No. 6 of 2004	The MEC to support municipalities with the process to impose rates on property; to assist municipalities to make provision to implement a transparent and fair system of exemptions, reductions and rebates through their rating policies; to make provision for an objections and appeals process and to provide for matters connected therewith.
K. Spatial Planning and Land Use Management Act, 2013	To provide a framework for spatial planning and land use management in the Republic; and to specify the relationship between the spatial planning and the land use management system and other kinds of planning.
L. Intergovernmental Relations Framework Act No.13 of 2005	The Act requires the department to acknowledge the framework for the three spheres of government, namely national,

Relevant Act	Key Responsibilities
	provincial and local government, to promote and facilitate intergovernmental relations between the three spheres of government, which are distinctive, interdependent and interrelated; to provide mechanisms and procedures to facilitate the settlement on intergovernmental disputes and matters incidental thereto.
M. Traditional and Khoi-San Leadership Act, 3 of 2019 (TKLA)	To provide for the recognition of traditional and Khoi-San communities, leadership positions and for the withdrawal of such recognition; to provide for the functions and roles of traditional and Khoi-San leaders; to provide for the recognition, establishment, functions, roles and administration of kingship or queenship councils, principal traditional councils, traditional councils, Khoi-San councils and traditional sub-councils, as well as the support to such councils; to provide for the establishment, composition and functioning of the National House of Traditional and Khoi-San Leaders; to provide for the establishment of provincial houses of traditional and Khoi-San leaders; to provide for the establishment and composition of local houses of traditional and Khoi-San leaders; to provide for the establishment and operation of the Commission on Khoi-San Matters; to provide for a code of conduct for members of the National House, provincial

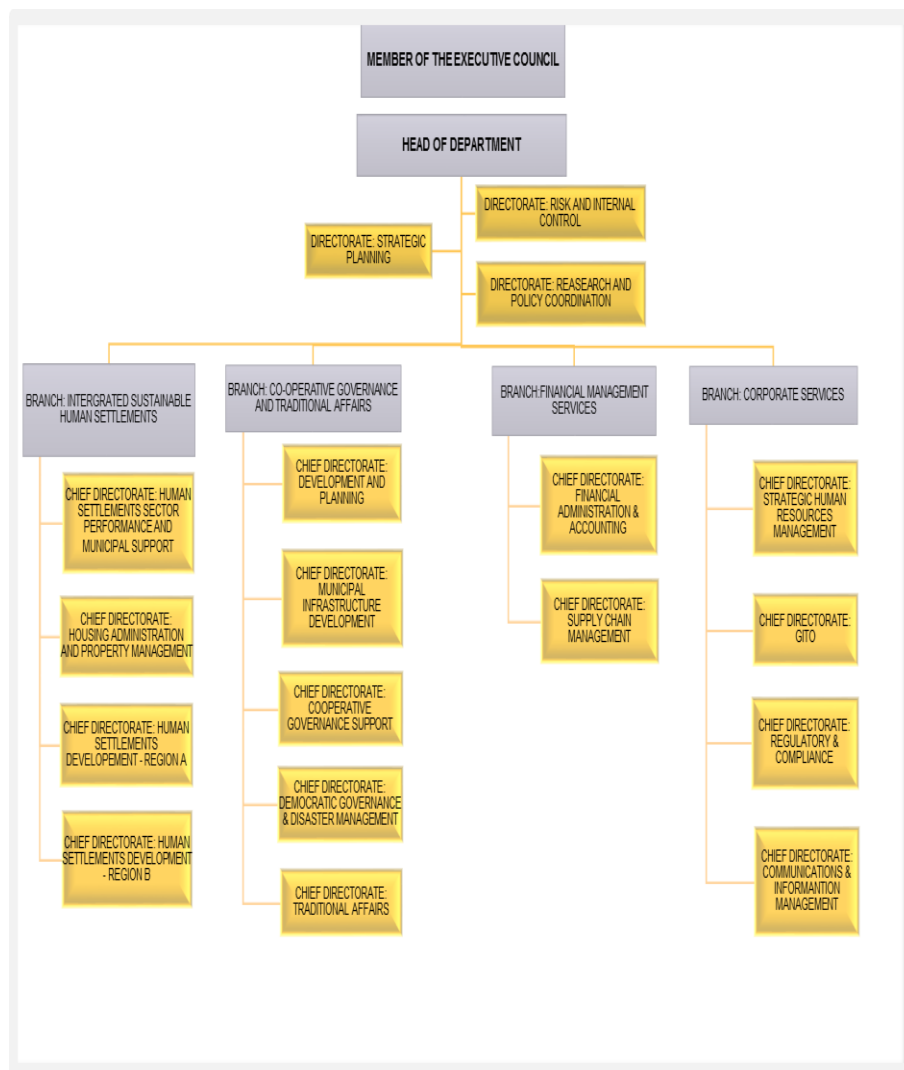
Relevant Act	Key Responsibilities
	houses, local houses and all traditional and Khoi-San councils; to provide for regulatory powers of the Minister and Premiers; to provide for transitional arrangements; to amend certain Acts; to provide for the repeal of legislation; and to provide for matters connected therewith.
N. Limpopo Traditional Leadership and Institutions Act No.6 of 2005	To provide for the recognition of traditional communities; the recognition of traditional councils, the election and appointment of members of traditional councils, recognition of traditional leaders, their removal from office, their roles and functions, recognition of acting traditional leaders and regents, to provide for funds of traditional councils and management thereof; to provide for payment of allowances for travelling expenses of members of traditional councils; to provide for meetings of royal family and traditional councils; to provide for code of conduct; and for matters connected therewith.
O. The Customary Initiation Act 2 of 2021	To provide for the effective regulation of customary initiation practices; to provide for the establishment of a National Initiation Oversight Committee and Provincial Initiation Coordinating Committees and their functions; to provide for the responsibilities, roles and functions of the various role-players involved in initiation practices as such or in the governance aspects thereof; to provide for

Relevant Act	Key Responsibilities
	the effective regulation of initiation schools; to provide for regulatory powers of the Minister and Premiers; to provide for the monitoring of the implementation of this Act; to provide for provincial peculiarities; and to provide for matters connected therewith.

Policy	Key Responsibility
1. National Development Plan	The NDP, which outlines a plan to address issues in the country, provides a road map to where government would like South Africa to be in 2030.
2. Community Residential Units Policy	Building and management of residential units for the beneficiaries of income up to R3500 per month. Mostly targets all hostels, old buildings and green field sites.
3. Housing Code	To provide an easy – to- understand overview of the various housing subsidy instruments available to assist low-income households to access adequate housing. The detailed description of the policy principles, guidelines, qualification criteria and norms and standards are available in the National Housing Code.
3. Breaking New Ground	The state gives subsidy housing to qualifying beneficiaries to bring dignity to them. The policy emphasizes on the need to achieve a nonracial integrated society through the development of sustainable settlements and quality housing.
4. Provincial LED	Planned actions aimed at creating an impetus and a critical mass in the local economic environment in

Policy	Key Responsibility
Strategy	order to generate momentum in the economy.
5. Local Government Strategic Agenda	Roadmap that outlines what needs to be done by local government during the term 2006-2011, The roadmap outlines priority actions and proposes intervention to be implemented by critical stakeholders-municipalities, SALGA, traditional leaders etc.
6. Multi-year Housing Development Plan	To provide a strategic context for the implementation of housing development plan over the next five years. The plan is aimed at ensuring that the council's enabling role and its forward development programme help deliver against core council and housing priorities.
7. Integrated Development Plan	This is a plan which indicates how the municipality will spend its money for the next five years. It is a plan to help set budget priorities.
8. Provincial Growth Point Plan of Action	Identify economic growth points in all the district municipalities.

## 8. ORGANISATIONAL STRUCTURE



## 9. ENTITIES REPORTING TO THE MEC

None



## **PART B: PERFORMANCE INFORMATION**

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

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

Refer to page 121 of the Report of the Auditor General, published as Part E: Financial Information.

## **2. OVERVIEW OF DEPARTMENTAL PERFORMANCE**

### **2.1 Service Delivery Environment**

The period under review operated mostly under adjusted lower levels of state of disaster declared in the 2020/21 financial year (FY). During this period majority of employees resumed operating at their offices on a full time basis and a mode of familiarity in delivery of services is steadily being restored. This was evident through departmental performance that that improved as the year progressed. The Department managed to successfully review the Organisational structure that will be implemented in the subsequent financial year. The newly created posts are proposed to be implemented in three phases, namely 2022/23FY, 2023/24 FY and 2024/25 FY in line with the annual Departmental recruitment plan, subject to approval by Provincial Personnel Management Committee (PPMC) and Annual Performance Plan.

The budget of the Department for the year under review was R2, 362 billion. The allocation of the Equitable Share amounted to R1,240 billion while for Human Settlements Development Grant was R877 million, Informal Settlements Upgrading Partnership Grant was R254 million, Provincial Emergency Housing Grant was R2, 3 million and EPWP was R2, 0 million.

#### **2.1.1 Human Settlements**

The programme is mandated to ensure provision of housing development, access to adequate accommodation in relevant well-located areas, access to basic services and access to social infrastructure and economic opportunities. Provision of these services is implemented through conditional grants and the key expenditure drivers are the Integrated Residential Development Programme (IRDP) and the Urban & Rural Programme which is made of the housing units and serviced sites. Therefore, constraints in these programmes have an overall impact on performance and service delivery targets over time. Through physical verification and assessment processes it was discovered that most of the areas that have a potential for being provided with internal services have challenges regarding bulk connections. Service providers will be appointed to address bulk service provision in accordance with conditional grants requirement. In addition, through District One Plans and priority development areas approaches this will assist in accelerating availability of bulk infrastructure which also contribute to spatial transformation.

There has been general underperformance of appointed contractors for rural and urban housing units particularly those who were rolled over into 2021/22 financial year. Most of the contractors were on site from the previous financial year and still struggling to deliver housing units. In assisting contractors having capacity challenges, the department recognizes sessions entered into by contractors with sub-contractors and material suppliers. Project Resource Team (PRT) was availed for technical expertise advisory assistance to contractors that have challenges in project management to ensure that there is timeous delivery of claimable milestones meeting the agreed specification.

With the Province being predominantly rural, formalization of townships still remains a challenge in order to register title deeds for beneficiaries of subsidized housing. Completion of the township registers will enable the Department to issue title deeds timeously and reduce the backlog.

In the previous financial years, the Finance Linked Individual Subsidy Programme (FLISP) was not delivering due to contractual challenges with the Bendor Ext. 100 project. Uptake on walk-ins was also not strengthened through awareness and marketing while beneficiaries failing credit facilities to access funding from housing funding institutions or commercial banks. In partnership with RISIMA, engagements are underway to improve the marketing strategy and application of less stringent criteria of qualification to aid in increasing the FLISP subsidies. Mining companies are also engaged in human settlements programmes so as to increase uptake of the subsidies.

### **2.1.2 Co-operative Governance**

The programme is mainly focused in ensuring that municipalities are supported to deliver on their mandates as well as monitoring and evaluating compliance matters in accordance with applicable legislative framework. Support to municipalities is mainly focused on development planning, municipal infrastructure development, democratic governance and disaster management.

To effectively discharge their mandate, municipalities should build and maintain sound institutional and administrative capabilities, administered and managed by dedicated and skilled personnel at all levels. Vacancies in strategic position for municipalities is fluctuating, significant events such as Venda Banking Scheme (VBS) investment irregularities and local government elections has had impact on stability of management positions for this sector.

In the past 5 financial years AGSA reported going concern uncertainty consistently in Thabazimbi LM, Musina LM and Modimolle-Mookgophong LM, this is mainly due to the high Eskom Debt. Of the three municipalities, only Musina has managed to reduce the Eskom debt significantly due to its dedication and focus on adhering to the repayment agreement, while the other two municipalities have not adhered to repayment agreements.

Overall, there is an improvement in 2020\2021 financial year municipal audit outcomes. With one clean audit opinion from Waterberg District municipality, whereas Capricorn District municipality has regressed from clean to unqualified audit. There is an increase in unqualified audits. In collaboration with other stakeholders a comprehensive support plan has been developed to jointly address issues raised by AGSA in order to consistently improve audit outcomes.

According to Statistics South Africa, access to water has declined by 8% between 2015 and 2019 (from 78.8% to 70.0%). The decline is mainly caused by ageing infrastructure affecting sustainable and reliable water supply. The province is 20% below the Limpopo Development Plan target. Access to refuse removal has declined by 3.7% between 2015 and 2019 (from 24.1% to 17.7%). The province is 32.3% below target. There is a 0.5% increase in electricity and a 9.4% increase in sanitation between 2015 and 2019. Targets for electricity and sanitation were exceeded by 3.4% and 13.4% respectively. Municipal Infrastructure Grant (MIG) remain the main source of funding to address basic service intervention to households. Provincially, expenditure as at 31 March 2022 amounted to R 1.771 billion against reduced allocation of R3.101 billion, translating to 57.1%. This expenditure is the lowest of all the other previous five financial years.

Despite identified challenges, municipalities are stable and there has been an improvement in several key performance areas, though the financial health has deteriorated. There is however a risk of the gains being lost due to change of leadership as well as the expiry of senior manager's contracts. To mitigate this risk, regular engagements will be undertaken with the new leadership to focus on the state of the municipalities, and specific areas of concern per municipality using different platforms.

### **2.1.3 Traditional Institutional Development**

Traditional councils (TCs) are provided with support in the form of construction of offices, support staff to assist with administration in TCs, vehicles for Senior Traditional Leaders and other tools of trade. The increase in the number of traditional councils and subsequently traditional leaders is putting more pressure on the financial resources, especially provision of tools of trade such as offices, support staff and vehicles.

The Traditional and Khoi-San Leadership Act, 3 of 2019 (TKLA) commenced with effect from 01 April 2021 as determined by the President under Proclamation No. 38, published in Government Gazette No. 43981 of 11 December 2020. The TKLA makes provision for the statutory recognition of Khoi-San leaders and communities, as well as the establishment of Khoi-San leadership structures. The Limpopo Traditional Leadership and Institutions Act, 6 of 2005 will therefore have to be amended or repealed to address the conflicts. The following challenges are anticipated and intervention strategies are developed to ensure compliance with the Act:

- ❖ Possible litigations due to non-adherence to the prescribed time-frames: The TKLA is prescriptive on the 90 day period for royal family to fill vacancies, and the Premier to conclude the recognitions.
- ❖ Increase in disputes among royal family members
- ❖ Funding for the reconstitution process and the allowances of the councilors.

- ❖ Overlapping territorial areas, making it difficult for finalization of mapping exercise

Collaboration with role players are underway to minimise impact of the challenges which include Office of the Premier, Provincial Treasury as well as Department of Agriculture, Land Reform and Rural Development.

Construction of office accommodation during the year under review was implemented in eight identified Traditional Councils. Out of the 8 traditional councils, four (4) were identified for refurbishment and four (4) were new constructions. Progress was affected by disputes and procurement process, these projects are expected to be finalised in 2022\2023 as the challenges are being attended to with relevant stakeholders including Traditional Councils itself.

## 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
Number of rental units (CRU)	Hostel Dwellers	0	164	0 The project was stalled for 08 months due to non-compliance to OHS by contractor and lapsed contract for Principal Agent

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

Current/actual arrangements	Desired arrangements	Actual achievements
B2B Pillar 1 Community Engagement	MEC's Imbizo held	0

***Service delivery information tool***

Current/actual information tools	Desired information tools	Actual achievements
Coghsta News	Print Media, Electronic	Vuitivi, CoGHSTA today/news

***Complaints mechanism***

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Departmental toll-free number	Short Messaging Systems (sms)	The department managed to resolve 100% of all complaints

## 2.3 Organisational environment

The organizational review process that was affected by budget cut in due to Covid -19 pandemic has been finalised with a centralized model and approved by the executing authority after consultation with Office of the Premier and Department of Public Service Administration. Vacancy rate was at 20.5 percent as based on the old structure as the new one is pending implementation. The rate is significantly affected at senior management service as the following positions were vacated through resignation and natural attrition: Head of Department, Deputy Director General: Human Settlements, Chief Directors: Government Information Technology Office and Supply Chain Management, Directors: Research and Policy Co-ordination, Information Communication Technology and Legal Services. Recruitment process has commenced to fill these strategic positions. Inadequate personnel due to vacancies has hampered progress in performance of some programmes.

The Department has a total of three hundred and thirty-three (333) litigation cases which has a potential to cost the department more than R198 million. Most of the litigation cases against the Department are Traditional Affairs cases emanating from the Kgatla Commission, recognition of Senior Traditional Leaders and Headman/Women. The cases are as a result of traditional leadership disputes, delays in recognition of senior traditional leaders and headman/women.

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

The High Court of South Africa, Gauteng Division, Pretoria (the High Court) declared the Municipal Structures Act (MSA) unconstitutional and invalid as it failed to comply with the procedures set out in section 76 of the Constitution, on the grounds of Tagging. The Court considered it unnecessary to decide the substantive issues relating to limitation of political rights of municipal managers and managers reporting to municipal managers.

The Traditional and Khoi-San Leadership Act, 3 of 2019 (TKLA) commenced with effect from 01 April 2021 as determined by the President under Proclamation No. 38, published in Government Gazette No. 43981 of 11 December 2020. The TKLA makes provision for the statutory recognition of Khoi-San leaders and communities, as well as the establishment of Khoi-San leadership structures. The Limpopo Traditional Leadership and Institutions Act, 6 of 2005 will therefore have to be amended or repealed to address the conflicts.

## **3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES**

In measuring institutional performance as mandated by the 2019-2024 MTSF, the department has aligned itself with the following impacts statements, Capable, Ethical and Developmental Department, spatially transformed sustainable Human Settlements in cities and in productive rural regions by 2025, improved quality of life for the people of the province and a diverse, socially cohesive society with a common identity. The aforementioned impact statements will be realized through the following set of outcomes which the department will be embarking on achieving until 2024 calendar year:

- (i) Professional, Meritocratic and Ethical Department
- (ii) Improved governance and efficient financial management systems
- (iii) Spatial transformation through multi-priority development areas
- (iv) Adequate housing and improved quality living environments,
- (v) Security of tenure
- (vi) Improved capacity to deliver basic services, quality infrastructure to increase household access to basic services,
- (vii) Improved support and oversight in all municipalities,
- (viii) Improved perception (Community based) on governance in municipalities, and
- (ix) Developmental Traditional Institutions.

**THE FOLLOWING MAJOR ACHIEVEMENTS WERE RECORDED DURING 2021/22 FINANCIAL YEAR.**

**Capable, Ethical and Developmental Department**

- 52.7% of bids awarded to black, youth, and women owned SMMEs was achieved against the national target of 30%
- Resolved 100% queries and complaints logged through Presidential, Premier and Departmental Hotline
- 46% of females representation at SMS level was realized after ensuring that employment equity plan ring-fenced employment on women

**Spatially transformed sustainable Human Settlements in cities and in productive rural regions by 2025**

- 4 Informal settlements were formalized at Mabaleng/Alma, Vingerkraal and Vaalwater in the Waterberg District as well as Novengila in Greater Tzaneen.
- 977 title deeds were registered through the R&E and EEDBS programmes to ensure secure tenure for beneficiaries

**Improved quality of life for the people of the province.**

- 27 Municipalities were supported in submission of AFS, guided through implementation of municipal property rates, maintaining functionality of District IGR Structures
- All municipalities were supported in developing legally compliant IDP's.
- District municipalities were supported to maintain functional disaster management centers.
- All local municipalities were supported in the implementation of service programmes to improve access to basic service by households
- 5 Districts supported on the development of One Plans *as per the requirements of District Development Model* and Local Economic Development Initiatives.
- 29 458 of work opportunities were created through Community Works Programme (CWP)



#### **4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION**

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

Purpose: Capable, Ethical and Developmental Department

Sub-Programmes:

Corporate Services: To provide professional support services to the department

Financial Management: To give financial management support and advisory services for effective accountability

##### **Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

The reviewed Organisational structure was approved by the Executing Authority during October 2021 after receiving the concurrence letter from the MPSA. The total number of posts abolished is 957 which translate to 32.59% on the previous approved organizational structure and total number of posts created is 118 on the approved organizational structure. The ratio of post allocation is 1701 posts (80.81%) CORE Functions and 404 posts (19.19%) in Support/Administration Functions. Expenditure for the proposed organizational structure is R969 571 000, as calculated using the costing template from DPSA.

As a learning organisation the Department planned to develop employees by offering bursaries. Budgetary constraints as a result of Covid-19 pandemic limited training programmes to be implemented as per the proposed Workplace Skills Plan. Only bursary holders are funded as there are financial and legal implications. Contact classes are also no longer possible, and the virtual classes are conducted. This also brings along network problems, IT support is being provided to bursary holders. Experiential learners placed in the Department is 52 (38 Females and 14 Males). All SMS and MMS members were workshopped on the Public Management and Financial Management delegations.

The Department has been struggling to achieve the national threshold on SMS women representation. Currently the Department has only reached 46% against the target of 50% of women representation at SMS level. Challenges encountered are that women are in high demand in other departments and sectors, thus some have resigned in order to pursue greener pastures. In some instances, women SMS members retired or passed on. Due to Compensation of Employees budget cut to deal with Covid 19, it has been very difficult to fill the posts. The people with Disability at SMS level are at 0 % instead of 2 % and overall, the percentage is at 0.9 %.

Even with challenging environment due to Covid-19, cases reported in relation to wellness were attended to in response to ensuring that wellness of employees is always attained.

Total spending on the adjusted budget amounts to R1,887 billion or 80%. The bulk of underspending of 20% is on conditional grants due to underspending by some contractors as well as unavailability of bulk in some areas to be services. Underspending on equitable share is mainly on construction of traditional council offices because of delays in identification projects. Compliance reports are prepared and submitted to oversight bodies for review of performance.

Governance structures are established and function to support internal control system and implement mitigating strategies in case of short falls. Most of new fraud and corruption activities identified in the department and received from the national hotline, these cases are investigated, and feed back provided to the complaint. In addition, Financial Miscount Board was established and processed cases that are related to possible financial misconducts.

There is an approved Disciplinary Code and Procedure policy which serves as guidance to the department in the management of Discipline. The policy is in line with Resolution 1 of 2003 and various other pieces of legislations including but not limited to the Constitution, Labour Relations Act, and Code of Conduct for Public Servants, Public Service Act and Regulations. The department conducts advocacy workshops every year to ensure that officials are made aware of the existence of the policy, the Code of Conduct, RWOPS and financial disclosures. However, the workshops could not take place during the quarter due to Covid 19 Regulations and budgetary constraints.

<b>Programme: Administration</b> <b>Sub-programme: Corporate Services</b>								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
1.1. Professional, Meritocratic and Ethical Department	Professional and ethical conduct by employees	1.1.1. Compliance to Batho Pele principles in provision of services	100%	Directorates comply to Batho Pele principles in provision of services	Compliance By Directorates to Batho Pele principles in provision of services	Directorates are compliant to Batho Pele principles in provisioning of services	None	None
	Service delivery queries and complaints	1.1.2. Percentage of resolved service delivery queries and complaints	100%	100%	100% Resolved queries and	100%	None	None

Programme: Administration								
Sub-programme: Corporate Services								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
	resolved	logged through Presidential, Premier and Departmental Hotline			complaints			
	Employees appointed	1.1.3. Number of Employees appointed	9	6	0	0	0	None
	Employees trained	1.1.4. Number of employees trained as per WSP	863	94 Bursary holders administered	82	115	33	None
	Attended to Employee Wellness cases	1.1.5. Percentage of employee wellness cases attended	100%	100%	100%	100 %	None	None
	Equity targets attained	1.1.6. Percentage of women in SMS represented	43%	46%	42% women in SMS represented	46%	4%	Employment equity plan ring-fenced employment on women
		1.1.7. Percentage of people with Disabilities represented	1.1%	1%	0.9% of persons with disability represented	0.9 %	None	None
	Reduced corruption	1.1.8. Number of Anti-Fraud and Corruption	New Indicator	New Indicator	8	8	None	None

Programme: Administration								
Sub-programme: Corporate Services								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
	practices in the department	Awareness workshops conducted within the department.						

Programme: Administration								
Sub-programme: Financial Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
1.2 Improved governance and efficient financial management systems	All undisputed invoices paid within 30 days	1.2.1. Percentage of Undisputed invoices paid within 30 days	99.3%	92%	100% undisputed invoices paid within 30 days	99.6%	0.4%	Relocation of projects from one municipality to the next, rescheduling of BAS disbursement run as a result of Covid cases, delays by the department of Public Works to inspect certain project that they were requested to certify before payment is made.

<b>Programme: Administration</b> <b>Sub-programme: Financial Management</b>								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
	Bids awarded to pre-qualified designated groups	1.2.2. Percentage of bids awarded to pre-qualified designated groups	New Indicator	70%	30%	52.7%	22.7%	Bids awarded to companies owned 100% by director falling within the designated groups.
	Monitored budget expenditure of programmes	1.2.3. Percentage of allocated budget spent	96%	96%	100% of allocated budget spent	80%	20%	Underspending on Human Settlements Conditional Grants as well as Construction of Traditional Council offices.
	Zero material audit findings	1.2.4. Type of audit opinion achieved	Achieved Unqualified audit opinion with matters of emphasis	Unqualified audit opinion with matters of emphasis	Unqualified audit opinion without matters of emphasis	Unqualified audit opinion with matters of emphasis	Unqualified audit opinion without matters of emphasis	<ul style="list-style-type: none"> <li>Impairment provision of R16 553 000 (2020: R16 486 000) in respect of doubtful receivables.</li> <li>Litigation with various service providers and third parties. The ultimate outcomes of the</li> </ul>

<b>Programme: Administration</b> <b>Sub-programme: Financial Management</b>								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
								<p>matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements</p> <ul style="list-style-type: none"> <li>The financial statements submitted for audit had material misstatements discovered during the course of audit and corrected thereafter i.e. assets, irregular expenditure and prepayments and advances</li> </ul>

### **Linking performance with budgets**

The programme spent 92% of the adjusted appropriation compared to 94% in 2020\21. Significant under expenditure in Corporate service is as a result of retirement and resignation and subsequent delayed filling of vacant posts due to review of the organisational structure. Delay in procurement of Computer software as well as operating lease for machinery and equipment.

### **Sub-programme expenditure**

Sub- Programme Name	2020/2021			2021/2022		
	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	365 340	344 902	20 438	158 273	143 202	15 071
Office of the MEC	1 978	1 978		6 637	6 348	289
Office of the HOD*	-	-	-	28 012	24 183	3 829
Financial Management*	-	-	-	126 247	120 062	6 185
<b>Total</b>	<b>367 318</b>	<b>346 880</b>	<b>20 438</b>	<b>319 169</b>	<b>293 795</b>	<b>25 374</b>

\* Part of Corporate Services during 2020-21 FY

### **Strategy to overcome areas of under performance**

- Application for rollover on Conditional Grants to be submitted to Treasury.
- Some debts were handed over to a debt collection agent to help in collecting outstanding debts.
- The possible outcomes of the litigation cases with various service providers will be re looked to determine the provision for liability.
- To conduct continuous training of staff and further ensure the review of financial statements by Treasury and Internal audit.

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

Not applicable

**Progress on Institutional Response to the COVID-19 Pandemic**

Budget Programme	Intervention	Geographic location (Province)	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
Administration	Covid-19 materials to protect staff	Province	On average 1 953 employees	On average: 58% females 42% males 1% employees with disabilities	R992	R691	Attended to employee Wellness cases	Safe working environment



## 4.2 Programme 2: Human Settlements

**Purpose:** To ensure the provision of housing development, access to adequate accommodation in relevant well located areas, access to basic services and access to social infrastructure and economic opportunities.

The programme is mainly responsible for upgrading informal settlements and facilitates a process that provides equitable access to adequate housing in a integrated and sustainable manner.

To achieve the above mention objectives, the program is divided into three sub-programmes

- Housing Needs, Research and Planning
- Housing Development, Implementation Planning and Targets
- Housing Assets Management and property ManagementsList the institutional outcomes that each programme contributes.

### **Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

To ensure spatial transformation a multiyear human settlements development has been reviewed with emphasis on priority development areas as identified during the strategic focus of the current electoral cycle. In support of the Priority Housing Development Areas approach, a draft plan has been completed in the identified municipalities.

A total of 6 835 households have benefited through various programme of human settlements i.e., construction of houses through individual subsidy, sites connected to basic services such as water and sewer as well as finance linked indivual subsidy programme. Contractor's performance is still a challenge in producing milestones that will be converted into complete housing unit. On grant performance, the Department performed relatively well considering all challenges brought by Covid-19 lockdown regulations which in the main had negatively affected building materials supply chain nationally and globally, the credit worthiness of Contractors and building Materials suppliers and full operation of construction sites.

Secure of tenure to promote economic activity and ensure dignity had an injection of additional 977 household's title deeds were registered. Challenges currently experienced to fast track the issuing of these Title Deeds include: Untraceable beneficiaries, Family disputes on ownership, Delay in issuing of exemption certificates and power of attorney by Municipalities and Original township title deeds not available. To ensure improved delivery on title deeds, feasibility assessments to be conducted to determine readiness of projects before conveyancers are appointed as well as workshop municipal officials and councillors on the importance of issuing title deeds during and after construction.

<b>Programme: Human settlements</b> <b>Sub-programme: Housing Needs, Research and Planning</b>								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
2.1. Spatial transformation through multi-priority development areas	Multiyear Human Settlements Development Plan available	2.1.1. Multiyear Human Settlements Development Plan Developed	MYHSDP approved & submitted	Reviewed Multiyear human settlements Development plan	Reviewed Multiyear human settlements Development plan	Multiyear human settlements Development plan reviewed	None	None

<b>Programme: Human Settlements</b> <b>Sub-programme: Housing Development, Implementation and Planning</b>								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
2.2. Adequate housing and improved quality living environments	Projects approved for human settlements	2.2.1. Number of Projects approved for Human settlements	New Indicator	5	60	83	23	Relocation of units from non-performing contractors and appointments for bulk services.
	Assessed Municipalities for human	2.2.2. Number of municipalities assessed for human	0	0	1 Municipality supported on level 1	0	1	Poor performance by implementing agent (HDA)

<b>Programme: Human Settlements</b>								
<b>Sub-programme: Housing Development, Implementation and Planning</b>								
<b>Outcome</b>	<b>Output</b>	<b>Output Indicator</b>	<b>Audited Actual Performance 2019/2020</b>	<b>Audited Actual Performance 2020/2021</b>	<b>Planned Annual Target 2021/2022</b>	<b>**Actual Achievement 2021/2022</b>	<b>Deviation from planned target to Actual Achievement 2021/2022</b>	<b>Reasons for deviations</b>
	settlements accreditation	settlements accreditation			accreditation and technical support			
	Land acquired	2.2.3. Hectares of land acquired	0	0	15ha	0	15ha	Delay in finalising the acquisition of land with Provincial Treasury
	Informal settlements with approved layouts	2.2.4. Number of Informal settlements with approved layouts	0	2 informal settlements with approved layouts	2 informal settlements with approved layouts	4 informal settlements with approved layouts	2	Two informal settlements finalised as part of backlog from previous years
	Houses delivered through programmes in the housing code	2.2.5. Number of houses delivered Through programmes in the housing code	8 182	4 486	4 357	4 272	85	Lack of progress by non-performing contractors
	Sites serviced	2.2.6. Number of sites serviced	N/A	2 835	4 098	2 525	1 573	Delay in approval of Engineering designs by Sekhukhune district as Water Authority
	Rental units completed	2.2.7. Number of rental units	0	0	164	0	164	The project was stalled for 08 months

Programme: Human Settlements								
Sub-programme: Housing Development, Implementation and Planning								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
		completed						due to non-compliance to OHS by contractor and lapsed contract for Principal Agent
	Job opportunities created	2.2.8. Number of job opportunities created through construction of houses and servicing of sites	667	471	3 000	916	2 084	Contractors using regular labours without replacing them and the use of foreign worker without proper documentations.

Programme: Human Settlements								
Sub-programme: Housing Asset Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
2.3. Security of Tenure	Title Deeds issued to approved beneficiaries	2.3.1. Number of Title Deeds issued to approved beneficiaries	2 677	1 414	1 905	0	1 905	939 title deeds registered only and not issued. The outstanding

Programme: Human Settlements								
Sub-programme: Housing Asset Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
								properties were affected by difficulty in locating some of the beneficiaries by conveyancers to enable registration
	Beneficiaries issued with title deeds through the EEDBS (Enhanced Expanded Discount Benefit Scheme)	2.3.2. Number of beneficiaries issued with title deeds through the EEDBS ( <i>Enhanced Expanded Discount Benefit Scheme</i> )	39	3	80	13	67	Issuing affected by low registration of properties due to difficulty in locating some of the beneficiaries by conveyancers to enable registration
	Reports compiled by Rental Disputes Tribunal and Housing Advisory Panel	2.3.3. Number of reports compiled by Rental Disputes Tribunal and Housing Advisory Panel	2	1	1	1	None	None
	Subsidies approved and disbursed through Finance Linked	2.3.4. Number of subsidies approved and disbursed through Finance Linked Individual	32	35	50	35	15	Poor performance by implementing agent (RISIMA)

Programme: Human Settlements								
Sub-programme: Housing Asset Management								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
	Individual Subsidy Programme	Subsidy Programme						
	Approved beneficiary Subsidy Applications	2.3.5. Number of Housing Subsidy Applications approved through Housing Subsidy System	6 584	3 069	5 000	2 829	2 171	Appointment of contractors delayed approval of beneficiaries on HSS

### **Linking performance with budgets**

Programmes overall spending amounted to 70% of the revised allocation compared to 91% in 2020\21. Significant under spending was recorded conditional grants i.e. EPWP, ISUPG and Provincial Emergency Grants. The underspending was influenced by performance of appointed contractors and readiness of project for implementation which includes bulk infrastructure availability for service of sites.

### **Sub-programme expenditure**

Sub- Programme Name	2020/2021			2021/2022		
	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
Housing Needs, Research and Planning	38 057	36 678	1 379	51 117	49 416	1 701
Housing Development, Implementation, Planning and Targets	943 187	864 644	78 543	1 142 694	780 928	361 766

Sub- Programme Name	2020/2021			2021/2022		
	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
Housing Asset Management and Property Management	48 461	39 591	8 870	38 963	37 127	1 836
<b>Total</b>	<b>1 029 705</b>	<b>940 913</b>	<b>88 792</b>	<b>1 232 774</b>	<b>867 471</b>	<b>365 303</b>

#### **Strategy to overcome areas of under performance**

- i. The department took back some key functions from HDA with respect of accreditation,
- ii. Intervention meetings were held with Sekhukhune district for considering designs.
- iii. The contractor re-establish site in Marapong rental units in December 2021 and submitted revised construction programme and contractor for construction of Bulk Infrastructure was appointed in March 2022.
- iv. The branch has developed a template to be used by the project managers to report progress on site. EPWP coordinators appointed
- v. Expedite the process which fall within the jurisdiction of Risima to develop the recovery plan on disbursement of FLISP subsidies.
- vi. Expedite the appointment of contractors to improve approval of beneficiaries on HSS.

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

Not applicable

#### **Reporting on the Institutional Response to the COVID-19 Pandemic**

Not applicable

### 4.3. Programme 3: Cooperative Governance

**Purpose of programme** : The Programme aims to provide technical and oversight support to municipalities on terms of implementing their mandates. This is pursued through the following sub-programmes:

- Municipal Infrastructure Development,
- Co-operative Governance Support
- Democratic Governance and Disaster Management
- Development Planning

#### **Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

On capacity to deliver on basic service, municipalities have been supported on infrastructure delivery programmes through implementation of MIG. All 25 municipalities have been monitored on performance and interventions plans coordinated through DBSA, MISA and DWS programmes. Basic service delivery has been monitored on a quarterly basis, however, there is a decline in water and electricity access (though electricity is above the target) with negligible increase in sanitation and refuse removal. The decrease in water supply is mainly due to areas previously with access but now affected by either ageing infrastructure no longer able to provide water or infrastructure being poorly maintained.

Province has received one clean audit opinion from Waterberg DM, sixteen unqualified and six with qualified audit opinions, four audits are still in progress and no adverse/disclaimer audit opinions. There is a general improvement in the number of unqualified audit opinions, however there should be a special focus on Thabazimbi and Modimolle-Mookgopong municipalities to assist with their current challenges especially in relation to their debt management.

Oversight to municipalities have been coordinated through workshops that seek to capacitate local government sphere on compliance with applicable legislations i.e., MSA, MPRA and MFMA. The Provincial Capacity Development Framework has been reviewed. This framework outlines specific areas for capacity building in all municipalities with special focus on provincial growth municipalities. It is also aligned to outcome 9 strategic focus. Partnership agreement have been established with Development Bank of Southern Africa (DBSA), Municipal Infrastructure Support Agency (MISA) and Local Government Sector Education and Training Authority (LGSETA) for implementation of identified programmes for capacitation of municipalities.

Supported the Independent Electoral Council (IEC) on facilitation of free and fair local government elections. In accordance with Municipal Structures and Systems Acts, all newly elected Councils have been constituted and inducted. The Executive Council has approved the Handover report with strategic interventions for implementation by municipalities. Municipalities are expected to report quarterly on implementation progress in relation to the strategic interventions. There are still challenges with establishment of all ward committees in three municipalities.



Disaster management support has been facilitated through the Provincial Disaster Management Forum to effectively management intervention to support communities that experience adverse events due to whether and Covid-19 pandemic.

All the District Municipalities in the province have developed the IDP Review Frameworks and IDP Process Plans. The local municipalities have also developed the IDP Process Plans aligned to the District IDP Review Frameworks. All municipalities in the province have adopted their Draft IDPs and are currently conducting public consultations on the Draft IDPs prior to the final adoption by end May 2022. District Development Model (DDM) has been launched in all the districts in the province and all the district municipalities have developed their One Plans. All the activities are geared to ensure that the principles of integrated planning are achieved, and development is coordinated throughout government systems.

<b>Programme: Co-operative Governance</b>								
<b>Sub-programme: Municipal Infrastructure Development</b>								
<b>Outcome</b>	<b>Output</b>	<b>Output Indicator</b>	<b>Audited Actual Performance 2019/2020</b>	<b>Audited Actual Performance 2020/2021</b>	<b>Planned Annual Target 2021/2022</b>	<b>**Actual Achievement 2021/2022</b>	<b>Deviation from planned target to Actual Achievement 2021/2022</b>	<b>Reasons for deviations</b>
3.1. Improved capacity to deliver basic services, quality Infrastructure to increase household access to basic services	Additional households provided with basic services	3.1.1. Number of reports on additional households provided with basic services	New Indicator	1	1	1	None	None
	22 municipalities monitored on the implementation of indigent policies	3.1.2 Number of municipalities monitored on the implementation of indigent policies	New Indicator	New Indicator	22	22	None	None
	25 municipalities monitored and supported with the implementation of infrastructure service delivery	3.1.3 Number of municipalities monitored on the implementation of infrastructure delivery programs	26	25	25	25	None	None

<b>Programme: Co-operative Governance</b> <b>Sub-programme: Municipal Infrastructure Development</b>								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
	programmes							
	5 districts monitored on the spending of conditional grants	3.1.4. Number of Districts monitored on the spending of National Grants	New Indicator	New Indicator	5	4	1	Waterberg did not receive either of the conditional grants (MIG, RBIG, WSIG or INEP)

<b>Programme: Co-operative Governance</b> <b>Sub-programme: Co-operative Governance Support</b>								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
3.2 Improved support and oversight in all municipalities	Section 47 reports compiled as prescribed by the MSA	3.2.1. Number of Section 47 reports compiled as prescribed by the MSA <i>(Linked to MTSF 2019 – 2024, Priority 1) (B2B Pillar 5)</i>	1	1	1	1	None	None
	Back to Basics action plans implemented by	3.2.2 Number of reports on the implementation of Back to Basics action	4	4	4	4	None	None

Programme: Co-operative Governance								
Sub-programme: Co-operative Governance Support								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
	all municipalities	plans by municipalities						
	22 municipalities guided to comply with the MPRA	3.2.3 Number of municipalities guided to comply with the MPRA <i>(Linked to MTSF 2019 – 2024, Priority 1) (B2B Pillar 4)</i>	22	22	22	22	None	None
	27 municipalities supported with compilation of annual financial statements for submission to Office of the Auditor-General	3.2.4 Number of municipalities supported with compilation of annual financial statements for submission to Office of the Auditor-General	27	27	27	27	None	None
	Capacity building interventions conducted in municipalities	3.2.5 Number of capacity building interventions conducted in municipalities <i>(Linked to MTSF 2019 – 2024, Priority 1) (B2B Pillar 5)</i>	4	New Indicator	2	2	None	None
	27 municipalities supported to comply with MSA Regulations on	3.2.6 Number of municipalities supported to comply with MSA Regulations on the	New Indicator	New Indicator	4	27	23	All municipalities were supported as per requests and

Programme: Co-operative Governance								
Sub-programme: Co-operative Governance Support								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
	the appointment of senior managers	appointment of senior managers ( <i>Linked to MTSF 2019 – 2024, Priority 1</i> )						requirement for MSA
	27 municipalities supported to institutionalize the performance management system	3.2.7 Number of municipalities supported to institutionalize the performance management system ( <i>PMS</i> ) ( <i>Linked to MTSF 2019 – 2024, Priority 1</i> )	New Indicator	New Indicator	27	27	None	None
	5 municipalities supported to reduce unauthorized, irregular, wasteful and fruitless expenditure	3.2.8. Number of municipalities supported to reduce Unauthorised, Irregular, Wasteful and Fruitless expenditure ( <i>Linked to MTSF 2019 – 2024, Priority 1</i> )	New Indicator	New Indicator	5	5	None	None
	Municipalities monitored on the extent to which anticorruption measures are implemented	3.2.9 Number of municipalities monitored on the extent to which anticorruption measures are implemented ( <i>Linked to MTSF 2019 – 2024, Priority 1</i> )	New Indicator	New Indicator	5	5	0	None

<b>Programme: Co-operative Governance</b> <b>Sub-programme: Democratic Governance and Disaster Management</b>								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
3.3. Improved support and oversight in municipalities	Functional 5 District IGR Structures	3.3.1 Number of reports compiled on functionality of 5 District IGR Structures	4	4	4	4	None	None
	5 municipalities supported to maintain functional Disaster Management Centres	3.3.2 Number of municipalities supported to maintain functional Disaster Management Centres	5	5	5	5	None	None
	22 municipalities supported to maintain functional ward committees	3.3.3 Number of municipalities supported to maintain functional ward committees ( <i>MTSF 2019 – 2024, Priority 1</i> )	New Indicator	New Indicator	22	22	None	None
	Functional disaster management	3.3.4 Number of reports compiled on functionality of disaster management	4	26	4	4	None	None

<b>Programme: Co-operative Governance</b> <b>Sub-programme: Democratic Governance and Disaster Management</b>								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
	advisory forum	advisory forum						
	27 municipalities supported to respond to community concerns.	3.3.5 Number municipalities supported to respond to community concerns.	New Indicator	New Indicator	27	27	None	None

<b>Programme: Co-operative Governance</b> <b>Sub-programme: Development Planning</b>								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
3.4. Improved governance, oversight and intergovernmental Planning	5 Municipalities supported on Local Economic Development (LED)	3.4.1. Number of LED initiatives / interventions implemented in municipalities	New Indicator	6	5	5	None	None

<b>Programme: Co-operative Governance</b> <b>Sub-programme: Development Planning</b>								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
	27 Municipalities supported with development of credible and implementable IDPs	3.4.2. Number of municipalities with legally compliant IDPs	27	27	27	27	None	None
	Municipalities supported with implementation of SDF	3.4.3. Number of Municipalities supported with implementation of SDF in line with SPLUMA	22	27	27	27	None	None
	22 Municipalities supported with demarcation of sites	3.4.4. Number of Municipalities supported with demarcation of sites	22	22	22	22	None	None
	22 municipalities supported to implement LUS in line with guidelines	3.4.5. Number of municipalities supported with implementation of LUS	22	22	22	22	None	None

<b>Programme: Co-operative Governance</b> <b>Sub-programme: Development Planning</b>								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
	22 municipalities supported with the readiness to implement SPLUMA	3.4.6. Number of municipalities supported with Implementation of SPLUMA	22	22	22	22	None	None
	1 District Municipality supported to develop One Plan	3.4.7. Number of Districts supported to develop One Plans ( <i>MTSF 2019 – 2024, Priority 5: Spatial integration, human settlements and local government</i> )	New Indicator	New Indicator	1	5	None	COGTA requested, after APP has been finalized, that all five districts should develop their one plans.
	29250 work opportunities reported through Community Works Programme ( <i>CWP</i> )	3.4.8. Number of work opportunities reported through Community Works Programme ( <i>CWP</i> )	New Indicator	New Indicator	29 250	29 458	208	Overachieved by 208 work opportunities due to extra 10% allowance to exceed the target.



### **Linking performance with budgets**

Actual expenditure in comparison to the adjusted appropriation for 2021\22 is at 97% compared to 95% in the 2020\21 financial year. Compensation of employees contributed significantly to underspending as filling of posts was delayed due to the review of the organisational structure while posts became vacant due to retirement, resignations and deaths.

### **Sub-programme expenditure**

Sub- Programme Name	2020/ 2021			2021/ 2022		
	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
Local Governance	219 855	210 645	9 210	226 573	219 147	7 426
Development Planning	59 024	52 966	6 028	52 505	51 537	968
<b>Total</b>	<b>278 879</b>	<b>263 611</b>	<b>15 268</b>	<b>279 078</b>	<b>270 684</b>	<b>8 394</b>

### **Strategy to overcome areas of under performance**

- a) The district will be monitored as and when a conditional is allocated from National Treasury.

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

CoGTA approved standardised outputs and output indicators that must be reflected in the Annual Performance Plan and reported on in the annual report. The department has agreed to implement several standardised outputs and output indicators except for the following that have not been incorporated in the Annual Performance Plans and therefore not implemented and reported on in the Annual Report:

- a. Number of local communities implementing GovChat programme for community engagement and service delivery improvement**
  - o GOVCHAT is introduced as a pilot programme and therefore not included in the Annual Performance Plans 2021/2022.
- b. Number of municipalities supported on Fire Brigade services and;**
- c. Number of municipalities supported to promote participation in community based local governance processes**

The exclusion of the two output indicators is due to the significant budget cuts in the final departmental allocation that in reconsideration have a bearing on how the indicators are implemented in the financial year 2021/2022 and over the MTEF period.

**Reporting on the Institutional Response to the COVID-19 Pandemic**

Not applicable

#### 4.4. Programme 4: Traditional Institutional Development

**Purpose:** The Programme aims to support institution of Traditional Leadership to operate within the context of Co-operative Governance. This is pursued through the following sub-programmes:

- Traditional Institutional Administration and Administration of Houses of Traditional Leaders: To promote the affairs of Traditional Leadership and institutions

##### **Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

The sector is characterized by disputes among royal family members, leading to instability and in some instances damage to property (traditional council offices). This also include litigation of cases due to disputes that has financial implications for the programme. In terms of tools of trade, construction of Traditional Councils Offices commenced later in the year mainly due delayed finalisation of the prioritisation exercise by House of Traditional Leaders. Subsequently a three year prioritisation has been concluded which would improve deliver of this critical infrastructure to the sector.

The introduction of Traditional and Khoi-Son Leadership Act no 3 of 2019 has number of implications which will require the programme to operate differently. The act requires all traditional councils in the province to be reconstitution following a prescribed procedure and a formula. Any of the council which will not follow the outlined procedure will be illegal. All these are to be completed within a specified period of 2 years ending 2023.

<b>Programme: Traditional Institutional Development</b>								
<b>Sub-programme: Traditional Institutional Administration and Administration of Houses of Traditional Leaders</b>								
<b>Outcome</b>	<b>Output</b>	<b>Output Indicator</b>	<b>Audited Actual Performance 2019/2020</b>	<b>Audited Actual Performance 2020/2021</b>	<b>Planned Annual Target 2021/2022</b>	<b>**Actual Achievement 2021/2022</b>	<b>Deviation from planned target to Actual Achievement 2021/2022</b>	<b>Reasons for deviations</b>
4.1 Developmental Traditional Institutions	185 Traditional council which can perform their functions.	4.1.1. Number of traditional councils supported to perform their functions.	New Indicator	New Indicator	185	185	0	None

<b>Programme: Traditional Institutional Development</b> <b>Sub-programme: Traditional Institutional Administration and Administration of Houses of Traditional Leaders</b>								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	**Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
	Sittings of the Provincial House of Traditional Leaders.	4.1.2. Number of reports for the sittings of the provincial House of Traditional Leaders.	New Indicator	2	2	3	1	The was a need to have a special sitting for the House to address a submission for a vote of no confidence by Traditional Leaders who not members of the House
	All traditional leadership disputes referred to the house by the Premier processed.	4.1.3 Percentage of Traditional leadership succession claims/disputes received and processed	New Indicator	80%	100%	44%	56%	Complexity of cases results to delays in resolving cases
	4 Anti GBVF Intervention/camp aigns facilitated for traditional leadership	4.1.4. Number of Anti GBVF Intervention/campaigns for traditional leadership (Pillar 2: Prevention and Restoration of Social Fabric of the NSP)	New Indicator	New Indicator	4	3	1	The events could not be implemented due to lack of budget by supporting partners

### **Linking performance with budgets**

The programme has spent 86% of the adjusted allocation compared to 94% in 2020\10 financial year. However, there was significant underspending in capital assets that was earmarked for construction of offices and provision of furniture for Traditional Councils. There was a protracted process for prioritisation of Traditional Councils to receives the projects through the House of the Traditional Leaders.

### **Sub-programme expenditure**

Sub- Programme Name	2020/2021			2021/2022		
	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
Traditional Institutional Admin	511 538	483 210	28 328	524 125	449 188	74 937
Administration of Houses of Traditional Leaders	5 862	5 139	723	5 076	4 229	847
<b>Total</b>	<b>517 400</b>	<b>488 349</b>	<b>29 051</b>	<b>529 201</b>	<b>453 417</b>	<b>75 784</b>

### **Strategy to overcome areas of under performance**

- a) Repriotisation of budgets in consultation with relevant partners

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

CoGTA approved standardised outputs and output indicators that must be reflected in the Annual Performance Plan and reported on in the annual report. The department has agreed to implement several standardised outputs and output indicators except for the following that have not been incorporated in the Annual Performance Plans and therefore not implemented and reported on in the Annual Report:

#### **Number of Rapid Response Structures to Gender Based Violence and Femicide (GBVF) at community level /local platforms established (wards) (Final M&E Plan for NSP on GBVF) (Pillar 1: Accountability, Coordination and Leadership)**

- o The indicator is not supported as is implemented within the special programmes and not Cooperative Governance.

### **Reporting on the Institutional Response to the COVID-19 Pandemic**

Not Applicable

## 5. TRANSFER PAYMENTS

### 5.1. Transfer payments to public entities

Name of Public Entity	Key Outputs of the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Housing Development Agency	Rural Housing programme	R44 336 000	R44 336 000	Rural Housing units

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

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

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Polokwane Municipality	Municipality	Payments of rates & taxes	Yes	R453	R453	All spent
SABC	Soc	Licence	Yes	R6	R6	All spent
Traditional Institutions	Non profit	Payments for their upkeep	Yes	R10 209	R10 209	All spent

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

None
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## 6. CONDITIONAL GRANTS

### 6.1 Conditional grants and earmarked funds paid

Not Applicable

### 6.2 Conditional grants and earmarked funds received

ALL ECONOMIC CLASSIFICATION	BUDGET R'000	ACTUAL EXPENDITURE R'000	BALANCE R'000	% SPENT
<b>CONDITIONAL GRANTS</b>				
Human Settlement Development Grant	863 197	623 993	239 204	72%
Informal Settlements Upgrading Partnership Grant	254 336	136 538	117 798	54%
Provincial Emergency Housing Grant	2 311	0	2 311	0%

ALL ECONOMIC CLASSIFICATION	BUDGET R'000	ACTUAL EXPENDITURE R'000	BALANCE R'000	% SPENT
Extended Public Works Programme	2 037	399	1 638	19%
<b>Total</b>	<b>1 121 881</b>	<b>760 930</b>	<b>360 951</b>	<b>68%</b>

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

#### Conditional Grant 1: Human Settlements Development Grant

<b>Department who transferred the grant</b>	National Department of Human Settlements
<b>Purpose of the grant</b>	To provide funding for the progressive realisation of access to adequate housing through the creation of sustainable and integrated human settlements
<b>Expected outputs of the grant</b>	<ul style="list-style-type: none"> <li>i. Number of residential units delivered in relevant housing programmes</li> <li>ii. Number of title deeds registered to beneficiaries</li> <li>iii. Hectares of well-located land acquired (and zoned)</li> <li>iv. Number of socio-economic amenities delivered in human settlements</li> <li>v. Number of integrated residential development projects planned, approved, funded and implemented</li> <li>vi. Number of township registers opened in respect of pre and post 1994 Title Deeds Backlog</li> <li>vii. Number of beneficiaries confirmed as legitimate in registered townships in respect of pre and post 1994 Title Deeds Backlog</li> </ul>
<b>Actual outputs achieved</b>	4 272 houses delivered
<b>Amount per amended DORA</b>	R863 197 million
<b>Amount received (R'000)</b>	R863 197 million
<b>Reasons if amount as per DORA was not received</b>	None
<b>Amount spent by the department (R'000)</b>	R623 993 million
<b>Reasons for the funds unspent by the entity</b>	None
<b>Reasons for deviations on performance</b>	Non-performance by some contractors and service areas not ready due to bulk unavailability
<b>Measures taken to improve performance</b>	Reduction and reallocation of units from non-performing contractors to performing contractors and bulk contractors appointed

<b>Monitoring mechanism by the receiving department</b>	Quarterly performance reviews, monthly reports
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### Conditional Grant 2: Informal Settlements Upgrading Partnership Grant

<b>Department who transferred the grant</b>	National Department of Human Settlements
<b>Purpose of the grant</b>	To provide funding to facilitate a programmatic and inclusive approach to upgrading informal settlements
<b>Expected outputs of the grant</b>	<ul style="list-style-type: none"> <li>i. Number of settlements provided with permanent municipal engineering services and/ or any other</li> <li>ii. Alternate engineering services</li> <li>iii. Number of serviced sites developed</li> <li>iv. Number of social &amp; economic amenities. The specific types of amenities must only be provided in collaboration with municipality and the community</li> <li>v. Number of sites transferred to end users</li> <li>vi. Number of households with secure tenure</li> <li>vii. Number of engineering designs: water, sewer, roads and storm water drainage concluded</li> </ul>
<b>Actual outputs achieved</b>	2 525 sites serviced
<b>Amount per amended DORA</b>	R254 336 million
<b>Amount received (R'000)</b>	R254 336 million
<b>Reasons if amount as per DORA was not received</b>	None
<b>Amount spent by the department (R'000)</b>	R136 538 million
<b>Reasons for the funds unspent by the entity</b>	None
<b>Reasons for deviations on performance</b>	Delay in approval of Engineering designs by Sekhukhune district as Water Authority
<b>Measures taken to improve performance</b>	Intervention meetings were held with municipality and designs were approved on 28 March 2022
<b>Monitoring mechanism by the receiving department</b>	Quarterly & monthly reports



### Conditional Grant 3: Extended Public Works Programme

<b>Department who transferred the grant</b>	National Department of Public Works
<b>Purpose of the grant</b>	To incentivise provincial departments to expand work creation efforts through the use of labour-intensive delivery
<b>Expected outputs of the grant</b>	Number of employment opportunities provided
<b>Actual outputs achieved</b>	55 beneficiaries
<b>Amount per amended DORA</b>	R2 037 million
<b>Amount received (R'000)</b>	R509 thousand
<b>Reasons if amount as per DORA was not received</b>	None
<b>Amount spent by the department (R'000)</b>	R339 thousand
<b>Reasons for the funds unspent by the entity</b>	Delay in appointment of participants
<b>Reasons for deviations on performance</b>	Delay in appointment of participants
<b>Measures taken to improve performance</b>	An extension was sought for appointment of participants
<b>Monitoring mechanism by the receiving department</b>	Quarterly EPWP reports

## 7. DONOR FUNDS

### 7.1 Donor Funds Received

No donor funds were received during the year

## 8. CAPITAL INVESTMENT

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

Infrastructure projects	2020/2021			2021/2022		
	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	898 161	828 353	60 808	1 139 844	760 531	379 313
- Current	13 080	4 962	8 118	2 037	399	1 638
- Capital						
<b>Total</b>	<b>911 241</b>	<b>833 315</b>	<b>77 926</b>	<b>1 141 881</b>	<b>760 930</b>	<b>380 951</b>

## **PART C: GOVERNANCE**

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## **1. INTRODUCTION**

Governance structures provide overall guidance and direction for the functioning of the Department. It is envisaged that the management committees provide effective administrative support and efficiency of the department to facilitate decision making and promote accountability. The internal control system is designed to assist the department, senior management and Executive management, and provides reasonable assurance from a control perspective that the department is being operated consistently within the: Strategy and risk appetite set, agreed departmental objectives, Agreed policies and processes and Laws and regulations.

## **2. RISK MANAGEMENT**

The department has a risk management policy and strategy and regular risk assessments to determine the effectiveness of the strategy as well as identify new and emerging risks. Regular reports (quarterly) are compiled to track progress made in mitigating the risks. These reports are shared with assurance providers i.e. internal audit and audit committee in line with good governance practices. The Audit Committee advises the department on risk management and independently monitors the effectiveness of the system of risk management.

There is a Risk Management Committee chaired by the external Chairperson that advises management on the overall system of risk management, especially the mitigation of unacceptable levels of risk. The department saw minimal progress in the management of risks, that has transmitted into improvements in the department's performance. The minimal progress was noticed immediately after the appointment of the external Chairperson as from August 2021 and hoping for significant progress during financial year 2022/23 through this intervention.

## **3. FRAUD AND CORRUPTION**

The Department has an Anti-Fraud and Corruption Strategy in place and the Anti-fraud and Corruption Implementation Plan which is founded on the principle of "zero tolerance" towards fraud and corruption. Also is committed to the establishment of a culture of fair and just administration and transparency and accountability which is aimed at achieving the highest ethical behaviour amongst its employees. A whistle blowing policy and over-arching strategy is available which enable officials and third parties to report fraud and corruption anonymously. Employees are, through these mechanisms, encouraged to report illegal practices to the Directorate, their managers, the Premier, the Presidency, National Anti-Corruption Hotline and other external government entities. During the year under review, the Department has managed to institute investigations of all cases reported.

## **4. MINIMISING CONFLICT OF INTEREST**

All members of SMS officials are required to complete financial disclosure forms as prescribed by DPSA at the beginning of each financial year. The Department has ensured that internal controls are strengthened to minimise conflict of interest in Supply Chain Management (SCM).

During competitive bidding or quotation processes, service providers are required to complete the necessary forms to disclose their interests in terms of employment or relationships with

officials employed by the state. They are further also required to disclose as relationships with other businesses. Only suppliers registered on the Central Supplier Database are used as the system automatically verifies against the PERSAL system and also detects involvement in other businesses. The SCM processes further provide for the segregation of duties which also assists as a control measure to prevent and detect and conflicts of interest. All SCM role players are required to declare their interests annually and those appointed on any of the three bid committees are required to declare their interests at each sitting of the committee and sign oath of secrecy.

## **5. CODE OF CONDUCT**

### **Disciplinary Proceedings**

There is an approved Disciplinary Code and Procedure policy which serves as guidance to the department in the management of Discipline. The policy is in line with Resolution 1 of 2003 and various other pieces of legislations including but not limited to the Constitution, Labour Relations Act, and Code of Conduct for Public Servants, Public Service Act and Regulations. The department conducts advocacy workshops every year to ensure that officials are made aware of the existence of the policy.

### **Financial Disclosures**

The DPSA has issued a Directive in 2017, directing that designated officials over and above SMS, are required to disclose their financial interest. The designated officials are Middle Management Service (MMS), Occupation Specific Dispensation (OSD), officials in Finance and Supply Chain Management. The disclosures take place in April, June and July. The Department has achieved 100% compliance during the year under review.

### **Remuneration of Work Outside Public Service (RWOPS)**

Section 30 of the Public Service Act makes it mandatory for employees to seek approval of the Executive Authority in instances where they decide to conduct remunerative work outside public service. All officials are required to apply to the Executive Authority for approval before conducting such work/business. The Labour Relations Directorate is responsible for conducting awareness workshops, to educate officials on RWOPS and implications associated with non-compliance. Due to Covid-19, no workshops were conducted during the year under review.

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

Arrangements in place to comply with OHSE:

In all the departmental buildings, no one is allowed to enter without a face masks, sanitising their hands and completing the Covid-19 screening forms. The department had placed sanitisers in all the entrances and stairways and lifts for easy disinfections. All employees were provided with sanitisers, masks and hand washing soap. The Department has bought stretchers and wheelchairs to ensure that employees are assisted in case of emergencies. Isolation rooms are in operation to keep employees who might experience health difficulties

while still waiting for emergency personnel or ambulance. Employee Wellness officials are available to attend to any emergency case.

In addition to the above, Four (4) Evacuation chairs and ten (10) Assembly Points boards procured and installed. Sixteen (16) officials trained on how to use the evacuation chairs. Twenty (20) x 25 Litres of sanitizers, ten (10) x temperature scanners and ten (10) x automatic hand sanitizers procured and installed.

The Department has systems in place to address non-compliance issues that might arise. There are continuous awareness and information sharing sessions in place to address issues of Health and Safety. The Department is currently complying.

Current status of compliance with OHS issues: Safety Health Environment, Risk and Quality Management

New IOD cases	: 02
First AID	: 03
Follow- ups	: 06
Building Inspection	: 03

OHS Custodian and Representatives were appointed and need to be trained for them to be able to carry their duties. There is no money available to train them.

## 7. PORTFOLIO COMMITTEES

The Department met with Portfolio Committee to discuss departmental performance in accordance with Annual Performance Plan 2021/2022, Annual report 2020/2021 and other matters that arose. In all instance detailed reports were provided and the Committee was updated in issues that are still on going. The dates of meetings are as follows:-

**13 May 2021** – the session focused on 2020\21 performance for third and fourth quarter, management of the declared disaster within the Province and Eloise storm that occurred in January 2021. Briefing on the departmental annual performance plan for 2021\2022 financial year.

**10 December 2021** – briefing on first and second quarter performance for 2021\2022 financial as well as annual performance report for 2020\2021

## 8. SCOPA RESOLUTIONS

The department appeared before SCOPA on 10 and 11 February 2022 for financial years 2019\2020 and 2020\2021. Status of SCOPA resolutions is provided below for each financial year:

- 2015/2016 financial year had a total of four resolutions, with three resolved and one unresolved.

Unresolved matters

1. Audit related services and special audits

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
1.	Audit related services and special audits	The committee recommends that the Executive Authority must provide progress report regarding the two investigations	The matter is with the Hawks for further investigation.	NO

- 2016/2017 financial year had a total of ten resolutions, with eight resolved and two unresolved.

Unresolved matters

2. Fruitless and wasteful expenditure

3. Irregular Expenditure

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
2.	Fruitless and wasteful expenditure	The executing Authority must take action against the Accounting Officer for failing to take effective steps to prevent fruitless and wasteful expenditure amounting to R108 687 000 as disclosed in note 25 to the annual financial statements in contravention of section 38 (1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1. The Committee further recommends that the Executive Authority must appoint Provincial Treasury to appoint a forensic investigation into all circumstances surrounding the purchase of land in Tubatse as a matter of urgency	Action will be taken once the process of investigation is finalised.	No
3.	Irregular expenditure	The committee recommends that the Accounting Officer must take effective steps to prevent irregular expenditure as required by section 38 (1)(c)(ii) of the PFMA and Treasury regulation 9.1.1. Furthermore, The Executing Authority must conduct investigations into all allegations of financial misconduct committed by officials and take action which is commensurate with the offence committed against responsible officials.	Treasury condoned R61 962 238 out of R111 670 454. The closing balance of R49 708 216 is before Court. The Department is still waiting for the declaratory order.	No

- 2017/2018 financial year had a total of seven resolutions, with five resolved and two unresolved.

Unresolved matters

4. Key audit findings
5. Venda Building Society

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
4.	Key audit findings	The Committee recommends that the Accounting Officer must develop a comprehensive audit plan to deal with expenditure management, material underspending of the budget, material misstatements in the preparation of the Annual Financial Statements (AFS) in order to obtain a clean audit.	<p>The SLA that formed the basis of the Principal Agent Relationships will be scrutinized to acquire and extract the necessary information to be used for the notes as well as payments made.</p> <p>Bid documents that formed the basis of the irregular expenditure will be scrutinized thoroughly so as to be able to identify the nature of the irregular expenditure as well as the payments made.</p> <p>The audit reports as well as the management reports will be reviewed to ensure that there is not repeat of the audit findings and to ensure that all recommendations of the AG are implemented.</p> <p>Internal Audit reports will also be taken into account to ensure that all their reasonable recommendations are implemented.</p> <p>On a quarterly basis Interim financial statements will be compiled with the necessary appropriate notes and supporting information. This will be submitted to Treasury for their review. Their recommendation after the review will also be implemented.</p> <p>Regular expenditure reports compared with budgets are issued for management to track their respective spending</p>	No
5.	Venda Building Society	The Committee recommends that the Accounting Officer must	In terms of section 13 (4) (a) (b) and section 71 of the MFMA, the responsibility for financial	No

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
		provide a report on the role played by CoGHSTA officials during VBS saga	<p>management (including investments) is assigned to Limpopo Provincial Treasury. It should however be noted that both National Treasury and Provincial had issued several correspondences to municipalities regarding investments.</p> <p>Provincial Treasury has on 12 August 2016 issued a circular to municipalities requesting them to submit investment registers. Upon discovering that some municipalities were investing money with VBS, National</p> <p>Treasury issued a correspondence to all municipalities indicating that investments with VBS Mutual Bank were contrary to the Municipal Finance Management Act and the Municipal Investment Regulations. Municipalities were requested to review their investments to ensure compliance with applicable legislation. Provincial Treasury issued a further circular in November 2017 to this effect.</p>	

- 2018/2019 financial year had a total of six resolutions, with three resolved and three unresolved.

Unresolved matters

6. Stagnant in the audit report
7. Significant uncertainties
8. Irregular Expenditure

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
6.	Stagnant in the audit report	The Committee recommends that the Accounting Officer must develop a comprehensive plan to obtain a clean audit.	<p>Bid documents that formed the basis are scrutinized thoroughly to identify the irregular expenditure as well as the payments made.</p> <p>The audit reports as well as the management reports are reviewed to ensure that there are not</p>	No



Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
			<p>repeated audit findings and to ensure that all recommendations of the AG are implemented.</p> <p>Internal Audit reports will also be taken into account to ensure that all their reasonable recommendations are implemented.</p> <p>On a quarterly basis Interim financial statements are compiled with the necessary appropriate notes and supporting information. This are submitted to Treasury for their review. Their recommendation after the review are implemented.</p>	
6.	Significant uncertainties	The Committee recommends that the Executive Authority must brief the house on the implementation of the recommendations of the lawsuit once the matter has been finalised	The Accounting Officer addresses the claims made against the department on time. The claims are defended on time however legal processes are taking too long to be finalised.	No
8.	Irregular expenditure	<p>The Committee recommends that the Executing Authority must take appropriate action against the Accounting Officer and the Chief Financial Officer for failing to take steps to prevent irregular expenditure of R844 887 million as disclosed in note 24 to the annual statements as required by section 38 (1) (c) (ii) of PFMA and treasury regulations 9.1.</p> <p>Furthermore, the Committee recommends that the Accounting Officer must take appropriate action against responsible officials for awarding of contracts in the 2016/2017 financial year without applying the</p>	The irregular expenditure was condoned by LPT and the department did not suffer any loss. The remaining amounts are still going through the processes of investigations and the appropriate actions will be taken based on the outcome of the investigations. Where investigations are finalised letters of warning were issued to the responsible officials.	No

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
		<p>preference points principal and for awarding bids for procurement of commodities designated for local content and production, did not meet the stipulated minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8 (2).</p> <p>The Committee further recommends that the Accounting Officer must conduct an investigation into all irregular expenditure incurred and recover any loss due to negligence from responsible officials.</p> <p>Furthermore, the Committee recommends that the Accounting Officer must take appropriate action against officials who procured goods and services from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(5). Recurring since 2014/15.</p>		

## 9. PRIOR MODIFICATIONS TO AUDIT REPORTS

The department received unqualified audit opinion with matters of emphasis and therefore has no prior modifications to audit reports.

## 10. INTERNAL CONTROL UNIT

Internal Control unit is established within the Risk and Internal Control headed by the Chief Risk Officer to coordinate work of assurance providers with a view to improve internal controls within the department. The unit further performs the following functions:

- a) Coordination of assurance provider's activities within the department
- b) Ensure availability of Accounting Officer's report
- c) Secretariat to the Financial Misconduct Board
- d) Consolidate internal control universe and monitor its implementation
- e) Manage stakeholder relations between the department and assurance providers

## 11. INTERNAL AUDIT AND AUDIT COMMITTEES

### 11.1 Key activities and objectives of the internal audit

The Department utilises the transversal services of the Internal Audit Unit based in Provincial Treasury. Progress made in relation to findings made by the Internal Audit Unit is also reported to the Audit Committee on a quarterly basis. The key objectives of Internal Audit (IA) are:

- Provide assurance of adequacy and effectiveness of Risk Management Process;
- Assess & recommend improvement on governance process;
- Providing assurance to management and the AC on the adequacy and effectiveness of the risk management process; and
- Assist management and the AC by examining, evaluating, reporting and recommending improvements on the adequacy and effectiveness of management's risk processes.

The following audits were performed during the year under review and the recommendations are being implemented:

Assurance Audit Services			
Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
<ul style="list-style-type: none"> <li>• Annual Financial Statement</li> <li>• Annual Report Review</li> <li>• Follow up</li> </ul>	<ul style="list-style-type: none"> <li>• Housing Construction Appointment</li> <li>• Knowledge Management</li> </ul>	<ul style="list-style-type: none"> <li>• Interim Financial Statements</li> <li>• Reliability and Integrity of Performance Information</li> </ul>	<ul style="list-style-type: none"> <li>• Supply Chain Management</li> <li>• Follow up</li> </ul>

Assurance Audit Services			
Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
	<ul style="list-style-type: none"> <li>Follow up</li> </ul>	<ul style="list-style-type: none"> <li>Implementing Agents</li> <li>Follow up</li> </ul>	
Fraud Audits			
		<ul style="list-style-type: none"> <li>S &amp; T Claim Investigations</li> </ul>	
Information System Audits			
<ul style="list-style-type: none"> <li>ICT Infrastructure</li> </ul>			<ul style="list-style-type: none"> <li>General Control Review</li> <li>Follow up</li> </ul>

## 11.2 Key activities and objectives of the Audit Committee

### 1. Key Activities

The Audit Committee (AC) activities are outlined in the approved AC Charter which requires that an Annual Schedule must be finalised and approved as a guideline for the AC activities for that particular financial year. National Regulations in response to COVID-19 recommended that, where possible, all meetings must take place through virtual platforms as a strategy to prevent face-to-face interactions that may result in a high number of infections. Apart from the challenges as posed by COVID-19, the AC has satisfactorily performed its mandate as enshrined in Sections 76 (4) (d) and 77 of the Public Finance Management Act (Act No. 1 of 1999) read in conjunction with Treasury Regulations 3.1 which states that AC must, amongst others, review the following:

- i. the effectiveness of the internal control systems;
- ii. the effectiveness of the internal audit function;
- iii. the risk areas of the institution's operations to be covered in the scope of internal and external audits;
- iv. the adequacy, reliability and accuracy of the financial information provided to management and other users of such information;
- v. any accounting and auditing concerns identified as a result of internal and external audits;
- vi. the institution's compliance with legal and regulatory provisions; and
- vii. the activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations.

### **1.1. Impact of COVID-19 on Audit Committee Activities**

Despite the fact that COVID-19 poses serious threat to humanity, the work of the AC has partly benefitted from the proclamations made by the state that most of the meetings must be held virtually. The Provincial Accountant General's (PAG's) office has realised some savings within the budget of the AC. The savings was realised from accommodation and travelling of the AC as these costs were no longer incurred as the meetings are held virtually. Given the spirit of good governance, the impact of COVID-19 on the AC is felt on the sense that virtual meetings are not equipped with necessary tools to monitor efficient and effective participation of all the AC stakeholders. This becomes even difficult when one has to evaluate the work of the AC through National Treasury 360 Degree evaluation tool. However, the PAG's office has been active in ensuring that the AC remains a value adding tool as a critical oversight and governance structure.

Despite 2022 AC Annual Strategic Planning Workshop which took place physically, all other AC activities have taken place through virtual platforms (Microsoft Teams) as a direct consequence of COVID-19. The need for all the AC activities to take place through virtual platforms had actually emphasised the vulnerability of our servers, connectivity, Data allocation and poor networks across the country. Poor connectivity ranging from myriad of issues remains a problem hampering the PAG's office through AC Secretariat to facilitate smooth AC activities / meetings. As a result, there is a clear visible need for the Limpopo Provincial Government to invest strongly on ICT to ensure that issues of connectivity do not affect virtual meetings.

### **1.2. Audit Committee Meetings**

During the financial year 2021/2022, the AC met five (5) times to perform its roles and responsibilities as stipulated in the AC Charter. All the AC meetings have taken place as planned through 2021/2022 AC Annual Schedule as opposed to the previous financial year wherein meetings were rearranged as a response to the impact of COVID-19. As resolved during 2021 AC Annual Strategic Planning Workshop, briefing sessions between MECs and all AC Members were held from 06 – 10 December 2021. The meetings were held virtually and afforded all the AC Members a slot with each MEC of the Departments under the Cluster they serve.

### **1.3. 2021/2022 Audit Committee Annual Strategic Planning Workshop**

The 2022 AC Annual Strategic Planning Workshop was held face-to-face to discuss myriad of issues affecting the work of the AC during 02 – 03 February 2022. Honourable MEC of LPT presented to the workshop to outline EXCO expectations to the AC members and a commitment that the AC is enjoying unconditional support from EXCO. Also in attendance was the Independent Risk Chairperson of COGHSTA and DPWRI to present on the status of Risk Management in the Province including Provincial Risk Profile. The Strategic Planning had taken a total of 51 Resolutions that need to be implemented by the end of the current financial year 2022/23. Moreover, "48 Months Audit Committee Reflection from Members' Perspective including the Barriers to effective Oversight and Advice" was presented by Cluster 02 Chairperson in consultation with all the other Clusters. Through this presentation, an AC Improvement Plan was drafted with activities and timelines for various stakeholders to implement.

#### **1.4. CAC Chairperson Meetings**

During the current financial year, the CAC Chairperson managed to attend only one (1) EXCO meeting during February 2022. Despite a need for the CAC Chairperson to attend such meetings, they are based on invite from EXCO Secretariat depending on issues being discussed. However, a great emphasis is made that the CAC Chairperson must be invited to attend EXCO meetings to present CAC Report detailing all the Clusters AC matters. Moreover, the CAC managed to attend at least three (3) HOD Forums to present CAC reports. This initiative is welcomed as it provides AC an opportunity to interact through CAC Chairperson with all the Accounting Officers. As per best practices and PFMA / Treasury Regulations provisions, the CAC Chairperson participate in the ongoing process of the recruitment of the Chief Audit Executive (CAE) to ensure and emphasises the independency of the Shared Internal Audit Services (SIAS). During 2021 AC Annual Strategic Planning Workshop, the AC Members reviewed the Accounting Officer's Reporting template to the AC thus the CAC Chairperson was invited to attend the Audit Debriefing Session to present changes in the template to all the Head of Internal Controls and CFOs in the Province.

#### **1.5. 360 Degree Audit Committee Evaluation Feedback**

National Treasury 360 Degree Evaluation tool was used to evaluate the work and performance of the AC. The final evaluation yielded an average score of 4.71 (from rating of 1 – 5) when combining the average scores of all the AC Stakeholders. This represented a slight improvement from the previous evaluation period which yielded an average score of 4.52 rating. The AC stakeholders who participated in the performance evaluation of the AC included Provincial Internal Audit, External AC Members and Management (Accounting Officers, Chief Risk Officers, Chief Financial Officers, Head of Internal Controls and GITO). AGSA as an AC stakeholder could not participate in the performance review of the AC, mentioning that they do their own evaluation in the management report of each Department to protect and maintain their independence.

In comparison to the average scores of the three (3) stakeholders (AC; SIAS; and Management), it must be noted that SIAS has recorded a highest average score of 4.9 followed by the AC with the second highest average score of 4.6 while Management remained steady at an average score of 4.5. One of the major issue that needed to be discussed at the Strategic Planning emanated from the 360 Degree evaluation was the disparity around oversight by the AC over the work of External and Internal Auditors as management expressed concerns through a declining score in this category. Another concern emerged from the evaluation was around understanding of Departmental Risks by the AC members as management emphasised this concern through a declining score in this category. All the issues discussed during the Strategic Planning had resolutions taken for implementation.

#### **1.6. Audit Committee Membership**

Current AC Membership was appointed with effect from 01 February 2020 and will expire on 31 December 2022. A total of 17 AC members were appointed during 2020 AC membership appointment process. Total number of female AC members are eight (8) while a total number of male AC members are nine (9) represented as: 53% males and 47% females. Although this represent a huge improvement from the previous AC composition, there is a strong need to improve female recruitment to the Limpopo AC. Moreover, the PAG's office is currently in the process of recruiting new AC Membership for the period 2023-2025.

**1.7. The following table stipulate the nature and activities of each AC meeting/event held:**

NO.	PERIOD	NATURE OF THE AC MEETING	INFORMATION / DOCUMENTS REVIEWED
1.	May 2021	Review of Fourth Quarterly Performance Information and Draft Annual Report (Including Draft Annual Financial Statements) before submission to the Auditor General	a. Annual Performance Report, b. Draft Annual Financial Statements, c. Fourth Quarterly Risk Management Report, d. Fourth Quarterly Internal Audit Progress Report.
2.	June 2021	CAC Meeting to consider Clusters AC Reports	e. Clusters AC Reports reporting on matters pertaining to Draft Annual Performance Report including Draft AFS
3.	July / August / September 2021	Review of Draft Audit and Management Reports	f. Draft Management Reports, g. Draft External Audit Reports.
4.	September 2021	CAC Meeting to consider Clusters AC Reports	h. Clusters AC Reports on matters pertaining to External Audit Reports.
5.	September 2021	Review of First Quarter Performance Information including Financial & Non-Financial Reports	a. First Quarter Accounting Officer's Report to the AC (Financial & Non-Financial), b. First Quarter Risk Management Report, c. SCOPA Resolutions Implementation Progress, d. Auditor General Audit Findings Implementation Progress, e. First Quarter Internal Audit Report
6.	October 2021	CAC Meeting to consider Clusters AC Reports	f. Clusters AC Reporting on matters concerning to First Quarter Reports
7.	November 2021	Review of Second Quarter Performance Reports (Financial and Non-Financial)	a. Second Quarter Accounting Officer's Report to the AC (Financial & Non-Financial), b. Second Quarter Risk Management Report, c. SCOPA Resolutions Implementation Progress, d. Auditor General Audit Findings Implementation Progress, e. Second Quarter Internal Audit Report
8.	December 2021	CAC Meeting to consider Clusters AC Reports	f. Clusters AC Reports on matters pertaining to Second Quarter Audit Committee Reports as per paragraph 7 above.
9.	December 2021	Audit Debriefing Session between AC Members and MECs to discuss AC Matters.	
10.	February 2022	AC Annual Strategic Planning Workshop	a. Approval of the Audit Committee Charter, b. Approval of the Internal Audit Charter, c. Review of the Accounting Officer's Reporting Framework to the AC, d. AC Improvement Plan by Clusters AC Chairpersons e. Reflection on the Status of the Previous Year

NO.	PERIOD	NATURE OF THE AC MEETING	INFORMATION / DOCUMENTS REVIEWED
			AC Resolutions, f. 360 Degree AC Evaluation Feedback.
11.	March 2022	Third Quarterly Departmental Reports and approval of the Three-Year Internal Audit Plan, Annual Internal Audit Plan and Auditor General Audit Coverage Strategy	g. All information under No. 5, h. Three Year Internal Audit Plans and Annual Internal Audit Plans for 2022/2023. i. Auditor General Audit Coverage Strategies
12.	March 2022	CAC Meeting to consider Clusters AC Reports	j. Clusters AC Reports on matters pertaining to Third Quarter AC Reports as per paragraph 11 above.

## 2. Objectives of the Audit Committee

The Strategic Objectives of the AC as stipulated in its approved written Terms of Reference (AC Charter) are to ensure:

- a. the availability of a well-resourced, functional and sustained internal audit function;
- b. sound relationship with all assurance providers, oversight structures and other stakeholders;
- c. effective and efficient Internal and External Audit processes;
- d. promotion of sound functional interaction between the internal audit and other assurance providers;
- e. that there is adequate and effective corporate governance, encompassing fraud and risk management, information technology, internal control, financial management and reporting systems;
- f. Accounting Officers are fully supported in fulfilling their responsibilities in terms of the PFMA;
- g. accountability in terms of financial management and performance information for effective service delivery; and
- h. Compliance with relevant laws and regulations.

## 3. Disclosure of Audit Committee members:

INITIALS & SURNAME	QUALIFICATIONS	INTERNAL OR EXTERNAL MEMBER	IF INTERNAL, POSITION IN THE DEPARTMENT	DATE APPOINTED	DATE RESIGNED / TERMINATED	NO. OF MEETINGS ATTENDED
S.A NGOBENI	<ul style="list-style-type: none"> <li>Master's in commerce: Taxation</li> <li>Master's in business administration (MBA)</li> <li>UNISA - B</li> </ul>	External	N/A	01 Feb 2017  Re-appointed 01 Feb 2020	To date	6



INITIALS & SURNAME	QUALIFICATIONS	INTERNAL OR EXTERNAL MEMBER	IF INTERNAL, POSITION IN THE DEPARTMENT	DATE APPOINTED	DATE RESIGNED / TERMINATED	NO. OF MEETINGS ATTENDED
	Compt (Honours) CTA  <ul style="list-style-type: none"> <li>B Com Accounting</li> <li>Directors Programme</li> <li>Certificate in Portfolio Management &amp; Investment Analysis.</li> <li>Higher Diploma in Computer Auditing.</li> <li>Certificate in Mining Taxation</li> </ul>					
S.P MZIZI	<ul style="list-style-type: none"> <li>ACG (CGISA)</li> <li>ACMA, CGMA (CIMA)</li> <li>Post Grad Diploma: Corporate Law</li> <li>B Com Hons: Financial Management</li> <li>BTech: Cost and Management Accounting</li> <li>Post Graduate Certificate in Corporate Governance</li> <li>Higher Diploma in Education</li> </ul>	External	N/A	01 Feb 2020	To date	6
M.G MATHABATHE	<ul style="list-style-type: none"> <li>Certified Internal Auditor (CIA)</li> <li>Post-Grad. Diploma: Internal Audit</li> <li>B Tech Internal Audit</li> <li>Advanced Diploma in</li> </ul>	External	N/A	01 Feb 2020	To date	6

INITIALS & SURNAME	QUALIFICATIONS	INTERNAL OR EXTERNAL MEMBER	IF INTERNAL, POSITION IN THE DEPARTMENT	DATE APPOINTED	DATE RESIGNED / TERMINATED	NO. OF MEETINGS ATTENDED
	Accounting Sciences <ul style="list-style-type: none"> <li>N Dip Auditing</li> <li>Cert. Information System Auditor (CISA)</li> <li>Cert. Information Security Manager (CISM)</li> </ul>					
K.M RAMUKUMBA	<ul style="list-style-type: none"> <li>CA (SA)</li> <li>MBA</li> <li>B Com: Honours (Fin. Acc.)</li> <li>B Com: Financial Accounting</li> <li>Project Management Certificate</li> <li>Advanced Banking Services Certificate</li> </ul>	External	N/A	01 Feb 2017  Re-appointed 01 Feb 2020	To date	6

## **12. AUDIT COMMITTEE REPORT**

We are pleased to present our report for the financial year ended 31 March 2022.

### **Audit Committee Structure**

Limpopo Provincial Government has an Audit Committee which is two tiered consisting of 4 Cluster Audit Committees, dealing with specific departments, and a shared Central Audit Committee.

### **Audit Committee Responsibility**

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

### **Stakeholder Engagement/s**

The committee has been able to engage with the following stakeholders:

- Limpopo Provincial Treasury senior management
- Limpopo Provincial Internal Auditors (Shared Internal Audit Services)
- Limpopo Provincial Auditor General (AGSA)
- Limpopo Provincial Treasury and Office of the Premier transversal units

### **Audit Committee Skills Development**

A strategic and induction session was held during the last quarter of the financial year to assist the audit committee members better understand their challenging roles and the direction of the province in general.

### **The Effectiveness of Internal Control**

Based on the results of the formal documented review of the design, implementation and effectiveness of the department's system of internal controls conducted by the risk management, internal audit and AGSA during the financial year ended 31 March 2022, and in addition, considering information and explanations given by management plus discussions held with the external auditor on the results of their audit, the Audit Committee concluded that current internal control systems is not fully effective since internal control breaches come to the Committee's attention.

### **Risk Management**

The Audit committee reviewed the department's policies on risk management and strategy (including IT Governance) and monitored the implementation of risk management policy and

strategy and concluded that the department's risk management maturity level is satisfactorily and improving.

### **In-Year Management and Monthly/Quarterly Report**

Based on the quarterly review of in-year monitoring systems and reports, the Audit Committee is somewhat satisfied with the quality, accuracy, usefulness, reliability, appropriateness, and adequacy of the department in-year reporting systems. However, the year-end reporting should improve to avoid adjustment of the annual financial statements after submission to the AGSA.

### **Internal Audit**

The Audit committee is satisfied with the performance of the internal audit based on the activities below:

- Reviewed and approved the annual Internal Audit plans and evaluated the independence, effectiveness and performance of the internal audit function;
- Considered the reports of the Internal Auditors on the department's systems of internal control;
- Reviewed issues raised by internal audit and the adequacy of corrective action taken by management in response thereto;

### **Combined assurance**

The Audit committee reviewed the plans and reports of the external and internal auditors and other assurance providers including management and concluded that the internal audit unit and department should finalise the implementation of Combined assurance framework.

### **Compliance with the relevant laws and regulations**

The Audit Committee considered reports provided by management, internal assurance providers and the independent auditors regarding compliance with legal and regulatory requirements and concluded that the department did not fully comply with the enabling laws and regulations as well as its departmental policies and standard operating procedures, especially in the areas of addressing the irregular and fruitless expenditure, quality of annual financial statement and supply chain management (including expenditure management).

### **Evaluation of Annual Financial Statements**

Following the review by the Audit Committee of the annual financial statements for the year ended 31 March 2022 before and after the audit, the committee is of the view that, annual financial statements fairly present the financial performance of the department for the year under review and can be incorporated into the annual report.

### **Evaluation of Annual Performance Report**

Following the review by the Audit Committee of the annual performance report for the year ended 31 March 2022 before and after the audit, the committee is of the view that, annual

performance report fairly presents the non-financial performance of the department for the year under review and can be incorporated into the annual report.

### **Consideration of the Final Audit report**

The Audit Committee considered final audit report and concurs with the AGSA's unqualified audit opinion. Furthermore, the Audit Committee commended the department for maintaining the unqualified audit opinion.

A handwritten signature in black ink, appearing to read 'ASB', enclosed within a hand-drawn oval.

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**Stanley Ngobeni**  
**Chairperson of the Audit Committee**  
**Department of Co-operative Governance, Human Settlements and Traditional Affairs**  
**August 2022**

### 13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

<b>Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:</b>		
<b>Criteria</b>	<b>Response Yes / No</b>	<b>Discussion</b>
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	N/A	Not applicable to the Department
Developing and implementing a preferential procurement policy?	Yes	The Department is implementing a preferential procurement policy.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	Not applicable to the Department
Developing criteria for entering into partnerships with the private sector?	N/A	Not applicable to the Department
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	N/A	Not applicable to the Department

## **PART D: HUMAN RESOURCE MANAGEMENT**

## **1. INTRODUCTION**

The information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all departments in the public service. The following legislations governs Human Resource Management in Public Service:

- ❖ The Public Service Act and Regulations
- ❖ The Labour Relations Act
- ❖ The Skills Development Act
- ❖ The Skills Development Levies Act
- ❖ The Employment Equity Act

In addition to the legislations, the following prescripts govern Human Resource management in the Public service:

- ❖ Collective agreements
- ❖ DPSA directives
- ❖ DPSA Frameworks
- ❖ DPSA guidelines

## **2. OVERVIEW OF HUMAN RESOURCES**

The department implemented its Human resources (HR) Plan for the 2020-2023 MTEF period which comprised of the priorities:

### **2.1. Recruitment and Staffing**

The Compensation of Employees budget was cut and the money diverted to deal with Covid 19 pandemic. Most of the staff members were working from home and this had an impact on the service delivery of the Department. There were no posts filled for the year under review as a result of the financial constraints.

### **2.2. Employment Equity**

The Department has struggled to achieve the 50% threshold as set by Cabinet on females at Senior Management Positions. However, the percentage was improved from 43 % to 47% as at the end of March 2022. There are no females and males with Disabilities on Senior Management positions. The overall Departmental female representation was at 58 % and 0.9% for people with disabilities overall.

### **2.3. Training and Development**

The Workplace Skills plan was approved for 2021/2022 financial year, however the 1 % that was supposed to be allocated for skills development was not allocated. This was due to the funds earmarked for training were diverted to deal with Covid 19. A few funds were allocated for bursaries. No interns were recruited and the Human Resources Development unit was able to engage SETAs to send interns to the Department to gain practical experience. Total of 65 officials were awarded Bursaries and 15 completed their qualifications, while 25



experiential learners were provided with practical work experience and 9 interns were placed as well as 19 on a learnership programme in collaboration with SETAs.

#### 2.4. Performance Management

The Department managed to implement the performance management system for 2021/2022 as all employees completed performance instruments on time. Grade progressions were implemented in line with Resolution 3 of 2009.

#### 2.5. Job Evaluation

No job evaluation was conducted as the organizational structure was being reviewed.

#### 2.6. Retention

No employee was retained as the Provincial Personnel Management Committee led by Provincial Treasury and Office of the Premier does not allow Departments to use the retention strategies.

#### 2.7. Health & Wellness

The Employee Wellness Unit managed to implement the Three Pillars as determined by DPSA. More importantly, Covid - 19 was managed and measures were put in place to ensure that the Department comply with the National Disaster Management Regulations. Screenings were conducted and all employees entering the Department were required to register their names in the record book. All the buildings were equipped with the sanitisers and any employee or citizen entering the building was required to wear a mask.

#### 2.8. Administration of Conditions of Service

The unit responsible ensured that attendance registers, leave management and pension payment coordination are carried out. Officials who applied for early Retirement without penalties were processed.

#### 2.9. Highlight achievements and challenges faced by the department, as well as future human resource plans /goals:

The Department has managed to implement the above mentioned programmes under difficult circumstances created by Covid - 19. The budget was cut for all the programmes and most of employees were working from home. The Department needs to prepare itself to carry its responsibility under the new circumstances. Measures must be put in place to ensure that the Fourth Industrial Revolution is implemented.

### 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 2021 and 31 March 2022*

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
ADMINISTRATION	295 816.00	182 277.00	0.00	0.00	61.60	586.00
CO-OPERATIVE GOVERNANCE	270 063.00	263 411.00	0.00	0.00	97.50	491.00
HUMAN SETTLEMNT	867 542.00	100 460.00	0.00	0.00	11.60	532.00
TRADITIONAL INSTITUTIONAL DEVELOPMENT	453 513.00	431 058.00	0.00	0.00	95.00	186.00
<b>Total as on Financial Systems (BAS)</b>	<b>1 886 933.00</b>	<b>977 205.00</b>	<b>0.00</b>	<b>0.00</b>	<b>51.80</b>	<b>291.00</b>

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

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	43 670.00	4.40	216.00	202 176.00
Skilled (level 3-5)	77 718.00	7.90	284.00	273 655.00
Highly skilled production (levels 6-8)	398 018.00	40.40	968.00	411 176.00
Highly skilled supervision (levels 9-12)	222 531.00	22.60	266.00	836 583.00
Senior and Top management (levels 13-16)	50 731.00	5.20	38.00	1 335 026.00
10 Contract (Levels 1-2)	23.00	0.00	0.00	0.00
11 Contract (Levels 3-5)	408.00	0.00	2.00	204 000.00
12 Contract (Levels 6-8)	325.00	0.00	1.00	325 000.00
13 Contract (Levels 9-12)	2 059.00	0.20	2.00	1 029 500.00
14 Contract (Levels >= 13)	4 714.00	0.50	1.00	4 714 000.00

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
18 Contract Other	1 771.00	0.20	57.00	31 070.00
20 Abnormal Appointment	174 539.00	17.70	1 518.00	114 980.00
<b>TOTAL</b>	<b>976 506.00</b>	<b>99.20</b>	<b>3 358.00</b>	<b>290 800.00</b>

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

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
ADMINISTRATION	150020.00	81.30	274.00	0.10	5 753.00	3.10	10 027.00	5.40
PR2: CGHT: HUMAN SETTLEMENT	84 669.00	81.20	38.00	0.00	3 105.00	3.00	3 849.00	3.70
PR3: CGHT: CORPORATIVE GOVERNANCE	590 227.00	85.40	0.00	0.00	21 932.00	3.20	32 538.00	4.70
STATUTORY	3 608.00	91.40	0.00	0.00	18.00	0.50	36.00	0.90
<b>TOTAL</b>	<b>828 523.00</b>	<b>84.20</b>	<b>311.00</b>	<b>0.00</b>	<b>30 809.00</b>	<b>3.10</b>	<b>46 450.00</b>	<b>4.70</b>

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

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	31 160.00	71.30	0.00	0.00	3 908.00	8.90	5 066.00	11.60
Skilled (level 3-5)	57 865.00	74.50	0.00	0.00	5 073.00	6.50	8 089.00	10.40
Highly skilled production (levels 6-8)	323 752.00	81.00	153.00	0.00	14 059.00	3.50	26 046.00	6.50
Highly skilled supervision (levels 9-12)	188 267.00	82.70	158.00	0.10	6 005.00	2.60	6 758.00	3.00
Senior management (level 13-16)	44 162.00	85.90	0.00	0.00	1 498.00	2.90	492.00	1.00
10 Contract (Levels 1-2)	23.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00
11 Contract (Levels 3-5)	408.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00
12 Contract (Levels 6-8)	324.00	99.70	0.00	0.00	0.00	0.00	0.00	0.00
13 Contract (Levels 9-12)	2 034.00	96.30	0.00	0.00	25.00	1.20	0.00	0.00

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
14 Contract (Levels >= 13)	4 219.00	87.90	0.00	0.00	240.00	5.00	0.00	0.00
18 Contract Other	1 770.00	99.90	0.00	0.00	0.00	0.00	0.00	0.00
20 Abnormal Appointment	174 539.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>828 523.00</b>	<b>84.20</b>	<b>311.00</b>	<b>0.00</b>	<b>30 809.00</b>	<b>3.10</b>	<b>46 450.00</b>	<b>4.70</b>

### 3.2 Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies. This information is presented in terms of three key variables:

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

The Department has 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 on 31 March 2022*

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
ADMINISTRATION, Permanent	405.00	311.00	23.20	0.00
PR2: CGHT: HUMAN SETTLEMENT, Permanent	223.00	189.00	15.20	0.00
PR3: CGHT: CORPORATIVE GOVERNANCE, Permanent	1 679.00	1 335.00	20.50	0.00
STATUTORY, Permanent	8.00	5.00	37.50	0.00
<b>Total</b>	<b>2 315.00</b>	<b>1 840.00</b>	<b>20.50</b>	<b>0.00</b>

*Table 3.2.2 Employment and vacancies by salary band as on 31 March 2022*

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	328.00	216.00	34.10	0.00

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Skilled (3-5)	363.00	284.00	21.80	0.00
Highly skilled production (6-8)	1 122.00	968.00	13.70	0.00
Highly skilled supervision (9-12)	368.00	266.00	27.70	0.00
Senior management (13-16)	66.00	38.00	42.40	0.00
Other, Permanent	62.00	62.00	0.00	0.00
Contract (Levels 3-5), Permanent	2.00	2.00	0.00	0.00
Contract (Levels 6-8), Permanent	1.00	1.00	0.00	0.00
Contract (Levels 9-12), Permanent	2.00	2.00	0.00	0.00
Contract (Levels >= 13), Permanent	1.00	1.00	0.00	0.00
<b>TOTAL</b>	<b>2 315.00</b>	<b>1 840.00</b>	<b>20.50</b>	<b>00</b>

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

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
ADMINISTRATIVE RELATED, Permanent	649.00	511.00	21.30	0.00
ARCHITECTS TOWN AND TRAFFIC PLANNERS, Permanent	13.00	8.00	38.50	0.00
AUXILIARY AND RELATED WORKERS, Permanent	9.00	2.00	77.80	0.00
CARTOGRAPHERS AND SURVEYORS, Permanent	1.00	1.00	0.00	0.00
CIVIL ENGINEERING TECHNICIANS, Permanent	1.00	1.00	0.00	0.00
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC., Permanent	90.00	55.00	38.90	0.00
CLIENT INFORM CLERKS (SWITCHB RECEIPT INFORM CLERKS), Permanent	3.00	1.00	66.70	0.00
COMMUNICATION AND INFORMATION RELATED, Permanent	12.00	8.00	33.30	0.00

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
COMMUNITY DEVELOPMENT WORKERS, Permanent	32.00	0.00	100.00	0.00
ENGINEERING SCIENCES RELATED, Permanent	2.00	2.00	0.00	0.00
ENGINEERS AND RELATED PROFESSIONALS, Permanent	95.00	76.00	20.00	0.00
FINANCE AND ECONOMICS RELATED, Permanent	6.00	3.00	50.00	0.00
FINANCIAL AND RELATED PROFESSIONALS, Permanent	45.00	36.00	20.00	0.00
FINANCIAL CLERKS AND CREDIT CONTROLLERS, Permanent	181.00	160.00	11.60	0.00
HEAD OF DEPARTMENT/CHIEF EXECUTIVE OFFICER, Permanent	1.00	0.00	100.00	0.00
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF, Permanent	11.00	9.00	18.20	0.00
HUMAN RESOURCES CLERKS, Permanent	10.00	10.00	0.00	0.00
HUMAN RESOURCES RELATED, Permanent	360.00	349.00	3.10	0.00
LEGAL RELATED, Permanent	7.00	5.00	28.60	0.00
LIBRARY MAIL AND RELATED CLERKS, Permanent	1.00	0.00	100.00	0.00
LIGHT VEHICLE DRIVERS, Permanent	3.00	1.00	66.70	0.00
LOGISTICAL SUPPORT PERSONNEL, Permanent	258.00	186.00	27.90	0.00
MESSENGERS PORTERS AND DELIVERERS, Permanent	8.00	8.00	0.00	0.00
MOTOR VEHICLE DRIVERS, Permanent	1.00	1.00	0.00	0.00
OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS, Permanent	19.00	15.00	21.10	0.00
OTHER OCCUPATIONS, Permanent	274.00	256.00	6.60	0.00
QUANTITY SURVEYORS & RELA PROF NOT CLASS ELSEWHERE, Permanent	1.00	0.00	100.00	0.00
RISK MANAGEMENT AND SECURITY SERVICES, Permanent	8.00	5.00	37.50	0.00
SECRETARIES & OTHER KEYBOARD	37.00	25.00	32.40	0.00

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
OPERATING CLERKS, Permanent				
SECURITY GUARDS, Permanent	144.00	95.00	34.00	0.00
SENIOR MANAGERS, Permanent	33.00	11.00	66.70	0.00
<b>Total</b>	<b>2 315.00</b>	<b>1 840.00</b>	<b>20.50</b>	<b>0.00</b>

### 3.3 Filling of SMS Posts

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

*Table 3.3.1 SMS post information as on 31 March 2022*

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	0	0	1	100
Salary Level 16	0	0	0	0	0
Salary Level 15	4	3	75	1	25
Salary Level 14	17	9	53	8	47
Salary Level 13	41	24	59	17	41
<b>Total</b>	<b>63</b>	<b>36</b>	<b>57</b>	<b>27</b>	<b>43</b>

*Table 3.3.2 SMS post information as on 30 September 2021*

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	4	4	100	0	0
Salary Level 14	17	10	59	7	41
Salary Level 13	42	26	62	16	38
<b>Total</b>	<b>64</b>	<b>41</b>	<b>64</b>	<b>13</b>	<b>36</b>

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

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	1	0	0
Salary Level 16	0	0	0
Salary Level 15	1	0	0
Salary Level 14	2	0	0
Salary Level 13	1	0	0
<b>Total</b>	<b>5</b>	<b>0</b>	<b>0</b>

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

Reasons for vacancies not advertised within six months
The posts are still within six months from period they were advertised.

Reasons for vacancies not filled within twelve months
The posts are still within six months from period they were advertised and will be filled in compliance.

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

Reasons for vacancies not advertised within six months
N/A

Reasons for vacancies not filled within six months
N/A

### 3.4 Job Evaluation

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 2021 and 31 March 2022*

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels1-2)	328.00	0.00	0.00	0.00	0.00	0.00	0.00
Skilled (Levels 3-5)	363.00	0.00	0.00	0.00	0.00	0.00	0.00
Highly skilled production (Levels 6-8)	1 122.00	0.00	0.00	0.00	0.00	0.00	0.00
Highly skilled supervision (Levels 9-12)	368.00	0.00	0.00	0.00	0.00	0.00	0.00
Senior Management Service Band A	40.00	0.00	0.00	0.00	0.00	0.00	0.00
Senior Management Service Band B	18.00	0.00	0.00	0.00	0.00	0.00	0.00
Senior Management Service Band C	6.00	0.00	0.00	0.00	0.00	0.00	0.00
Senior Management Service Band D	2.00	0.00	0.00	0.00	0.00	0.00	0.00
09 Other	62.00	0.00	0.00	0.00	0.00	0.00	0.00
11 Contract (Levels 3-5)	2.00	0.00	0.00	1.00	100.00	0.00	0.00
12 Contract (Levels 6-8)	1.00	0.00	0.00	0.00	0.00	0.00	0.00
13 Contract (Levels 9-12)	2.00	0.00	0.00	1.00	100.00	0.00	0.00
14 Contract Band A	1.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>2247</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could 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 2021 and 31 March 2022*

Gender	African	Asian	Coloured	White	Total
Female	0.00	0.00	0.00	0.00	0.00
Male	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

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 2021 and 31 March 2022*

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
N/A	N/A	N/A	N/A	N/A

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 2021 and 31 March 2022*

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None
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### 3.5 Employment Changes

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

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

Salary band	Number of employees at beginning of period- 1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	237.00	0.00	20.00	8.40
Skilled (Levels3-5)	298.00	0.00	14.00	4.70
Highly skilled production (Levels 6-8)	993.00	12.00	31.00	3.10
Highly skilled supervision (Levels 9-12)	272.00	0.00	6.00	2.20
Senior Management Service Bands A	25.00	0.00	1.00	4.00
Senior Management Service Bands B	11.00	0.00	2.00	18.20
Senior Management Service Bands C	6.00	0.00	1.00	16.70
Senior Management Service Bands D	1.00	0.00	0.00	0.00
10 Contract (Levels 1-2) Permanent	1.00	0.00	1.00	100.00

Salary band	Number of employees at beginning of period- 1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
11 Contract (Levels 3-5) Permanent	1.00	1.00	0.00	0.00
12 Contract (Levels 6-8) Permanent	1.00	0.00	0.00	0.00
13 Contract (Levels 9-12) Permanent	2.00	2.00	1.00	50.00
14 Contract Band A Permanent	2.00	1.00	1.00	50.00
15 Contract Band B Permanent	1.00	0.00	1.00	100.00
17 Contract Band D Permanent	1.00	0.00	1.00	100.00
<b>TOTAL</b>	<b>1 854.00</b>	<b>71.00</b>	<b>80.00</b>	<b>4.30</b>

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

Critical occupation	Number of employees at beginning of period-April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
ADMINISTRATIVE RELATED Permanent	827.00	2.00	22.00	2.70
ARCHITECTS TOWN AND TRAFFIC PLANNERS Permanent	8.00	0.00	0.00	0.00
AUXILIARY AND RELATED WORKERS Permanent	14.00	0.00	0.00	0.00
CARTOGRAPHERS AND SURVEYORS Permanent	1.00	0.00	0.00	0.00
CIVIL ENGINEERING TECHNICIANS Permanent	1.00	0.00	0.00	0.00
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC. Permanent	64.00	1.00	10.00	15.60
CLIENT INFORM CLERKS (SWITCHB RECEIPT INFORM CLERKS) Permanent	1.00	0.00	0.00	0.00
COMMUNICATION AND INFORMATION RELATED Permanent	10.00	0.00	0.00	0.00
ENGINEERING SCIENCES RELATED Permanent	2.00	0.00	0.00	0.00

Critical occupation	Number of employees at beginning of period-April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
ENGINEERS AND RELATED PROFESSIONALS Permanent	80.00	0.00	3.00	3.80
FINANCE AND ECONOMICS RELATED Permanent	3.00	0.00	0.00	0.00
FINANCIAL AND RELATED PROFESSIONALS Permanent	38.00	0.00	2.00	5.30
FINANCIAL CLERKS AND CREDIT CONTROLLERS Permanent	163.00	0.00	6.00	3.70
HEAD OF DEPARTMENT/CHIEF EXECUTIVE OFFICER Permanent	1.00	0.00	1.00	100.00
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF Permanent	9.00	0.00	0.00	0.00
HUMAN RESOURCES CLERKS Permanent	11.00	0.00	0.00	0.00
HUMAN RESOURCES RELATED Permanent	34.00	0.00	1.00	2.90
LEGAL RELATED Permanent	5.00	0.00	0.00	0.00
LIGHT VEHICLE DRIVERS Permanent	1.00	0.00	0.00	0.00
LOGISTICAL SUPPORT PERSONNEL Permanent	195.00	0.00	11.00	5.60
MESSENGERS PORTERS AND DELIVERERS Permanent	6.00	0.00	1.00	16.70
MOTOR VEHICLE DRIVERS Permanent	1.00	0.00	0.00	0.00
OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS Permanent	18.00	0.00	2.00	11.10
OTHER OCCUPATIONS Permanent	201.00	67.00	9.00	4.50
RISK MANAGEMENT AND SECURITY SERVICES Permanent	6.00	0.00	1.00	16.70
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS Permanent	29.00	0.00	0.00	0.00
SECURITY GUARDS Permanent	110.00	0.00	7.00	6.40
SENIOR MANAGERS Permanent	15.00	1.00	4.00	26.70
<b>Total</b>	<b>1 854.00</b>	<b>71.00</b>	<b>80.00</b>	<b>4.30</b>

The table below identifies the major reasons why staff left the department.

*Table 3.5.3 Reasons why staff left the department for the period 1 April 2021 and 31 March 2022*

Termination Type	Number	% of Total Resignations
Death	22.00	27.50
Resignation	10.00	12.50
Expiry of contract	8.00	10.00
Dismissal – operational changes	0.00	0.00
Dismissal – misconduct	1.00	1.30
Dismissal – inefficiency	0.00	0.00
Discharged due to ill-health	0.00	0.00
Retirement	39.00	48.80
Transfer to other Public Service Departments	0.00	0.00
Other	0.00	0.00
<b>Total</b>	<b>80</b>	<b>100.00</b>
<b>Total number of employees who left as a % of total employment</b>	<b>4.30</b>	<b>100.00</b>

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

Occupation	Employees 1 April 2021	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
ADMINISTRATIVE RELATED	827.00	0.00	0.00	518.00	62.60
ARCHITECTS TOWN AND TRAFFIC PLANNERS	8.00	0.00	0.00	8.00	100.00
AUXILIARY AND RELATED WORKERS	14.00	0.00	0.00	2.00	14.30
CARTOGRAPHERS AND SURVEYORS	1.00	0.00	0.00	1.00	100.00
CIVIL ENGINEERING TECHNICIANS	1.00	0.00	0.00	1.00	100.00
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC.	64.00	0.00	0.00	59.00	92.20
CLIENT INFORM CLERKS (SWITCHB RECEPT INFORM CLERKS)	1.00	0.00	0.00	1.00	100.00
COMMUNICATION AND INFORMATION RELATED	10.00	0.00	0.00	8.00	80.00
ENGINEERING SCIENCES	2.00	0.00	0.00	2.00	100.00

Occupation	Employees 1 April 2021	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
RELATED					
ENGINEERS AND RELATED PROFESSIONALS	80.00	0.00	0.00	77.00	96.30
FINANCE AND ECONOMICS RELATED	3.00	0.00	0.00	3.00	100.00
FINANCIAL AND RELATED PROFESSIONALS	38.00	0.00	0.00	36.00	94.70
FINANCIAL CLERKS AND CREDIT CONTROLLERS	163.00	0.00	0.00	160.00	98.20
HEAD OF DEPARTMENT/CHIEF EXECUTIVE OFFICER	1.00	0.00	0.00	0.00	0.00
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF	9.00	0.00	0.00	9.00	100.00
HUMAN RESOURCES CLERKS	11.00	0.00	0.00	10.00	90.90
HUMAN RESOURCES RELATED	34.00	0.00	0.00	350.00	1 029.40
LEGAL RELATED	5.00	0.00	0.00	7.00	140.00
LIGHT VEHICLE DRIVERS	1.00	0.00	0.00	1.00	100.00
LOGISTICAL SUPPORT PERSONNEL	195.00	0.00	0.00	188.00	96.40
MESSENGERS PORTERS AND DELIVERERS	6.00	0.00	0.00	8.00	133.30
MOTOR VEHICLE DRIVERS	1.00	0.00	0.00	1.00	100.00
OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS	18.00	0.00	0.00	16.00	88.90
OTHER OCCUPATIONS	201.00	0.00	0.00	16.00	8.00
RISK MANAGEMENT AND SECURITY SERVICES	6.00	0.00	0.00	5.00	83.30
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS	29.00	0.00	0.00	25.00	86.20
SECURITY GUARDS	110.00	0.00	0.00	96.00	87.30
SENIOR MANAGERS	15.00	0.00	0.00	10.00	66.70
<b>TOTAL</b>	<b>1 854.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1 618.00</b>	<b>87.30</b>

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

Salary Band	Employees 1 April 2021	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	237.00	0.00	0.00	222.00	93.70
Skilled (Levels 3-5)	298.00	0.00	0.00	285.00	95.60
Highly skilled production (Levels 6-8)	993.00	0.00	0.00	802.00	80.80
Highly skilled supervision (Levels 9-12)	272.00	0.00	0.00	270.00	99.30
Senior Management (Level 13-16)	43.00	0.00	0.00	33.00	76.70
09 Other, Permanent	2.00	0.00	0.00	0.00	0.00
10 Contract (Levels 1-2), Permanent	1.00	0.00	0.00	0.00	0.00
11 Contract (Levels 3-5), Permanent	1.00	0.00	0.00	2.00	200.00
12 Contract (Levels 6-8), Permanent	1.00	0.00	0.00	1.00	100.00
13 Contract (Levels 9-12), Permanent	2.00	0.00	0.00	2.00	100.00
14 Contract (Levels >= 13), Permanent	4.00	0.00	0.00	1.00	25.00
<b>TOTAL</b>	<b>1 854.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1 618.00</b>	<b>87.30</b>

### 3.6 Employment Equity

*Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2022*

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	8.00	0.00	0.00	0.00	3.00	0.00	0.00	1.00	12.00
Professionals	197.00	0.00	0.00	0.00	299.00	2.00	0.00	1.00	499.00
Technicians and associate professionals	326.00	0.00	0.00	0.00	371.00	0.00	0.00	3.00	700.00
Clerks	53.00	0.00	0.00	0.00	0.00	157.00	1.00	0.00	211.00
Service and sales	68.00	1.00	0.00	0.00	31.00	0.00	0.00	0.00	100.00

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
workers									
Skilled agriculture and fishery workers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Craft and related trades workers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Plant and machine operators and assemblers	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00
Elementary occupations	178.00	0.00	0.00	0.00	133.00	0.00	0.00	0.00	311.00
<b>Total</b>	<b>832</b>	<b>1.00</b>	<b>0.00</b>	<b>0.00</b>	<b>837</b>	<b>159</b>	<b>1.00</b>	<b>5.00</b>	<b>1 835</b>
<b>Employees with disabilities</b>	<b>7.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>8.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>	<b>16.00</b>

*Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2022*

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	3.00	0.00	0.00	0.00	3.00	0.00	0.00	0.00	6.00
Senior Management	18.00	0.00	0.00	0.00	3.00	0.00	0.00	0.00	6.00
Professionally qualified and experienced specialists and mid-management	139.00	1.00	0.00	0.00	12.00	1.00	0.00	1.00	32.00
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	437.00	0.00	0.00	0.00	124.00	0.00	0.00	2.00	266.00
Semi-skilled and discretionary decision making	125.00	0.00	0.00	0.00	527.00	2.00	0.00	2.00	968.00
Unskilled and defined decision making	84.00	0.00	0.00	0.00	159.00	0.00	0.00	0.00	284.00
07 Not Available, Permanent	26.00	0.00	0.00	26.00	36.00	0.00	0.00	0.00	62.00
09 Contract (Senior Management), Permanent	1.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	1.00
10 Contract (Professionally Qualified), Permanent	2.00	0.00	0.00	2.00	0.00	0.00	0.00	0.00	2.00
11 Contract (Skilled Technical), Permanent	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00
12 Contract (Semi-Skilled), Permanent	1.00	0.00	0.00	1.00	1.00	0.00	0.00	0.00	2.00



Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
<b>TOTAL</b>	<b>836.00</b>	<b>1.00</b>	<b>0.00</b>	<b>837.00</b>	<b>995.00</b>	<b>3.00</b>	<b>0.00</b>	<b>5.00</b>	<b>1 840.00</b>

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

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	1	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	1	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	1	0	0	0	1
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>

<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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*Table 3.6.5 Terminations for the period 1 April 2021 and 31 March 2022*

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
Senior Management	2.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	3.00
Professionally qualified and experienced specialists and mid-management	5.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	6.00
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	17.00	0.00	0.00	0.00	14.00	0.00	0.00	0.00	31.00
Semi-skilled and discretionary decision making	7.00	0.00	0.00	0.00	7.00	0.00	0.00	0.00	14.00
Unskilled and defined decision making	7.00	0.00	0.00	0.00	13.00	0.00	0.00	0.00	20.00
08 Contract (Top Management), Permanent	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00
09 Contract (Senior Management), Permanent	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	2.00
10 Contract (Professionally qualified), Permanent	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
13 Contract (Unskilled), Permanent	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00
<b>TOTAL</b>	<b>41.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>39.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>80.00</b>
<b>Employees with Disabilities</b>	<b>1.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>

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

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contravention of code of conduct	02	-	-	-	-	-	-	-	02

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

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	2	0	0	0	0	0	0	0	2
Professionals	14	0	0	0	18	0	0	0	32
Technicians and associate professionals	4	0	0	0	7	0	0	0	11
Clerks	7	0	0	0	28	0	0	0	36
Service and sales workers	17	0	0	0	13	0	0	0	30
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	4	0	0	0	4
<b>Total</b>	<b>44</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>70</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>115</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 3.7 Signing of Performance Agreements by SMS Members

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

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

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	0	-	100%
Salary Level 16	-	-	-	-
Salary Level 15	4	4	4	100%
Salary Level 14	11	10	10	100%
Salary Level 13	20	19	19	100%
<b>Total</b>	<b>36</b>	<b>33</b>	<b>33</b>	<b>100%</b>

*Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2022*

Reasons
N/A

*Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2022*

Reasons
N/A

### 3.8 Performance Rewards

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

*Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2021 and 31 March 2022*

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
<b>African</b>					
Male	583.00	829.00	70.30	1 951.02	3 347.00
Female	805.00	987.00	81.60	2 548.56	3 166.00
<b>Asian</b>					
Male	0.00	0.00	0.00	0.00	0.00
Female	0.00	0.00	0.00	0.00	0.00
<b>Coloured</b>					
Male	1.00	1.00	100.00	8.82	8 820.00
Female	3.00	3.00	100.00	17.51	5 837.00
<b>White</b>					
Male	1.00	0.00	0.00	11.39	11 391.00
Female	2.00	4.00	50.00	12.06	6 029.00
<b>Total</b>	<b>1 408.00</b>	<b>1 840.00</b>	<b>76.50</b>	<b>4 590.21</b>	<b>3 260.00</b>

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

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total beneficiaries within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	208.00	216.00	96.30	252.35	1 213.00	85.60
Skilled (level 3-5)	278.00	284.00	97.90	508.19	1 828.00	54.70
Highly skilled production (level 6-8)	726.00	968.00	75.00	2 339.41	3 222.00	31.03
Highly skilled supervision (level 9-12)	181.00	266.00	68.00	1 313.52	7 257.00	13.78
09 Other	0.00	62.00	0.00	0.00	0.00	0
11 Contract (Levels 3-5)	0.00	2.00	0.00	0.00	0.00	0
12 Contract (Levels 6-8)	0.00	1.00	0.00	0.00	0.00	0
13 Contract (Levels 9-12)	0.00	2.00	0.00	0.00	0.00	0
<b>TOTAL</b>	<b>1 393.00</b>	<b>1 801.00</b>	<b>77.30</b>	<b>4 413.48</b>	<b>3 168.00</b>	<b>31.56</b>

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

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
FINANCIAL CLERKS AND CREDIT CONTROLLERS	154.00	160.00	96.30	353.24	2 294.00
HUMAN RESOURCES CLERKS	9.00	10.00	90.00	27.28	3 031.00
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF	5.00	9.00	55.60	30.93	6 187.00
MESSENGERS PORTERS AND DELIVERERS	9.00	8.00	112.50	14.40	1 600.00
RISK MANAGEMENT AND SECURITY SERVICES	5.00	5.00	100.00	42.03	8 405.00
FINANCE AND ECONOMICS RELATED	3.00	3.00	100.00	22.54	7 512.00
LOGISTICAL SUPPORT PERSONNEL	184.00	186.00	98.90	229.82	1 249.00

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS	17.00	15.00	113.30	60.02	3 531.00
AUXILIARY AND RELATED WORKERS	4.00	2.00	200.00	10.81	2 703.00
OTHER OCCUPATIONS	13.00	256.00	5.10	65.57	5 044.00
LEGAL RELATED	3.00	5.00	60.00	29.67	9 889.00
FINANCIAL AND RELATED PROFESSIONALS	35.00	36.00	97.20	202.68	5 791.00
ARCHITECTS TOWN AND TRAFFIC PLANNERS	8.00	8.00	100.00	70.38	8 797.00
ADMINISTRATIVE RELATED	650.00	511.00	127.20	2 462.33	3 788.00
COMMUNICATION AND INFORMATION RELATED	8.00	8.00	100.00	41.37	5 171.00
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS	22.00	25.00	88.00	65.62	2 983.00
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC.	46.00	55.00	83.60	57.05	1 240.00
HUMAN RESOURCES RELATED	111.00	349.00	31.80	413.74	3 727.00
CIVIL ENGINEERING TECHNICIANS	1.00	1.00	100.00	13.12	13 116.00
SENIOR MANAGERS	0.00	11.00	0.00	0.00	0.00
CLIENT INFORM CLERKS (SWITCHB RECEIPT INFORM CLERKS)	0.00	1.00	0.00	0.00	0.00
ENGINEERS AND RELATED PROFESSIONALS	22.00	76.00	28.90	199.77	9 080.00
CARTOGRAPHERS AND SURVEYORS	1.00	1.00	100.00	10.97	10 970.00
LIGHT VEHICLE DRIVERS	0.00	1.00	0.00	0.00	0.00
ENGINEERING SCIENCES RELATED	1.00	2.00	50.00	6.81	6 806.00
MOTOR VEHICLE DRIVERS	1.00	1.00	100.00	2.70	2 703.00
SECURITY GUARDS	96.00	95.00	101.10	157.35	1 639.00
<b>TOTAL</b>	<b>1 408.00</b>	<b>1 840.00</b>	<b>76.50</b>	<b>4 590.21</b>	<b>3 260.00</b>

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

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	13.00	24.00	54.20	148.51	11 424.20	0.50
Band B	2.00	9.00	22.20	28.22	14 108.70	0.20
Band C	0.00	5.00	0.00	0.00	0.00	0.00
Band D	0.00	1.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>15.00</b>	<b>39.00</b>	<b>38.50</b>	<b>176.73</b>	<b>11 782.10</b>	<b>0.30</b>

### 3.9 Foreign Workers

Employment of foreign nationals in the department.

**There was no employment of foreign workers during the period under review.**

### 3.10 Leave utilisation

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

*Table 3.10.1 Sick leave for the period 1 January 2021 to 31 December 2021*

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	105.00	100.00	15.00	9.30	7.00	61.00
Skilled (levels 3-5)	204.00	99.50	23.00	14.20	9.00	174.00
Highly skilled production (levels 6-8)	432.00	94.40	59.00	36.40	7.00	734.00
Highly skilled supervision (levels 9 - 12)	238.00	93.30	46.00	28.40	5.00	773.00
Top and Senior management (levels 13-16)	111.00	90.10	18.00	11.10	6.00	539.00
Contract (Levels 13-16)	19.00	100.00	1.00	0.60	19.00	144.00
Skilled (levels 3-5)	204.00	99.50	23.00	14.20	9.00	174.00
Highly skilled production (levels 6-8)	432.00	94.40	59.00	36.40	7.00	734.00

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Highly skilled supervision (levels 9 - 12)	238.00	93.30	46.00	28.40	5.00	773.00
Top and Senior management (levels 13-16)	111.00	90.10	18.00	11.10	6.00	539.00
<b>Total</b>	<b>1 090.00</b>	<b>95.4</b>	<b>161.00</b>	<b>19.01</b>	<b>8.00</b>	<b>2 281.00</b>

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

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)	Total number of days with medical certification	Total number of Employees using Disability Leave
Lower skilled (Levels 1-2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Skilled (Levels 3-5)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Highly skilled production (Levels 6-8)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Highly skilled supervision (Levels 9-12)	136.00	100.00	2.00	66.70	68.00	429.00	136.00	3.00
Senior management (Levels 13-16)	58.00	100.00	1.00	33.30	58.00	300.00	58.00	3.00
<b>Total</b>	<b>194.00</b>	<b>100.00</b>	<b>3.00</b>	<b>100.00</b>	<b>65.00</b>	<b>729.00</b>	<b>194.00</b>	<b>3.00</b>

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

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	3 186.00	145.00	22.00
Skilled Levels 3-5)	4 339.00	189.00	23.00
Highly skilled production (Levels 6-8)	10 913.00	563.00	19.00
Highly skilled supervision (Levels 9-12)	5 145.00	264.00	19.00
Senior management (Levels 13-16)	962.00	25.00	39.00
Contract (Levels 13-16)	46.00	2.00	23.00
Contract (Levels 3-5)	11.00	1.00	11.00
Contract (Levels 6-8)	15.00	1.00	15.00
<b>Total</b>	<b>24 617.00</b>	<b>1 192.00</b>	<b>21.37</b>



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

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2022
Lower skilled (Levels 1-2)	0.00	0.00	0.00	56.00
Skilled Levels 3-5)	0.00	0.00	0.00	67.00
Highly skilled production (Levels 6-8)	0.00	0.00	0.00	73.00
Highly skilled supervision (Levels 9-12)	0.00	0.00	0.00	75.00
Senior management (Levels 13-16)	0.00	0.00	0.00	56.00
Contract (Levels 13-16)	0.00	0.00	0.00	60.00
Contract (Levels 3-5)	0.00	0.00	0.00	0.00
Contract (Levels 6-8)	0.00	0.00	0.00	0.00
Contract (Levels 9-12)	0.00	0.00	0.00	0.00
Contract Other	0.00	0.00	0.00	0.00
Lower skilled (Levels 1-2)	0.00	0.00	0.00	56.00
Skilled Levels 3-5)	0.00	0.00	0.00	67.00
Highly skilled production (Levels 6-8)	0.00	0.00	0.00	73.00
Highly skilled supervision (Levels 9-12)	0.00	0.00	0.00	75.00
Senior management (Levels 13-16)	0.00	0.00	0.00	56.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>48.00</b>

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

*Table 3.10.5 Leave payouts for the period 1 April 2021 and 31 March 2022*

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2021/2022 due to non-utilisation of leave for the previous cycle			
Capped leave payouts on termination of service for 2021/2022	1 914.00	8.00	239 250.00
Current leave payout on termination of service for 2021/2022	1 556.00	50.00	31 120.00
<b>Total</b>	<b>3 470.00</b>	<b>58.00</b>	<b>270 370.00</b>

### 3.11 HIV/AIDS & Health Promotion Programmes

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

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

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

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Chief Director: Strategic HRM Matlala M. L
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		05 Employees
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 and STI Management Wellness Management Health and Productivity SHERQ Management
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		See Attached List
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		HIV and AIDS and STI Policy
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		245 Employees Tested
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes		Monthly, Quarterly and Annual Report

### 3.12 Labour Relations

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

Total number of Collective agreements	None
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The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

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

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	00	00
Verbal warning	00	00
Written warning	00	00
Final written warning	00	00
Suspended without pay	01	50
Fine	00	00
Demotion	00	00
Dismissal	01	50
Not guilty	00	00
Case withdrawn	00	00
<b>Total</b>	<b>02</b>	<b>100%</b>

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

Type of misconduct	Number	% of total
Dereliction of duties and gross dishonesty	02	100%
<b>Total</b>	<b>02</b>	<b>100%</b>

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

Grievances	Number	% of Total
Number of grievances resolved	35	100%
Number of grievances not resolved	00	0 %
<b>Total number of grievances lodged</b>	<b>35</b>	<b>100%</b>

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

Disputes	Number	% of Total
Number of disputes upheld	02	50
Number of disputes dismissed	02	50
<b>Total number of disputes lodged</b>	<b>04</b>	<b>100%</b>

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

<b>Total number of persons working days lost</b>	None
<b>Total costs working days lost</b>	None
<b>Amount recovered as a result of no work no pay (R'000)</b>	N/A

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

<b>Number of people suspended</b>	00
<b>Number of people who's suspension exceeded 30 days</b>	N/A
<b>Average number of days suspended</b>	N/A
<b>Cost of suspension(R'000)</b>	N/A

### 3.13 Skills development

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

*Table 3.13.1 Training needs identified for the period 1 April 2021 and 31 March 2022*

Occupational category	Gender	Number of employees as of 1 April 2021	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	4	0	0	0	0
	Male	8	0	0	2	2
Professionals	Female	302	0	0	18	18
	Male	197	0	0	14	14
Technicians and associate professionals	Female	374	0	0	7	7
	Male	326	0	0	4	4
Clerks	Female	158	0	0	29	29
	Male	53	0	0	7	7

Occupational category	Gender	Number of employees as of 1 April 2021	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Service and sales workers	Female	31	0	0	13	13
	Male	69	0	0	17	17
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	2	0	0	0	0
Elementary occupations	Female	133	0	0	4	4
	Male	178	0	0	0	0
Sub Total	Female	999	0	0	71	71
	Male	833	0	0	44	44
<b>Total</b>		<b>1 835</b>	<b>0</b>	<b>0</b>	<b>115</b>	<b>115</b>

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

Occupational category	Gender	Number of employees as of 1 April 2021	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	4	0	0	0	0
	Male	8	0	0	2	2
Professionals	Female	302	0	0	18	18
	Male	197	0	0	14	14
Technicians and associate professionals	Female	374	0	0	7	7
	Male	326	0	0	4	4
Clerks	Female	158	0	0	29	29
	Male	53	0	0	7	7
Service and sales workers	Female	31	0	0	13	13
	Male	69	0	0	17	17
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	2	0	0	0	0
Elementary occupations	Female	133	0	0	4	4
	Male	178	0	0	0	0
Sub Total	Female	999	0	0	71	71
	Male	833	0	0	44	44
<b>Total</b>		<b>1 835</b>	<b>0</b>	<b>0</b>	<b>115</b>	<b>115</b>

### 3.14 Injury on duty

The following tables provide basic information on injury on duty.

*Table 3.14.1 Injury on duty for the period 1 April 2021 and 31 March 2022*

Nature of injury on duty	Number	% of total
Required basic medical attention only	5.00	5.00
Temporary Total Disablement	0.00	0.00
Permanent Disablement	0.00	0.00
Fatal	0.00	0.00
<b>Total</b>	<b>5.00</b>	<b>5.00</b>

### 3.15 Utilisation of Consultants

During the year under review there were no appointments of consultants from appropriated funds or donor funds

### 3.16 Severance Packages

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

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (Levels 1-2)	0.00	0.00	0.00	0.00
Skilled Levels 3-5)	0.00	0.00	0.00	0.00
Highly skilled production (Levels 6-8)	0.00	0.00	0.00	0.00
Highly skilled supervision (Levels 9-12)	0.00	0.00	0.00	0.00
Senior management (Levels 13-16)	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## **PART E: FINANCIAL INFORMATION**



## **1. REPORT OF THE AUDITOR GENERAL**

### **Report of the auditor-general to Limpopo Legislature on vote No.11: Department of Co-operative Governance, Human Settlements Traditional Affairs**

<b>Report on the audit of the financial statements</b>
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#### **Opinion**

1. I have audited the financial statements of the Department of Co-operative Governance, Human Settlement and Traditional Affairs set out on pages 133 to 201, which comprise the appropriation statement, statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Co-operative Governance, Human Settlements and Traditional Affairs as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 9 of 2021 (DoRA).

#### **Basic 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 audit-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountant's International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Emphasis of matters**

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

### **Impairment of receivables**

7. As disclosed in note 12.6 to the financial statements, the department made an impairment provision of R15 772 000 (2021: R16 553 000) in respect of doubtful receivables.

### **Significant uncertainties**

8. With reference to note 18.1 of the financial statements, the department is currently involved in litigation with various service providers and third parties. The ultimate outcome of these matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

### **Restatement of corresponding figures**

9. As disclosed in note 33 to the statements, the corresponding figures for 31 March 2021 have been restated as a result of an error discovered in the financial statements of the department at, and for the year ended, 31 March 2022.

### **Underspending of the conditional grants**

10. As disclosed in note 35 to the financial statements, the department materially underspent the budget by R233 367 000 and R117 798 000 on human settlement development and informal settlement upgrading partnership grants respectively.

### **Other matter**

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

### **Unaudited supplementary schedules**

12. The supplementary information set out on pages 202 to 213 does not form part of the financial statements and is presented as additional information. We have not audited these schedules and, accordingly, I do not express an opinion thereon.

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

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS, 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.
14. 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**

15. 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. Misstatement 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.
16. A further description of my responsibilities for the audit of the financial statement is included in the annexure to this auditor's report.

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

### **Introduction and scope**

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

<b>Programmes</b>	<b>Pages in the annual performance report</b>
Programme 2 – Human settlements	41 - 47
Programmes 3 – Cooperative governance	48 - 58

20. 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.

21. The material findings on the usefulness and reliability of the performance information of the selected programmes are as follows:

### **Programme 2 – Human settlements**

Multiyear human settlements development plan developed

22. The planned indicator and target was multiyear housing development plan developed, but the reported achievement referred to was reviewed multiyear human settlements development plan.

Various indicators

23. The achievements reported in the annual performance report materially differed from the supporting evidence provided for the indicators listed below:

<b>Indicator Description</b>	<b>Reported Achievement</b>
Number of sites serviced	2 525
Number of job opportunities created through construction of houses and servicing of sites	916
Number of subsidies approved and disbursed through finance Linked Individual Subsidy Programme	35
Number of projects approved for human settlements	83

24. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

- Programme 3 – Cooperative governance

### **Other matters**

25. I draw attention to the matters below.

### **Achievement of planned targets**

26. Refer to the annual performance report on pages 41 to 58 for information on the achievement of planned targets for the year and management's explanations provides for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 22 to 23 of this report.

### **Adjustment of material misstatements**

27. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 2- human settlements. As management subsequently corrected only some of

the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

### Report on compliance with legislation

28. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the department's compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.
29. I performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA audit methodology. This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
30. I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the department, clear to allow consistent measurement and evaluation, while also sufficiently detailed and adequately available to report in an understandable manner. The selection is done through an established AGSA process. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Sections 38(1)(a)(iv); 38(1)(b); 38(1)(c)(i)-(ii); Sections 38(1)(d); 38(1)(h)(iii); 39(1)(a); 39(2)(a); Sections 40(1)(a) and (b); 40(1)(c)(I); Sections 43(4); 44; 45(b); 51(1)(a)(iv); 57(b)
Treasury regulations	TR 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d) TR 5.3.1; 6.3.1(a) – (d)6.4.1(b); 7.2.1; TR 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1; 9.1.1; 9.1.4; TR 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; 11.5.1; TR 12.5.1; 15.10.1.2(c) TR 16A3.2 (fairness); 16A3.2(a); 16A6.1; TR 16A6.2(a) and (b); 16A6.3(a) – (c); 16A6.3 ( e ) ; TR 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A.7.3; TR16A7.6; 16A.7.7; 16A8.3; 16A8.3;16A8.4; TR16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2(a)(ii); TR17.1.1; 18.2; 19.8.4
Annual Division of Revenue Act (DoRA)	Sections 11(6)(a); 12(5) Sections 16(3) / 16(3)(a)(i) / 16(3)(a)(ii)(bb)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Sections 1(i); 2.1(a),(b) and (f)
Preferential Procurement regulations (PPR), 2011	Regulations 4.1,4.3; 5.5; 6.1; 6.5; 7.1; Regulations 9.1; 9.5; 11.2; 11.5
Preferential Procurement regulations (PPR), 2017	Regulations 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; Regulations 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; Regulations 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulations 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)

Public Service regulations (PSR), 2016	Regulations 18(1); 18(2); 25(1)(e)(i) and (iii)
State Information Technology Agency Act 88 of 1998 (SITA)	Section 7(3)
NT SCM Instruction Note 05 of 2009/10	Par 3.3
NT SCM Instruction Note 04 of 2015/16	Par 3.4
NT SCM Instruction Note 03 of 2016/17	Par 8.1; 8.2; 8.3; 8.5
NT SCM Instruction Note 4A of 2016/17	Par 6
NT SCM Instruction Note 07 of 2017/18	Par 4.3
NT SCM Instruction note 03 of 2019/20 [Annexure A – FIPDM]	Par 5.5.1(vi); 5.5.1(x)
NT SCM Instruction Note 08 of 2019/20	Par 3.1.1; 3.6; 3.7.2; 3.7.6(i) – (iii)
NT SCM Instruction Note 03 of 2020/21	Par 3.6; 3.7; 5.1(i); 6.1; 6.3
NT SCM Instruction Note 05 of 2020/21	Par 3.2; 3.7; 4.3; 4.6; 4.8; 4.9; 5.3
Erratum NT SCM Instruction Note 05 of 2020/21	Par 1; 2
Second Amendment to NT SCM Instruction Note 05 of 2020/21	Par 1
NT Instruction Note 11 of 2020/21	Par 3.1; 3.4(b); 3.9
NT SCM Instruction Note 02 of 2021/22	Par 3.2.1; 3.2.4(a); 3.3.1; 4.1
SCM Practice Note 8 of 2007/08	Par 3.3.1; 3.3.3; 3.4.1; 3.5
SCM Practice Note 7 of 2009/10	Par 4.1.2

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

#### **Annual financial statements**

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

#### **Expenditure management**

33. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R24 469 000, as disclosed in note 24 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1.

34. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R6 555 000, as disclosed in note 25 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the fruitless and wasteful expenditure was caused by payments of penalties and standing time.

### **Procurement and contract management**

35. Some of the quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order as required by treasury regulation 16A9.1(d).

### **Conditional grants**

36. A portion of the funds received from the human settlements grant were transferred to Housing Development Agency, Risima housing finance and municipalities based on an agreed payment schedule without notifying the National Treasury, as required by section 16(3) of the DoRA.

### **Strategic planning and performance management**

37. Specific information systems were not implemented to enable the monitoring of progress made towards achieving targets; core objectives and service delivery as required by public service regulation 25(1)(e) (i) and (iii).

### **Consequence management**

38. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1)(h)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.
39. Losses resulting from fruitless and wasteful expenditure were not recovered from the liable persons, as required by treasury regulation 9.1.4.

<h3><b>Other information</b></h3>
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40. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
41. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
42. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
43. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and

request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

### Internal control deficiencies

44. 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 the annual performance report and the findings on compliance with legislation included in this report.
45. The accounting officer did not maintain adequate oversight and monitoring controls to ensure adherence to internal policies and procedures, reliability of quarterly performance reporting and monitoring of the post audit action plan. Furthermore, leadership did not address control deficiencies as identified in the prior year.
46. Management did not generate accurate and complete internal reports to support reported results and compliance with legislation, whilst the lack of adequate internal controls compounds the deficiencies. Consequently, management was unable to prepare performance reports that were free from material misstatements or to ensure compliance with laws and regulations.
47. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.
48. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored. The department has incurred irregular expenditure which was disclosed in the financial statements.

*Auditor-General*

Polokwane

31 July 2022



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## **Annexure – Auditor-general’s responsibility for the audit**

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

### **Financial statements**

50. 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 accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Department of Co-operative Governance, Human Settlement and Traditional Affairs to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a department to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

51. 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.
52. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all

relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

**2. ANNUAL FINANCIAL STATEMENTS**

**ANNUAL FINANCIAL STATEMENTS**

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

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For the year ended  
31 March 2022

**Date authorised for issue:** 31 July 2022

**Authorised by:**  \_\_\_\_\_

**ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2022**

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**LIMPOPO PROVINCIAL DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS  
VOTE 11**

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

Appropriation per programme									
	2021/22							2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>PROGRAMME</b>									
<b>1. ADMINISTRATION</b>	317,805	-	1,364	319,169	293,715	25,454	92.0%	365,340	344,902
<b>2. HUMAN SETTLEMENTS</b>	1,233,183	-	(409)	1,232,774	868,265	364,509	70.4%	1,029,705	1,010,559
<b>3. COOPERATIVE GOVERNANCE</b>	280,033	-	(955)	279,078	270,685	8,393	97.0%	278,879	263,612
<b>4. TRADITIONAL INSTITUTIONAL DEVELOPMENT</b>	529,201	-	-	529,201	453,417	75,784	85.7%	517,400	488,349
<b>Subtotal</b>	<b>2,360,222</b>	<b>-</b>	<b>-</b>	<b>2,360,222</b>	<b>1,886,082</b>	<b>474,140</b>	<b>79.9%</b>	<b>2,191,324</b>	<b>2,107,422</b>
<b>Statutory Appropriation</b>	<b>1,978</b>	<b>-</b>	<b>-</b>	<b>1,978</b>	<b>1,978</b>	<b>-</b>	<b>100.0%</b>	<b>1,978</b>	<b>1,978</b>
Member of Executive Council	1,978	-	-	1,978	1,978	-	100.0%	1,978	1,978
<b>TOTAL</b>	<b>2,362,200</b>	<b>-</b>	<b>-</b>	<b>2,362,200</b>	<b>1,888,060</b>	<b>474,140</b>	<b>79.9%</b>	<b>2,193,302</b>	<b>2,109,400</b>

**LIMPOPO PROVINCIAL DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS  
VOTE 11**

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

	2021/22		2020/21	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
<b>TOTAL (brought forward)</b>	<b>2,362,200</b>	<b>1,888,060</b>	<b>2,193,302</b>	<b>2,109,400</b>
<b>Reconciliation with statement of financial performance</b>				
<b>ADD</b>				
Departmental receipts	87,830		18,018	
<b>Actual amounts per statement of financial performance (total revenue)</b>	<b>2,450,030</b>		<b>2,211,320</b>	
<b>Actual amounts per statement of financial performance (total expenditure)</b>		<b>1,888,060</b>		<b>2,109,400</b>

**LIMPOPO PROVINCIAL DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS  
VOTE 11**

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

<b>Appropriation per economic classification</b>									
	<b>2021/22</b>							<b>2020/21</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>1,179,600</b>	<b>(1,349)</b>	<b>-</b>	<b>1,178,251</b>	<b>1,095,144</b>	<b>83,107</b>	<b>92.9%</b>	<b>1,213,555</b>	<b>1,159,730</b>
Compensation of employees	1,047,535	-	-	1,047,535	969,951	77,584	92.6%	1,051,960	1,003,344
Goods and services	132,065	(1,410)	-	130,655	125,134	5,521	95.8%	161,593	156,384
Interest and rent on land	-	61	-	61	59	2	96.7%	2	2
<b>Transfers and subsidies</b>	<b>1,132,731</b>	<b>-</b>	<b>-</b>	<b>1,132,731</b>	<b>777,314</b>	<b>355,417</b>	<b>68.6%</b>	<b>937,458</b>	<b>922,086</b>
Provinces and municipalities	1,828	-	-	1,828	1,634	194	89.4%	3,381	360
Departmental agencies and accounts	7	-	-	7	6	1	85.7%	6	6
Non-profit institutions	3,724	-	-	3,724	10,209	-6,485	274.1%	6,474	4,445
Households	1,127,172	-	-	1,127,172	765,465	361,707	67.9%	927,597	917,275
<b>Payments for capital assets</b>	<b>49,869</b>	<b>-</b>	<b>-</b>	<b>49,869</b>	<b>14,253</b>	<b>35,616</b>	<b>28.6%</b>	<b>41,409</b>	<b>26,704</b>
Buildings and other fixed structures	40,000	-	-	40,000	7,455	32,545	18.6%	27,800	17,088
Machinery and equipment	9,719	-	-	9,719	6,798	2,921	69.9%	13,609	9,616
Intangible assets	150	-	-	150	-	150	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>1,349</b>	<b>-</b>	<b>1,349</b>	<b>1,349</b>	<b>-</b>	<b>100.0%</b>	<b>880</b>	<b>880</b>
<b>TOTAL</b>	<b>2,362,200</b>	<b>-</b>	<b>-</b>	<b>2,362,200</b>	<b>1,888,060</b>	<b>474,140</b>	<b>79.9%</b>	<b>2,193,302</b>	<b>2,109,400</b>

**LIMPOPO PROVINCIAL DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS  
VOTE 11**

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

<b>Statutory Appropriation per economic classification</b>									
	<b>2021/22</b>							<b>2020/21</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>1,978</b>	<b>-</b>	<b>-</b>	<b>1,978</b>	<b>1,978</b>	<b>-</b>	<b>100.0%</b>	<b>1,978</b>	<b>1,978</b>
Compensation of employees	1,978	-	-	1,978	1,978	-	100.0%	1,978	1,978
<b>TOTAL</b>	<b>1,978</b>	<b>-</b>	<b>-</b>	<b>1,978</b>	<b>1,978</b>	<b>-</b>	<b>100.0%</b>	<b>1,978</b>	<b>1,978</b>



**LIMPOPO PROVINCIAL DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS**  
**VOTE 11**

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

<b>Programme 1: ADMINISTRATION</b>									
	<b>2021/22</b>							<b>2020/21</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of Final Appropriation</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Sub programme</b>									
1. <b>CORPORATE SERVICES</b>	156,870	-	1,364	158,234	143,136	15,098	90.5%	365,340	344,902
2. <b>OFFICE OF THE MEC</b>	6,638	-	-	6,638	6,370	268	96.0%	-	-
3. <b>OFFICE OF THE HOD</b>	28,013	-	-	28,013	24,183	3,830	86.3%	-	-
4. <b>FINANCIAL MANAGEMENT</b>	126,284	-	-	126,284	120,026	6,258	95.0%	-	-
<b>Total for sub programmes</b>	<b>317,805</b>	<b>-</b>	<b>1,364</b>	<b>319,169</b>	<b>293,715</b>	<b>25,454</b>	<b>92.0%</b>	<b>365,340</b>	<b>344,902</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>311,289</b>	<b>(728)</b>	<b>1,364</b>	<b>311,925</b>	<b>288,821</b>	<b>23,104</b>	<b>92.6%</b>	<b>345,615</b>	<b>330,850</b>
Compensation of employees	200,909	-	-	200,909	180,265	20,644	89.7%	201,899	186,740
Goods and services	110,380	(741)	1,364	111,003	108,544	2,459	97.8%	143,714	144,108
Interest and rent on land	-	13	-	13	12	1	92.3%	2	2
<b>Transfers and subsidies</b>	<b>4,648</b>	<b>-</b>	<b>-</b>	<b>4,648</b>	<b>2,311</b>	<b>2,337</b>	<b>49.7%</b>	<b>11,509</b>	<b>7,289</b>
Provinces and municipalities	1,807	-	-	1,807	1,634	173	90.4%	3,361	360
Departmental agencies and accounts	7	-	-	7	6	1	85.7%	6	6
Households	2,834	-	-	2,834	671	2,163	23.7%	8,142	6,923
<b>Payments for capital assets</b>	<b>1,868</b>	<b>-</b>	<b>-</b>	<b>1,868</b>	<b>1,855</b>	<b>13</b>	<b>99.3%</b>	<b>7,336</b>	<b>5,883</b>
Machinery and equipment	1,868	-	-	1,868	1,855	13	99.3%	7,336	5,883
<b>Payments for financial assets</b>	<b>-</b>	<b>728</b>	<b>-</b>	<b>728</b>	<b>728</b>	<b>-</b>	<b>100.0%</b>	<b>880</b>	<b>880</b>
<b>TOTAL</b>	<b>317,805</b>	<b>-</b>	<b>1,364</b>	<b>319,169</b>	<b>293,715</b>	<b>25,454</b>	<b>92.0%</b>	<b>365,340</b>	<b>344,902</b>

**LIMPOPO PROVINCIAL DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS  
VOTE 11**

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

<b>Programme 2: HUMAN SETTLEMENTS</b>									
	<b>2021/22</b>							<b>2020/21</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of Final Appropriation</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Sub Programme</b>									
1. <b>HOUSING NEEDS, RESEARCH AND PLANNING</b>	51,117	-	-	51,117	49,416	1,701	96.7%	38,057	36,678
2. <b>HOUSING DEVELOPMENT, IMPLEMENTATION, PLANNING AND TARGETS</b>	1,143,103	-	(409)	1,142,694	781,722	360,972	68.4%	943,187	934,290
3. <b>HOUSING ASSET MANAGEMENT AND PROPERTY MANAGEMENT</b>	38,963	-	-	38,963	37,127	1,836	95.3%	48,461	39,591
<b>Total for sub programmes</b>	<b>1,233,183</b>	<b>-</b>	<b>(409)</b>	<b>1,232,774</b>	<b>868,265</b>	<b>364,509</b>	<b>70.4%</b>	<b>1,029,705</b>	<b>1,010,559</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>112,479</b>	<b>-</b>	<b>(409)</b>	<b>112,070</b>	<b>107,306</b>	<b>4,764</b>	<b>95.7%</b>	<b>117,261</b>	<b>106,528</b>
Compensation of employees	103,515	-	-	103,515	100,060	3,455	96.7%	112,638	102,790
Goods and services	8,964	-	(409)	8,555	7,246	1,309	84.7%	4,623	3,738
<b>Transfers and subsidies</b>	<b>1,120,466</b>	<b>-</b>	<b>-</b>	<b>1,120,466</b>	<b>760,902</b>	<b>359,564</b>	<b>67.9%</b>	<b>912,173</b>	<b>903,812</b>
Provinces and municipalities	21	-	-	21	-	21	-	20	-
Households	1,120,445	-	-	1,120,445	760,902	359,543	67.9%	912,153	903,812
<b>Payments for capital assets</b>	<b>238</b>	<b>-</b>	<b>-</b>	<b>238</b>	<b>57</b>	<b>181</b>	<b>23.9%</b>	<b>271</b>	<b>219</b>
Machinery and equipment	88	-	-	88	57	31	64.8%	271	219
Intangible assets	150	-	-	150	-	150			
<b>Payments for financial assets</b>									
<b>Total</b>	<b>1,233,183</b>	<b>-</b>	<b>(409)</b>	<b>1,232,774</b>	<b>868,265</b>	<b>364,509</b>	<b>70.4%</b>	<b>1,029,705</b>	<b>1,010,559</b>

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

<b>Programme 3: COOPERATIVE GOVERNANCE</b>									
	<b>2021/22</b>							<b>2020/21</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Sub Programme</b>									
1. <b>LOCAL GOVERNANCE</b>	226,529	45	-	226,574	219,148	7,426	96.7%	219,855	210,645
2. <b>DEVELOPMENT PLANNING</b>	53,504	(45)	(955)	52,504	51,537	967	98.2%	59,024	52,967
<b>Total for sub programmes</b>	<b>280,033</b>	<b>-</b>	<b>(955)</b>	<b>279,078</b>	<b>270,685</b>	<b>8,393</b>	<b>97.0%</b>	<b>278,879</b>	<b>263,612</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>276,203</b>	<b>(621)</b>	<b>(955)</b>	<b>274,627</b>	<b>266,335</b>	<b>8,292</b>	<b>97.0%</b>	<b>273,158</b>	<b>259,947</b>
Compensation of employees	271,532	-	-	271,532	263,411	8,121	97.0%	266,816	255,668
Goods and services	4,671	(621)	(955)	3,095	2,924	171	94.5%	6,342	4,279
<b>Transfers and subsidies</b>	<b>2,737</b>	<b>-</b>	<b>-</b>	<b>2,737</b>	<b>2,737</b>	<b>-</b>	<b>100.0%</b>	<b>4,184</b>	<b>3,423</b>
Households	2,737	-	-	2,737	2,737	-	100.0%	4,184	3,423
<b>Payments for capital assets</b>	<b>1,093</b>	<b>-</b>	<b>-</b>	<b>1,093</b>	<b>992</b>	<b>101</b>	<b>90.8%</b>	<b>1,537</b>	<b>242</b>
Machinery and equipment	1,093	-	-	1,093	992	101	90.8%	1,537	242
<b>Payments for financial assets</b>	<b>-</b>	<b>621</b>	<b>-</b>	<b>621</b>	<b>621</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>280,033</b>	<b>-</b>	<b>(955)</b>	<b>279,078</b>	<b>270,685</b>	<b>8,393</b>	<b>97.0%</b>	<b>278,879</b>	<b>263,612</b>

**LIMPOPO PROVINCIAL DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND TRADITIONAL AFFAIRS  
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**APPROPRIATION STATEMENT  
for the year ended 31 March 2022**

<b>Programme 4: TRADITIONAL INSTITUTIONAL DEVELOPMENT</b>									
	<b>2021/22</b>							<b>2020/21</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Sub Programme</b>									
3. <b>TRADITIONAL INSTITUTIONAL ADMIN</b>	524,125	-	-	524,125	449,188	74,937	85.7%	511,538	483,210
4. <b>ADMINISTRATION OF HOUSES OF TRADITIONAL LEADERS</b>	5,076	-	-	5,076	4,229	847	83.3%	5,862	5,139
<b>Total for sub programmes</b>	<b>529,201</b>	<b>-</b>	<b>-</b>	<b>529,201</b>	<b>453,417</b>	<b>75,784</b>	<b>85.7%</b>	<b>517,400</b>	<b>488,349</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>477,651</b>	<b>-</b>	<b>-</b>	<b>477,651</b>	<b>430,704</b>	<b>46,947</b>	<b>90.2%</b>	<b>475,543</b>	<b>460,427</b>
Compensation of employees	469,601	-	-	469,601	424,237	45,364	90.3%	468,629	456,168
Goods and services	8,050	(48)	-	8,002	6,420	1,582	80.2%	6,914	4,259
<b>Transfers and subsidies</b>	<b>4,880</b>	<b>-</b>	<b>-</b>	<b>4,880</b>	<b>11,364</b>	<b>(6,484)</b>	<b>232.9%</b>	<b>9,592</b>	<b>7,562</b>
Non-profit institutions	3,724	-	-	3,724	10,209	(6,485)	274.1%	6,474	4,445
Households	1,156	-	-	1,156	1,155	1	99.9%	3,118	3,117
<b>Payments for capital assets</b>	<b>46,670</b>	<b>-</b>	<b>-</b>	<b>46,670</b>	<b>11,349</b>	<b>35,321</b>	<b>24.3%</b>	<b>32,265</b>	<b>20,360</b>
Buildings and other fixed structures	40,000	-	-	40,000	7,455	32,545	18.6%	27,800	17,088
Machinery and equipment	6,670	-	-	6,670	3,894	2,776	58.4%	4,465	3,272
<b>Total</b>	<b>529,201</b>	<b>-</b>	<b>-</b>	<b>529,201</b>	<b>453,417</b>	<b>75,784</b>	<b>85.7%</b>	<b>517,400</b>	<b>488,349</b>

**LIMPOPO PROVINCIAL DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND  
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**NOTES TO THE APPROPRIATION STATEMENT  
for the year ended 31 March 2022**

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

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

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

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

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

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

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

**4.1 Per programme**

	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Variance as a % of Final Appropriation</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>

Administration	321,147	295,693	25,454	8%
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The under spending is on CoE due to retirements and resignations during the period under review, delay in filling vacated posts, Covid-19 projects due to less severity of the pandemic, Computer Software as well as Operating Lease for Machinery and Equipment. Administration programme include MEC's appropriation and expenditure.

Human Settlements	1,232,774	868,265	364,509	30%
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The underspending is on conditional grants is as a result of delayed site handover to contractors for 2021/22 financial year as well as delay in enrolment projects with NHBRC. Non-performance by some of contractors and area for services not ready due bulk unavailability.

Cooperative Governance	279,078	270,685	8,393	3%
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Underspending is as a result of retirements and resignations during the period under review and delay in filling of vacated posts as well as less travelling by Municipal Support officials.

Traditional Institutional Development	529,201	453,417	75,784	14%
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The under spending is due to late identification of 8 new Traditional Council offices to be constructed as well as underspending on King/Queenship projects.

**LIMPOPO PROVINCIAL DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND  
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**NOTES TO THE APPROPRIATION STATEMENT  
for the year ended 31 March 2022**

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
<b>Current payments</b>				
Compensation of employees	1,047,535	969,951	77,584	7%
Goods and services	130,655	125,134	5,521	4%
Interest and rent on land	61	59	2	3%
<b>Transfers and subsidies</b>				
Provinces and municipalities	1,828	1,634	194	11%
Departmental agencies and accounts	7	6	1	14%
Non-profit institutions	3,724	10,209	(6,485)	-174%
Households	1,127,172	765,465	361,707	32%
<b>Payments for capital assets</b>				
Buildings and other fixed structures	40,000	7,455	32,545	81%
Machinery and equipment	9,719	6,798	2,921	30%
Intangible assets	150	-	150	100%
<b>Payments for financial assets</b>	1,349	1,349	-	0%

Compensation of Employees: Under spending of 7% is as a result of unfilled funded vacant positions due to delay in the finalization of Departmental structure review process.

Interest and rent on land: Under spending of 3% is as a result of budget savings on expenditure incurred.

Provinces and Municipalities: Underspending is on rates and taxes as a result of budget savings.

Departmental agencies: Under spending of 14% is as a result of budget savings on expenditure incurred.

Non-Profit institutions: Overspending is in respect of subsidy for Traditional Leaders inauguration events and death subsidy-cover for Senior Traditional Leaders which is difficult to predict.

Households: The underspending on conditional grants is because of delayed site handover to contractors for 2021/22 financial year as well as delay in enrolment projects with NHBRC. Non- performance by some of the contractors

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**NOTES TO THE APPROPRIATION STATEMENT  
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and area for services not ready due to bulk unavailability. Underspending is also due to delays in appointment of EPWP participants (Rollover to be applied). Expenditure is in respect of equitable share and conditional grant (EPWP).

Buildings and other fixed structures: The under spending is due to late identification of 8 new Traditional Council offices to be constructed.

Machinery and equipment: Underspending is mainly as a result of procurement processes for Furniture for Traditional Council Offices which could not be delivered before financial year-end. Rollover application to be submitted to Treasury.

Software & other Intangible Assets: Delay in initiating procurement processes.

<b>4.3 Per conditional grant</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Variance as a % of Final Appropriation</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Human Settlement Development	857,072	623,705	233,367	27%
Informal Settlement Upgrading				
Partnership	254,336	136,538	117,798	46%
EPWP	2,037	399	1,638	80%
Provincial Emergency Housing Grant	2,311	0	2,311	100%
Title deeds registration grant	6125	288	5,837	95%

The underspending is as a result of delayed site handover to contractors for 2021/22 financial year as well as delay in enrolment projects with NHBRC. Non-performance by some of contractors and area for services not ready due bulk unavailability. Underspending is also due to delays in appointment of EPWP participants (Rollover to be applied). Underspending on title deeds registration grant is as a result of stakeholders delays in the processing some mandatory steps during Township proclamation processes.

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

	<b>Note</b>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
<b>REVENUE</b>			
Annual appropriation	<u>1</u>	2,360,222	2,191,324
Statutory appropriation	<u>2</u>	1,978	1,978
Departmental revenue	<u>3</u>	87,830	18,018
<b>TOTAL REVENUE</b>		<b>2,450,030</b>	<b>2,211,320</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	<u>4</u>	969,951	1,003,344
Goods and services	<u>5</u>	125,134	156,384
Interest and rent on land	<u>6</u>	59	2
<b>Total current expenditure</b>		<b>1,095,144</b>	<b>1,159,730</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	<u>9</u>	777,314	922,086
<b>Total transfers and subsidies</b>		<b>777,314</b>	<b>922,086</b>
<b>Expenditure for capital assets</b>			
Tangible assets	<u>10</u>	14,253	26,704
<b>Total expenditure for capital assets</b>		<b>14,253</b>	<b>26,704</b>
<b>Payments for financial assets</b>	<u>7</u>	1,349	880
<b>TOTAL EXPENDITURE</b>		<b>1,888,060</b>	<b>2,109,400</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>561,970</b>	<b>101,920</b>



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

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

Voted funds	474,140	83,902
Annual appropriation	113,189	3,931
Conditional grants	360,951	79,971
Departmental revenue and NRF Receipts	<u>14</u> 87,830	<u>18,018</u>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b><u>561,970</u></b>	<b><u>101,920</u></b>

**LIMPOPO PROVINCIAL DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND  
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**STATEMENT OF FINANCIAL POSITION  
as at 31 March 2022**

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
<b>ASSETS</b>			
<b>Current assets</b>		<b>490,323</b>	<b>96,730</b>
Cash and cash equivalents	<u>10</u>	468,048	73,826
Prepayments and advances	<u>11</u>	5,000	5,000
Receivables	<u>12</u>	17,275	17,904
<b>Non-current assets</b>			
		<b>93</b>	<b>113</b>
Receivables	<u>12</u>	93	113
<b>TOTAL ASSETS</b>		<b>490,416</b>	<b>96,843</b>
<b>Current liabilities</b>		<b>490,205</b>	<b>96,517</b>
Voted funds to be surrendered to the Revenue Fund	<u>13</u>	404,494	83,906
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>14</u>	85,666	10,154
Payables	<u>15</u>	45	2,457
<b>TOTAL LIABILITIES</b>		<b>490,205</b>	<b>96,517</b>
<b>NET ASSETS</b>		<b>211</b>	<b>326</b>
<b>Represented by:</b>			
Recoverable revenue		211	326
<b>TOTAL</b>		<b>211</b>	<b>326</b>

**LIMPOPO PROVINCIAL DEPARTMENT OF CO-OPERATIVE GOVERNANCE, HUMAN SETTLEMENTS AND  
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**STATEMENT OF CHANGES IN NET ASSETS  
for the year ended 31 March 2022**

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
<b>Recoverable revenue</b>			
Opening balance		326	348
Transfers:		<b>-115</b>	<b>-22</b>
Debts recovered (included in departmental receipts)		-258	-154
Debts raised		143	132
Closing balance		<b>211</b>	<b>326</b>
<b>TOTAL</b>		<b>211</b>	<b>326</b>

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**CASH FLOW STATEMENT  
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	<b>Note</b>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>2,450,030</b>	<b>2,210,934</b>
Annual appropriated funds received	<u>1.1</u>	2,360,222	2,191,323
Statutory appropriated funds received	<u>2</u>	1,978	1,978
Departmental revenue received	<u>3</u>	84,152	12,659
Interest received	<u>3.3</u>	3,678	4,974
Net (increase)/decrease in working capital		-1,783	1,798
Surrendered to Revenue Fund		-165,870	-114,924
Current payments		-1,095,085	-1,157,538
Interest paid	<u>2</u>	-59	-2
Payments for financial assets		-1,349	-880
Transfers and subsidies paid		-777,314	-924,276
<b>Net cash flow available from operating activities</b>	<u>16</u>	<b>408,570</b>	<b>15,112</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	<u>10</u>	-14,253	-26,704
Proceeds from sale of capital assets	<u>3.4</u>	-	385
(Increase)/decrease in non-current receivables	<u>12</u>	20	4
<b>Net cash flows from investing activities</b>		<b>-14,233</b>	<b>-26,315</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		-115	-22
<b>Net cash flows from financing activities</b>		<b>-115</b>	<b>-22</b>
Net increase/(decrease) in cash and cash equivalents		394,222	-11,225
Cash and cash equivalents at beginning of period		73,826	85,051
<b>Cash and cash equivalents at end of period</b>	<u>17</u>	<b>468,048</b>	<b>73,826</b>

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**PART A: ACCOUNTING POLICIES**

<p><b>Summary of significant accounting policies</b></p> <p>The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.</p> <p>The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.</p> <p>Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.</p>	
<b>1</b>	<p><b>Basis of preparation</b></p> <p>The financial statements have been prepared in accordance with the Modified Cash Standard.</p>
<b>2</b>	<p><b>Going concern</b></p> <p>The financial statements have been prepared on a going concern basis.</p>
<b>3</b>	<p><b>Presentation currency</b></p> <p>Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p>
<b>4</b>	<p><b>Rounding</b></p> <p>Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
<b>5</b>	<p><b>Foreign currency translation</b></p> <p>Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.</p>
<b>6</b>	<p><b>Comparative information</b></p>
<b>6.1</b>	<p><b>Prior period comparative information</b></p> <p>Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.</p>
<b>6.2</b>	<p><b>Current year comparison with budget</b></p> <p>A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p>
<b>7</b>	<p><b>Revenue</b></p>
<b>7.1</b>	<p><b>Appropriated funds</b></p> <p>Appropriated funds comprise of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).</p> <p>Appropriated funds are recognised in the statement of financial performance on the date the</p>

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	<p>appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.</p> <p>The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.</p>
<b>7.2</b>	<p><b>Departmental revenue</b></p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
<b>7.3</b>	<p><b>Accrued departmental revenue</b></p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> <li>• it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and</li> <li>• the amount of revenue can be measured reliably.</li> </ul> <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p> <p>Write-offs are made according to the department's debt write-off policy.</p>
<b>8</b>	<b>Expenditure</b>
<b>8.1</b>	<b>Compensation of employees</b>
<b>8.1.1</b>	<p><b>Salaries and wages</b></p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment and will be stated at cost</p>
<b>8.1.2</b>	<p><b>Social contributions</b></p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment and will be stated at cost.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
<b>8.2</b>	<p><b>Other expenditure</b></p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold. Other expenditure will be stated at cost.</p>
<b>8.3</b>	<p><b>Accruals and payables not recognised</b></p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.</p>
<b>8.4</b>	<b>Leases</b>

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<b>8.4.1</b>	<p><b>Operating leases</b></p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. Operating lease payments received are recognised as departmental revenue.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
<b>8.4.2</b>	<p><b>Finance leases</b></p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> <li>• cost, being the fair value of the asset; or</li> <li>• the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</li> </ul>
<b>9</b>	<b>Aid Assistance</b>
<b>9.1</b>	<p><b>Aid assistance received</b></p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>
<b>9.2</b>	<p><b>Aid assistance paid</b></p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
<b>10</b>	<p><b>Cash and cash equivalents</b></p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
<b>11</b>	<p><b>Prepayments and advances</b></p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p>
<b>12</b>	<p><b>Loans and receivables</b></p> <p>Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to</p>

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	the department's write-off policy.
<b>13</b>	<b>Investments</b> Investments are recognised in the statement of financial position at cost.
<b>14</b>	<b>Financial assets</b>
<b>14.1</b>	<b>Financial assets (not covered elsewhere)</b> 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.
<b>14.2</b>	<b>Impairment of financial assets</b> 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.
<b>15</b>	<b>Payables</b> Payables recognised in the statement of financial position are recognised at cost.
<b>16</b>	<b>Capital Assets</b>
<b>16.1</b>	<b>Immovable capital assets</b> Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
<b>16.2</b>	<b>Movable capital assets</b> 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



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	ready for use.
<b>16.3</b>	<p><b>Intangible assets</b></p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p>
<b>16.4</b>	<p><b>Project Costs: Work-in-progress</b></p> <p>Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.</p> <p>Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.</p> <p>Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.</p>
<b>17</b>	<b>Provisions and Contingents</b>
<b>17.1</b>	<p><b>Provisions</b></p> <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
<b>17.2</b>	<p><b>Contingent liabilities</b></p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
<b>17.3</b>	<p><b>Contingent assets</b></p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.</p>

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<b>17.4</b>	<p><b>Capital commitments</b></p> <p>Capital commitments are recorded at cost in the notes to the financial statements.</p>
<b>18</b>	<p><b>Unauthorised expenditure</b></p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> <li>• approved by Parliament or the Provincial Legislature with funding and the related funds are received; or</li> <li>• approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or</li> <li>• transferred to receivables for recovery.</li> </ul> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
<b>19</b>	<p><b>Fruitless and wasteful expenditure</b></p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables or written off.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
<b>20</b>	<p><b>Irregular expenditure</b></p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed after its assessment. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is reduced from the note when it is either condoned by the relevant authority, transferred to receivables for recovery, not condoned and removed or written-off.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
<b>21</b>	<p><b>Changes in accounting estimates and errors</b></p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
<b>22</b>	<p><b>Events after the reporting date</b></p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
<b>23</b>	<p><b>Principal-Agent arrangements</b></p> <p>The department is party to a principal-agent arrangement with Housing Development Agency (HDA), Risima Housing Finance (Risima) and Limpopo Department of Public Works and Infrastructure (DPW).</p>

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	HDA provides support for land assembly and Housing programme Implementation, Risima assist the Department in implementing Finance Linked Individual Subsidy Programme which caters for middle income citizen who wants to build or upgrade their houses, DPW is assist the department in the construction and refurbishment of various traditional councils. In terms of the arrangement the department is the principal and is responsible for provision of funds. 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.
<b>24</b>	<b>Departures from the MCS requirements</b> Management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard
<b>25</b>	<b>Capitalisation reserve</b> 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.
<b>26</b>	<b>Recoverable revenue</b> Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.
<b>27</b>	<b>Related party transactions</b> Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length. The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.
<b>28</b>	<b>Inventories (<i>Effective from date determined in a Treasury Instruction</i>)</b> <b>[Inventories]</b> 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.
<b>29</b>	<b>Public-Private Partnerships</b> 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

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	statements.
<b>30</b>	<p><b>Employee benefits</b></p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.</p>
<b>31</b>	<p><b>Transfer of functions</b></p> <p>Transfer of functions are accounted for by the acquirer by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of transfer.</p> <p>Transfer of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.</p>
<b>32</b>	<p><b>Mergers</b></p> <p>Mergers are accounted for by the combined department by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of the merger.</p> <p>Mergers are accounted for by the combining departments by derecognising or removing assets and liabilities at their carrying amounts at the date of the merger.</p>

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**1. Annual Appropriation**

**1.1 Annual Appropriation**

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

	<b>Final Appropriation</b>	<b>2021/22 Actual Funds Received</b>	<b>Funds not requested/not received</b>	<b>Final Appropriation</b>	<b>2020/21 Appropriation received</b>	<b>Funds not requested /not received</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Administration	319,169	319,169	-	365,340	365,340	-
Human Settlements	1,232,774	1,232,774	-	1,029,705	1,099,350	1
Cooperative Governance	279,078	279,078	-	278,879	278,879	-
Traditional Institutional Development	529,201	529,201	-	517,400	517,400	-
<b>Total</b>	<b>2,360,222</b>	<b>2,360,222</b>	<b>-</b>	<b>2,191,324</b>	<b>2,260,969</b>	<b>1</b>

Actual funds received is composed of equitable share of R1 238 341 billion, Human Settlement Grant of R857 072 million, Title Deeds Restoration grant of R6 125 million, Expanded Public Works programme of R2 037 million, Provincial Emergency Housing Grant of R2 311 million as well as Informal Settlement Upgrading Partnership amounting to R254 336 million.

**1.2 Conditional grants**

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Total grants received	35	<u>1,121,881</u>	<u>914,516</u>
Provincial grants included in Total Grants received		<u>                    </u>	<u>                    </u>

No Provincial grants were received.

Conditional Grant is composed of Human Settlement Grant of R857 072 million, Title Deeds Restoration grant of R6 125 million, Expanded Public Works programme of R2 037 million, Provincial Emergency Housing Grant of R2 311 million as well as Informal Settlement Upgrading Partnership amounting to R254 336 million

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**2. Statutory Appropriation**

	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Members' remuneration	1,978	1,978
<b>Total</b>	<u>1,978</u>	<u>1,978</u>
Actual Statutory Appropriation received	1,978	1,978

Statutory appropriation is included in equitable share.

**3. Departmental revenue**

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Fines, penalties and forfeits	3.1	1,055	1,228
Sales of capital assets	3.2	3,741	5,074
Transactions in financial assets and liabilities	3.3	-	385
Transfer received	3.4	83,034	11,331
<b>Departmental revenue collected</b>		<u><b>87,830</b></u>	<u><b>18,018</b></u>

The increase in Transactions in financial assets and liabilities is as a result of recovery of R82 million from Housing Development Agency as a result of funding not yet utilised at the end of the year.

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

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Sales of goods and services produced by the department	3	1,055	1,100
Sales by market establishment		218	227
Administrative fees		8	3
Other sales		829	870
Sales of scrap, waste and other used current goods		-	128
<b>Total</b>		<u><b>1,055</b></u>	<u><b>1,228</b></u>

Sales by market establishment includes revenues from parking

Other sales include commission on insurance and garnishee orders that are administered via the payroll system

Under collection of revenue as compared to the previous year is as a result of closer of operations

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due Covid pandemic.

No auction was held to dispose assets

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

	<i>Note</i> <i>3</i>	<b>2021/22</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
Interest		3,678	4,974
Rent on land		63	100
<b>Total</b>		<b>3,741</b>	<b>5,074</b>

Rent received decrease as a result outstanding rental not yet paid

The under collection of interest is as a result of interest received from agencies based on lower balances as compared to the previous year

**3.3 Sale of capital assets**

	<i>Note</i> <i>3</i>	<b>2021/22</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
<b>Tangible assets</b>		-	<b>385</b>
Machinery and equipment	29	-	385
<b>Total</b>		<b>-</b>	<b>385</b>

No sales of assets took place

**3.4 Transactions in financial assets and liabilities**

	<i>Note</i> <i>3</i>	<b>2021/22</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
Receivables		790	702
Other Receipts including Recoverable Revenue		82,244	10,629
<b>Total</b>		<b>83,034</b>	<b>11,331</b>

The increase in transactions in financial assets and liabilities is as a result of recovery of R82m from Housing Development Agency as a result of funding not yet utilised at the end of the year.

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**3.4.1 Donations received in-kind (not included in the main note or sub note)**

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
<i>List in-kind transfers received</i>			
Donated PPE for Schools		-	5
<b>Total</b>		<u>-</u>	<u>5</u>

No donation was received in the current year

**4. Compensation of employees**

**4.1 Salaries and Wages**

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Basic salary		553,300	583,663
Performance award		4,585	7,624
Service Based		323	406
Compensative/circumstantial		1,252	3,598
Periodic payments		5	-
Other non-pensionable allowances		297,451	294,012
<b>Total</b>		<u><b>856,916</b></u>	<u><b>889,303</b></u>

Dead, Retiring, and resigning employees are not yet all replaced

**4.2 Social contributions**

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
<b>Employer contributions</b>			
Pension		65,513	67,490
Medical		46,973	46,267
Bargaining council		179	183
Insurance		370	101
<b>Total</b>		<u><b>113,035</b></u>	<u><b>114,041</b></u>
<b>Total compensation of employees</b>		<u>969,951</u>	<u>1,003,344</u>
Average number of employees		<u>1,814</u>	<u>1,935</u>



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Dead, Retiring, and resigning employees are not yet all replaced

Insurance is in respect of employer contributions on credit life of employees with subsidised transport

**5. Goods and services**

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Administrative fees		865	705
Advertising		228	3
Minor assets	5.1	34	-
Bursaries (employees)		2,375	1,271
Catering		34	118
Communication		15,061	14,348
Computer services	5.2	12,715	15,749
Consultants: Business and advisory services	5.9	1,456	1,265
Legal services		4,575	5,236
Contractors		2,967	4,612
Entertainment		202	222
Audit cost – external	5.3	8,871	8,569
Fleet services		4,288	3,959
Consumables	5.4	2,407	3,989
Operating leases		25,995	58,257
Property payments	5.5	32,057	28,220
Travel and subsistence	5.6	9,868	7,971
Venues and facilities		580	1,289
Other operating expenditure	5.7	556	601
<b>Total</b>		<b>125,134</b>	<b>156,384</b>

The overall reduction of the expenditure is as a result of a new lease contract on Hensa building that resulted in a lower monthly lease rental than the previous one.

**5.1 Minor assets**

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
<b>Tangible assets</b>	6	34	-
Machinery and equipment		34	-
<b>Total</b>		<b>34</b>	<b>-</b>

Minor asset bought in the current year

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**5.2 Computer services**

	<i>Note</i> 6	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
SITA computer services		7,757	9,605
External computer service providers		4,958	6,144
<b>Total</b>		<b>12,715</b>	<b>15,749</b>

Reduction is a result of invoices that were submitted after year end and were accrued

A platespin was purchased for the server valued at R1.4m in the prior year. This was not purchased in the current year.

Exchange rates for Microsoft renewal were high in the prior year than the current year.

**5.3 Audit cost – External**

	<i>Note</i> 6	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Regularity audits		8,871	8,569
<b>Total</b>		<b>8,871</b>	<b>8,569</b>

General increases in prices of goods and services led to the increase in expenditure as compared to the previous year

**5.4 Consumables**

	<i>Note</i> 6	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Consumable supplies		1,125	1,405
Uniform and clothing		235	-
Household supplies		890	1,392
IT consumables		-	13
Stationery, printing and office supplies		1,282	2,584
<b>Total</b>		<b>2,407</b>	<b>3,989</b>

Households supplies of prior year included cutlery and grocery expenses which were not purchased anymore in the current year furthermore, cleaning and detergents were not purchased in large quantities as I the past year due to the revised budget at the beginning of the year

Stationery was reduced as some of the users were working from home and communicated mostly through electronic means

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**5.5 Property payments**

	<i>Note</i> 6	<b>2021/22</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
Municipal services		3,955	3,330
Other		28,102	24,890
<b>Total</b>		<b>32,057</b>	<b>28,220</b>

The increase in municipal services is a result of increases in service rates charged by the municipality as well as electricity billing.

Other relates to cleaning and security costs expenditure incurred for the year

The increase is a result of normal price adjustments included in the cleaning and security contracts

**5.6 Travel and subsistence**

	<i>Note</i> 6	<b>2021/22</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
Local		9,868	7,971
Foreign		-	-
<b>Total</b>		<b>9,868</b>	<b>7,971</b>

The increase in travel and subsistence is a result of upward changes of transport tariffs set by the Department of transport

**5.7 Other operating expenditure**

	<i>Note</i> 6	<b>2021/22</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
Professional bodies, membership and subscription fees		469	422
Other		87	179
<b>Total</b>		<b>556</b>	<b>601</b>

Other relates to costs in respect of insurance of subsidized vehicles of staff

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

		<i>Note</i> 6	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
<b>Name of Commission / Committee</b>	<b>No. of members</b>			
Limpopo Housing	7		681	-
Limpopo Rental Housing Tribunal	8		577	-
Risk Management Committee	1		158	-
Audit committee	4		-	-
<b>Total</b>			<b><u>1,416</u></b>	<b><u>-</u></b>

The Rental housing tribunal and Limpopo Housing are composed 7 & 5 members respectively and some members term expired during the year

The Department have shared audit committee paid by provincial treasury

**6. Interest and rent on land**

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Interest paid		<u>59</u>	<u>2</u>
<b>Total</b>		<b><u>59</u></b>	<b><u>3</u></b>

Interest paid is in respect of late payments on service providers accounts

**7. Payments for financial assets**

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Debts written off	7.1	<u>1,349</u>	<u>880</u>
<b>Total</b>		<b><u>1,349</u></b>	<b><u>880</u></b>

The amount written off included traditional leaders who are deceased

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**7.1 Debts written off**

	<i>Note</i> 7	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
<b>Nature of debts written off</b>			
Staff debts		621	880
Fruitless and wasteful expenditure		728	-
<b>Total</b>		<b>1,349</b>	<b>880</b>
<b>Total debt written off</b>		<b>1,349</b>	<b>880</b>

The amount written off due to prescriptions included traditional leaders who are deceased

**8. Transfers and subsidies**

		<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
	<i>Note</i>		
Provinces and municipalities	36	453	360
Departmental agencies and accounts	Annexure 1B	6	6
Non-profit institutions	Annexure 1F	10,209	4,445
Households	Annexure 1G	766,646	917,275
<b>Total</b>		<b>777,314</b>	<b>922,086</b>

The reduction of the amount this year is because of curtailment of activities during the year as a result of Covid

**9. Expenditure for capital assets**

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
<b>Tangible assets</b>			
		14,253	26,704
Buildings and other fixed structures	31	7,455	17,088
Machinery and equipment	29	6,798	9,616
<b>Total</b>		<b>14,253</b>	<b>26,704</b>

Machinery & Equipment includes finance lease expenditure amounting to R693K

The reduction of the expenditure on building and other fixed structures is as a result of most buildings are completed and a larger portion of their cost has been paid in the prior years

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

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
<b>Tangible assets</b>	<b>14,253</b>		<b>14,253</b>
Buildings and other fixed structures	7,455		7,455
Machinery and equipment	6,798		6,798
<b>Total</b>	<b>14,253</b>		<b>14,253</b>

Machinery & Equipment includes finance lease expenditure amounting to R693K

The reduction of the expenditure on building and other fixed structures is as a result of most buildings are completed and a larger portion of their cost has been paid in the prior years

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

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
<b>Tangible assets</b>	<b>26,704</b>	-	<b>26,704</b>
Buildings and other fixed structures	17,088	-	17,088
Machinery and equipment	9,616	-	9,616
<b>Total</b>	<b>26,704</b>		<b>26,704</b>

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

	<i>Note</i>	2021/22 R'000	2020/21 R'000
<b>Tangible assets</b>			
Machinery and equipment		693	343
<b>Total</b>		<b>693</b>	<b>343</b>

The increase of the lease expenditure is as a result of new lease contract that have been entered into for the supply of photocopy equipment.

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**10. Cash and cash equivalents**

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Consolidated Paymaster General Account		468,048	73,811
Disbursements		-	15
<b>Total</b>		<b><u>468,048</u></b>	<b><u>73,826</u></b>

All cash held is available for use

The increase of cash and cash equivalents is a result of funds transferred on the last days of the financial year not yet spent

The department had no undrawn borrowing facilities

**11. Prepayments and advances**

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Prepayments (Not expensed)	11.1	5,000	5,000
<b>Total</b>		<b><u>5,000</u></b>	<b><u>5,000</u></b>

R5 million represent amount paid to attorneys in respect of defence of a case against the department

**11.1 Prepayments (Not expensed)**

	<i>Note</i>	<b>Balance as at 1 April 2021</b>	<b>Less: Amount expensed in current year</b>	<b>Add or Less: Other</b>	<b>Add: Current Year prepayments</b>	<b>Balance as at 31 March 2022</b>
		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Transfers and subsidies	11	5,000	-	-	-	5,000
<b>Total</b>		<b><u>5,000</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>5,000</u></b>

R5m represent amount paid to attorneys in respect of defence of a case against the department

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	<i>Note</i>	<b>Balance as at 1 April 2020</b>	<b>Less: Amount expensed in current year</b>	<b>Add or Less: Other</b>	<b>Add: Current Year prepayments</b>	<b>Balance as at 31 March 2021</b>
	<i>11</i>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Transfers and subsidies		5,000	-	-	-	<b>5,000</b>
<b>Total</b>		<b>5,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>

**11.2 Advances paid (Expensed)**

	<i>Note</i>	<b>Amount as at 1 April 2021</b>	<b>Less: Received in the current year</b>	<b>Add or Less: Other</b>	<b>Add: Current Year advances</b>	<b>Amount as at 31 March 2022</b>
		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Public entities		199,430	-85,382	-80,274	-	33,774
Other entities		20,791	-	-12,061	-	8,730
<b>Total</b>		<b>220,221</b>	<b>-85,382</b>	<b>-92,335</b>	<b>-</b>	<b>42,504</b>

The amount of R42 504 (2021: R220 221) represent amount paid in advance to HDA, Risima and municipalities in respect of projects they are undertaking on behalf of the Department.

Reasons for prepayments

**Housing Development Agency (HDA)**

- The HDA has an existing Implementation Protocol (IP) with the Limpopo CoGHSTA that was signed in on 29th July 2010. HDA provides support for land assembly and Housing Programme Implementation
- HDA appointed service providers for rural housing projects and their various milestones needs to be paid
- HDA is responsible for the vitalization of distressed mining towns and various service providers were appointed for this project.
- HDA is responsible for the construction of Marapong community residential units and various service providers were appointed for this project
- HDA is an implementing agent for removal of asbestos and repair of identified units in Seshego, Greater Letaba, Elias Motswaledi and Mogalakwena for 2100 unit/sites (Limpopo)
- disaster project).
- The money was advanced to make it possible for HDA to perform these various tasks on behalf the department

**Risima**

Risima Housing Finance is assisting the Department in implementing the Finance Linked Individual Subsidy Programme project which caters for middle income citizen in the province who wants to build or upgrade their houses. The money was necessary for the general public to go and access it at Risima



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anytime they need it.

**Municipalities**

Municipalities were paid during 2017 in order to revitalize the mining towns. The money was necessary in order to pay various services providers for construction of roads and storm water, upgrading of package plant, & construction of water & sewer infrastructure

Reports from these three entities are requested for control to check on the use of the money and record of the balance available.

	<i>Note</i>	<b>Amount as at 1 April 2020</b>	<b>Less: Received in the current year</b>	<b>Add or Less: Other</b>	<b>Add: Current Year advances</b>	<b>Amount as at 31 March 2021</b>
		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Public entities		91,236	-	-117,898	226,092	199,430
Other entities		60,007	-	-39,216	-	20,791
<b>Total</b>		<b>151,243</b>	<b>-</b>	<b>-157,114</b>	<b>226,092</b>	<b>220,221</b>

The amounts in this note have been changed from the note on advances paid and expensed.

Furthermore, the opening balance was adjusted to account for changes that occurred at HDA as a result of their audit processes

A prior year note has been reflected in note 33

**12. Receivables**

		<b>2021/22</b>			<b>2020/21</b>		
		<b>Current</b>	<b>Non-current</b>	<b>Total</b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Trade receivables	<i>Note 12.1</i>	368	-	368	-	-	-
Recoverable expenditure	<i>12.2</i>	194	-	194	487	-	487
Staff debt	<i>12.3</i>	1,580	93	1,673	1,565	113	1,678
Fruitless and wasteful expenditure	<i>12.4</i>	15,000	-	15,000	15,728	-	15,728
Other receivables	<i>12.5</i>	133	-	133	124	-	124
<b>Total</b>		<b>17,275</b>	<b>93</b>	<b>17,368</b>	<b>17,904</b>	<b>113</b>	<b>18,017</b>

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The annual report has been under rounded on staff debt by 2

The reduction of receivable is a result of debt written off as well as debt recoveries

**12.1 Trade receivables**

	<i>Note</i> 12	<b>2021/22</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
Receivable from service provider		368	-
<b>Total</b>		<b>368</b>	<b>-</b>

A service provider was erroneously paid and attempts are being made to recover the money

**12.2 Recoverable expenditure (disallowance accounts)**

	<i>Note</i> 12	<b>2021/22</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
(Group major categories, but list material items)			
Sal: Income tax		1	2
Sal: Tax debt		2	-
Disallowance Miscellaneous		191	485
<b>Total</b>		<b>194</b>	<b>487</b>

Prior year amount included a wrongly paid amount to a service provider and a debt has been created for it hence a reduction of the amount

**12.3 Staff debt**

	<i>Note</i> 12	<b>2021/22</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
Staff debt		1,673	1,678
<b>Total</b>		<b>1,673</b>	<b>1,678</b>

Staff debts includes traditional leaders debts

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**12.4 Other receivables**

	<i>Note</i> <i>12</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Other		133	124
<b>Total</b>		<b>133</b>	<b>124</b>

The debt is in respect of service provider who was paid with incorrect rates
--

**12.5 Fruitless and wasteful expenditure**

	<i>Note</i> <i>12</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Opening balance		15,728	15,728
Less amounts recovered		-	-1
Less amounts written off		-728	-
Transfers from note 32 Fruitless and Wasteful Expenditure		-	1
<b>Total</b>		<b>15,000</b>	<b>15,728</b>

**12.6 Impairment of receivables**

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Estimate of impairment of receivables		15,772	16,553
<b>Total</b>		<b>15,772</b>	<b>16,553</b>

Debts over I year and above were impaired The reduction is a result of an amount written off
---

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

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Opening balance		83,906	106,399
Prior period error	<i>13.1</i>	-	5
As restated		83,906	106,404
Transfer from statement of financial performance (as restated)		474,140	83,902
Voted funds not requested/not received	<i>1.1</i>	-	-1
Paid during the year		-153,552	-106,399
<b>Closing balance</b>		<b>404,494</b>	<b>83,906</b>

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The increase of the voted funds to be surrendered is a result of funds not spent as expected

The amount paid during the year included amount that was reversed as an advance instead of an expense. A prior year error was recorded to account for this.

**13.1 Prior period error**

	<i>Note</i> 13	<b>2020/21</b> <b>R'000</b>
<b>Nature of prior period error</b>		
Relating to 2020/21		5
Rounding difference		5
<b>Total</b>		<b>5</b>

The annual report has been under rounded

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

	<i>Note</i>	<b>2021/22</b> <b>R'000</b>	<b>2020/21</b> <b>R'000</b>
Opening balance		10,154	663
Prior period error	14.1	-	-2
As restated		10,154	661
Transfer from Statement of Financial Performance (as restated)		87,830	18,018
Paid during the year		-12,318	-8,525
<b>Closing balance</b>		<b>85,666</b>	<b>10,154</b>

The increase in Department revenue is as a result of recovery of unspent funds from Housing Development Agency not yet surrendered to Treasury at the end of the year.

**14.1 Prior period error**

	<i>Note</i> 14	<b>2020/21</b> <b>R'000</b>
<b>Nature of prior period error</b>		
Relating to 2020/21		
Rounding difference		2
<b>Total</b>		<b>2</b>

The annual report has been over rounded

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**15. Payables – current**

	<i>Note</i>	<b>2021/22</b>	<b>2020/21</b>
		<b>R'000</b>	<b>R'000</b>
Advances received	15.1	-	9
Clearing accounts	15.2	45	2,448
<b>Total</b>		<b>45</b>	<b>2,457</b>

The annual report has been under rounded on clearing accounts by 1

The reduction is as a result of payments to deduction institutions paid within the financial year end.

**15.1 Advances received**

	<i>Note</i>	<b>2021/22</b>	<b>2020/21</b>
		<b>R'000</b>	<b>R'000</b>
Other institutions	15	-	9
<b>Total</b>		<b>-</b>	<b>9</b>

The reduction is as a result of rental not yet received from a customer.

**15.2 Clearing accounts**

	<i>Note</i>	<b>2021/22</b>	<b>2020/21</b>
		<b>R'000</b>	<b>R'000</b>
Description			
Sal: Income Tax		-	2,190
Sal: Pension fund		-	69
Learnership Skills fund		1	121
Sal: Government Employees Housing Scheme		44	68
<b>Total</b>		<b>45</b>	<b>2,448</b>

The reduction is as a result of payments to deduction institutions paid within the financial year end.

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

	<i>Note</i>	<b>2021/22</b>	<b>2020/21</b>
		<b>R'000</b>	<b>R'000</b>
Net surplus/(deficit) as per Statement of Financial Performance		561,970	101,920
Add back non-cash/cash movements not deemed operating activities		-153,400	-86,808
(Increase)/decrease in receivables		629	-398
Increase/(decrease) in payables – current		-2,412	2,196
Proceeds from sale of capital assets			-385
Expenditure on capital assets		14,253	26,704
Surrenders to Revenue Fund		-165,870	-114,924
Voted funds not requested/not received		-	-1
<b>Net cash flow generated by operating activities</b>		<b>408,570</b>	<b>15,112</b>

The increase is as a result of a large trench of budget funds transferred on the last day of the financial year and not spent

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

	<i>Note</i>	<b>2021/22</b>	<b>2020/21</b>
		<b>R'000</b>	<b>R'000</b>
Consolidated Paymaster General account		468,048	73,811
Disbursements		-	15
<b>Total</b>		<b>468,048</b>	<b>73,826</b>

The increase is as a result of a large tranche of budget funds transferred on the last days of the financial year and not spent.

**18. Contingent liabilities and contingent assets**

**18.1 Contingent liabilities**

		<i>Note</i>	<b>2021/22</b>	<b>2020/21</b>
			<b>R'000</b>	<b>R'000</b>
<b>Liable to</b>	<b>Nature</b>			
Housing loan guarantees	Employees	<i>Annex 3A</i>	209	665
Claims against the department		<i>Annex 3B</i>	280,109	346,655
Other		<i>Annex 3B</i>	2,123	23,187
<b>Total</b>			<b>282,441</b>	<b>370,507</b>

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Housing loans guarantees reflect a lesser amount as a result of loans that were settled.

Claims against the state reflect a lesser amount as a result of claimant whose case was unsuccessful at the courts.

Other reflects underpayments to certain traditional leaders. The amount is still under investigation, furthermore the reduction of the amount is as a result cancellation of an estimate of salary increase not implemented based on the judgement of the Constitutional Court which ruled in favour of the Government.

**18.2 Contingent assets**

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
<b>Nature of contingent asset</b>			
Advance account administrator		-	2,820
Recovery of overpayment		305	305
Recovery of subsidised transport		30	30
Lost assets		147	147
<b>Total</b>		<b>482</b>	<b>3,302</b>

**19. Capital commitments**

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Buildings and other fixed structures		13,329	18,666
Machinery and equipment		2,141	1,749
<b>Total</b>		<b>15,470</b>	<b>20,415</b>

**20. Accruals and payables not recognised**

**20.1 Accruals**

			<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
<b>Listed by economic classification</b>				
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
Goods and services	13,793	8	13,801	4,522
Transfers and subsidies	16,227	-	16,227	2,900
Capital assets	57	-	57	-
<b>Total</b>	<b>30,077</b>	<b>8</b>	<b>30,085</b>	<b>7,422</b>

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	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
<b>Listed by programme level</b>			
Programme 1: Administration		12,938	3,667
Programme 2: Human Settlements		16,617	3,320
Programme 3: Cooperative Governance		459	261
Programme 4: Traditional Institutional Development		71	174
<b>Total</b>		<b>30,085</b>	<b>7,422</b>

**20.2 Payables not recognised**

			<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
<b>Listed by economic classification</b>				
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
Goods and services	317	-	317	432
Transfers and subsidies	4,288	39	4,327	19,755
Capital assets	657		657	92
Other			-	-
<b>Total</b>	<b>5,262</b>	<b>39</b>	<b>5,301</b>	<b>20,279</b>

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
<b>Listed by programme level</b>			
Programme 1: Administration		272	504
Programme 2: Human Settlements		3,936	19,718
Programme 3: Cooperative Governance		22	-
Programme 4: Traditional Institutional Development		1,071	57
<b>Total</b>		<b>5,301</b>	<b>20,279</b>

**21. Employee benefits**

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Leave entitlement		69,605	67,891
Service bonus		21,350	22,085
Performance awards		-	3,325
Capped leave		23,336	26,673
Other		13,803	13,698
<b>Total</b>		<b>128,094</b>	<b>133,672</b>



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

Leave entitlement includes negative values amounting to R44K (2021: R59K)

Other includes Long service award of R501k (2021: R396k), pay progression amount of R13.3 million (2021: R13.3 million)

The decrease in total value is caused by retired staff who are not yet replaced. A total of R7.45 million has been paid out as leave benefits

**22. Lease commitments**

**22.1 Operating leases**

<b>2021/22</b>	<b>Specialised military equipment R'000</b>	<b>Land R'000</b>	<b>Buildings and other fixed structures R'000</b>	<b>Machinery and equipment R'000</b>	<b>Total R'000</b>
Not later than 1 year			29,358		29,358
Later than 1 year and not later than 5 years			97,833		97,833
<b>Total lease commitments</b>			<b>127,191</b>		<b>127,191</b>

<b>2020/21</b>	<b>Specialised military equipment R'000</b>	<b>Land R'000</b>	<b>Buildings and other fixed structures R'000</b>	<b>Machinery and equipment R'000</b>	<b>Total R'000</b>
Not later than 1 year			63,483		63,483
Later than 1 year and not later than 5 years			97		97
<b>Total lease commitments</b>			<b>63,580</b>		<b>63,580</b>

Lease agreement of Hensa Building renewed for a period of 5 years

No assets are subleased

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**22.2 Finance leases \*\***

<b>2021/22</b>	<b>Specialised military equipment R'000</b>	<b>Land R'000</b>	<b>Buildings and other fixed structures R'000</b>	<b>Machinery and equipment R'000</b>	<b>Total R'000</b>
Not later than 1 year				686	686
Later than 1 year and not later than 5 years				948	948
<b>Total lease commitments</b>				<b>1,634</b>	<b>1,634</b>

<b>2020/21</b>	<b>Specialised military equipment R'000</b>	<b>Land R'000</b>	<b>Buildings and other fixed structures R'000</b>	<b>Machinery and equipment R'000</b>	<b>Total R'000</b>
Not later than 1 year				94	94
<b>Total lease commitments</b>				<b>94</b>	<b>94</b>

New contract on equipment entered to expire at the end of 3 years

No assets are sub-leased

The rental is fixed for the duration of the contracts and there are no escalation clauses and purchase options indicated.

The equipment is to be used for its intended use only  
Advise the service provider if the equipment is to be moved  
Ensure that electricals of the building are suitable to the equipment.

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**22.3 Operating lease future revenue\*\***

	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
<b>2021/22</b>					
Not later than 1 year		121			121
Later than 1 year and not later than 5 years		316			316
<b>Total operating lease revenue receivable</b>		<b>437</b>			<b>437</b>
<b>2020/21</b>					
Not later than 1 year		110			110
Later than 1 year and not later than 5 years		437			437
<b>Total operating lease revenue receivable</b>		<b>547</b>			<b>547</b>

**23. Accrued departmental revenue**

	Note	2021/22 R'000	2020/21 R'000
Interest, dividends and rent on land		906	4,304
Transactions in financial assets and liabilities		1,295	1,200
<b>Total</b>		<b>2,201</b>	<b>5,504</b>

**23.1 Analysis of accrued departmental revenue**

	Note	2021/22 R'000	2020/21 R'000
Opening balance		5,504	7,342
Less: amounts received		197	5,119
Add: amounts recorded		1,001	4,284
Less: amounts written-off/reversed as irrecoverable		4,107	-
Other ( <i>Specify</i> )		-	-1,003
<b>Closing balance</b>		<b>2,201</b>	<b>5,504</b>

Amounts received in the prior year included HDA interest of year 2019/20 received in 2020/21

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Amount recognised in 2020/21 included and amount of interest from HDA not received in the said year

Amounts reversed as irrecoverable relates to interest accrued in 2020/21 not received but surrendered to Treasury by HDA

Other relates to interest adjustments done by SIU on amount they are collecting and there is no adjustment in the current year 2021/22

**24. Irregular expenditure**

**24.1 Reconciliation of irregular expenditure**

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Opening balance		435,608	2,962,588
Prior period error			-
As restated		435,608	2,962,588
Add: Irregular expenditure – relating to current year		24,469	405,849
Less: Prior year amounts condoned		-	-2,609,158
Less: Current year amounts condoned		-	-323,671
<b>Closing balance</b>		<b>460,077</b>	<b>435,608</b>
<b>Analysis of closing balance</b>			
Current year		24,469	82,178
Prior years		435,608	353,430
<b>Total</b>		<b>460,077</b>	<b>435,608</b>

Irregular expenditure relating to current year of the previous year has been adjusted to account for adjustments not done in the prior year. A prior year note is completed to account for the change.

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

<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2021/22 R'000</b>
Non compliance with SCM procurement regulations regarding competitive bidding	Not yet taken	16,314
Overtime payments done contrary to Basic Conditions of employment Act	Not yet taken	269
Payments made for another projects	Not yet taken	6,117
Bidders with incomplete bids	Not yet taken	1,221
Appointment with non compliant tax status	Not yet taken	77
Tax compliant status not attached	Not yet taken	471
<b>Total</b>		<b>24,469</b>

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

<b>Incident</b>	<b>2021/22 R'000</b>
Allocations were made to other organs of state without approval from the Provincial and National Treasury	1,438,294
<b>Total</b>	<b>1,438,294</b>

The above amount is still under investigation to determine if is irregular or not.

**25. Fruitless and wasteful expenditure**

**25.1 Reconciliation of fruitless and wasteful expenditure**

	<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Opening balance		109,387	110,027
Prior period error			-5
As restated		109,387	110,022
Fruitless and wasteful expenditure – relating to prior year		-	6
Fruitless and wasteful expenditure – relating to current year		6,555	2
Less: Amounts recoverable	12.5	-	-1
Less: Amounts written off		-	-642
<b>Closing balance</b>		<b>115,942</b>	<b>109,387</b>
<b>Analysis of awaiting resolution per economic classification</b>			
<b>Current</b>		7,582	1,027
<b>Transfers &amp; Subsidies</b>		108,360	108,360
<b>Total</b>		<b>115,942</b>	<b>109,387</b>

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

<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2021/22 R'000</b>
interest on overdue account	Not yet taken	59
Standing time	Not yet taken	6,338
Late enrolment costs	Not yet taken	158
<b>Total</b>		<b>6,555</b>

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**25.3 Prior period error**

<i>Note</i>	<b>2020/21 R'000</b>
<b>Nature of prior period error</b>	
Relating to 2020/21	-5
Interest	-5
<b>Total</b>	<b>-5</b>

**26. Related party transactions**

<i>Note</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
<b>In kind goods and services provided/received</b>		
<i>Internal Audit Services</i>	2,828	2,357
<i>Audit Committee Services</i>	373	294
<i>Department of Health</i>	-	487
<b>Total</b>	<b>3,201</b>	<b>3,138</b>

- Provincial Department of Public Works, Roads and Infrastructure

The Department utilised the office buildings belonging to the Provincial Department of Public Works, Roads and Infrastructure.

The department of Public Works, Roads and Infrastructure does not charge the Department any rental for the use of buildings.

- Internal Audit Services

The Department makes use of shared internal audit services provided by the Limpopo Provincial Treasury.

- Audit Committee

The department make use of shared audit committee services provided by the Limpopo Provincial Treasury, 69.4 hours were spent.

- National Home Builders Registration Council

The entity reporting to the MEC and is a member of the same economic entity as CoGHSTA

- Housing Development Agency (HDA)

The entity reporting to the MEC and is a member of the same economic entity as CoGHSTA

- Limpopo Rental Housing Tribunal

Limpopo Rental Housing Tribunal is a board that was appointed by the MEC in terms of section 9(4) of the Rental Housing Act No. 50 of 1999 as amended

- The MEC Advisory Panel

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Limpopo Housing Advisory panel which was appointed by the MEC in terms of Housing Act No 2 of 2006

- All other Provincial Departments and Provincial Public entities  
Departments and Public utilities operate together to achieve common objectives determined by Provincial Legislature

**27. Key management personnel**

	No. of Individuals	2021/22 R'000	2020/21 R'000
Political office bearers (provide detail below)			
Officials:	1	1,978	1,978
Level 15 to 16	5	7,724	6,185
Level 14	12	13,909	17,220
Other with significance influence	2	2,374	2,232
Family members of key management personnel	3	2,512	2,425
<b>Total</b>		<b>28,497</b>	<b>30,040</b>

**28. Provisions**

	Note	2021/22 R'000	2020/21 R'000
Retentions		189	691
<b>Total</b>		<b>189</b>	<b>691</b>

Retention on traditional councils that are still on construction

**28.1 Reconciliation of movement in provisions – 2021/22**

	Provision 1 R'000	Provision 2 R'000	Provision 3 R'000	Total provisions R'000
Increase in provision	189			189
<b>Closing balance</b>	<b>189</b>			<b>189</b>

Retention on traditional councils that are still on construction

The expenditure form part of the commitments

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**Reconciliation of movement in provisions – 2020/21**

	<b>Provision 1</b>	<b>Provision 2</b>	<b>Provision 3</b>	<b>Total provisions</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Increase in provision	691			691
<b>Closing balance</b>	<b>691</b>			<b>691</b>

**29. Movable Tangible Capital Assets**

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

	<b>Opening balance</b>	<b>Value adjustments</b>	<b>Additions</b>	<b>Disposals</b>	<b>Closing Balance</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>MACHINERY AND EQUIPMENT</b>	92,596	-	6,105	-	98,701
Transport assets	27,845	-	730		28,575
Computer equipment	37,705	-	1,965		39,670
Furniture and office equipment	21,318	-	3,003		24,321
Other machinery and equipment	5,728	-	407		6,135
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>92,596</b>	<b>-</b>	<b>6,105</b>	<b>-</b>	<b>98,701</b>

Finance leased assets amounting to R693k were excluded in the above additions



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**29.1 Movement for 2020/21**

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	83,370	1,847	9,297	1,918	92,596
Transport assets	26,496	1	3,182	1,834	27,845
Computer equipment	30,784	1,212	5,793	84	37,705
Furniture and office equipment	20,813	494	11	-	21,318
Other machinery and equipment	5,277	140	311	-	5,728
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>83,370</b>	<b>1,847</b>	<b>9,297</b>	<b>1,918</b>	<b>92,596</b>

**29.1.1 Prior period error**

	<i>Note</i>	<b>2020/21 R'000</b>
<b>Nature of prior period error</b>		<b>1,847</b>
Relating to 2020/21		
Furniture & Office Equipment		1,212
Computer equipment		495
Other Machinery & Equipment		140
Total prior period errors		<b>1,847</b>

Opening balances adjusted as a result of overstatement of assets within the assets classifications in the prior year as well as accounting of assets what were found on the floor which were previously written off.

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**29.2 Minor assets**

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

	<b>Specialised military assets R'000</b>	<b>Intangible assets R'000</b>	<b>Heritage assets R'000</b>	<b>Machinery and equipment R'000</b>	<b>Biological assets R'000</b>	<b>Total R'000</b>
Opening balance	-	13	-	17,848	-	17,861
Additions				34		34
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>17,882</b>	<b>-</b>	<b>17,895</b>

	<b>Specialised military assets</b>	<b>Intangible assets</b>	<b>Heritage assets</b>	<b>Machinery and equipment</b>	<b>Biological assets</b>	<b>Total</b>
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	4	-	9,852	-	9,856
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>9,852</b>	<b>-</b>	<b>9,856</b>

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

	<b>Specialised military assets R'000</b>	<b>Intangible assets R'000</b>	<b>Heritage assets R'000</b>	<b>Machinery and equipment R'000</b>	<b>Biological assets R'000</b>	<b>Total R'000</b>
Opening balance	-	13	-	17,365	-	17,378
Prior period error	-	-	-	483	-	483
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>17,848</b>	<b>-</b>	<b>17,861</b>

<b>Specialised military</b>	<b>Intangible assets</b>	<b>Heritage assets</b>	<b>Machinery and</b>	<b>Biological assets</b>	<b>Total</b>
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	<b>assets</b>			<b>equipment</b>		
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	4	-	9,863	-	9,867
<b>TOTAL NUMBER OF MINOR ASSETS</b>	-	<b>4</b>	-	<b>9,863</b>	-	<b>9,867</b>

**29.2.1 Prior period error**

	<i>Note</i>	<b>2020/21 R'000</b>
<b>Nature of prior period error</b>		
Relating to 2020/21		
Machinery & equipment-Previous year		483
<b>Total</b>		<b>483</b>

Opening balances adjusted as a result of overstatement of assets within the assets classifications in the prior year as well as accounting of assets what were found on the floor which were previously written off.

**29.3 Movable assets written off**

**MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2022**

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

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**MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2021**

	<b>Specialised military assets R'000</b>	<b>Intangible assets R'000</b>	<b>Heritage assets R'000</b>	<b>Machinery and equipment R'000</b>	<b>Biological assets R'000</b>	<b>Total R'000</b>
Assets written off				84		84
<b>TOTAL MOVABLE ASSETS WRITTEN OFF</b>				<b>84</b>		<b>84</b>

**30. Intangible Capital Assets**

	<b>Opening balance R'000</b>	<b>Additions R'000</b>	<b>Disposals R'000</b>	<b>Closing Balance R'000</b>
<b>SOFTWARE</b>	2,456	-	-	2,456
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>2,456</b>	<b>-</b>	<b>-</b>	<b>2,456</b>

**30.1 Movement for 2020/21**

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

	<b>Opening balance R'000</b>	<b>Prior period error R'000</b>	<b>Additions R'000</b>	<b>Disposals R'000</b>	<b>Closing Balance R'000</b>
<b>SOFTWARE</b>	2,457	-1	-	-	2,456
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>2,457</b>	<b>-1</b>	<b>-</b>	<b>-</b>	<b>2,456</b>

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**30.1.1 Prior period error**

<b>Nature of prior period error</b>	<i>Note</i>	<b>2020/21 R'000</b>
Relating to 2020/21		-1
Software		-1
<b>Total</b>		<b>-1</b>

Adjustment of rounding differences

**31. Immovable Tangible Capital Assets**

	<b>Opening balance R'000</b>	<b>Additions R'000</b>	<b>Disposals R'000</b>	<b>Closing Balance R'000</b>
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	54,394	18,979	9,341	64,032
Non-residential buildings	54,387	18,979	9,341	64,025
Other fixed structures	7			7
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>54,394</b>	<b>18,979</b>	<b>9,341</b>	<b>64,032</b>

Disposals is composed of 7 traditional councils that has been completed and handed over to the community

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**31.1 Movement for 2020/21**

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	39,503		14,891	-	54,394
Dwellings	-		-	-	-
Non-residential buildings	39,496		14,891	-	54,387
Other fixed structures	7		-	-	7
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>39,503</b>	<b>-</b>	<b>14,891</b>	<b>-</b>	<b>54,394</b>

**31.2 Capital Work-in-progress**

**CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2022**

	Opening balance 1 April 2021	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2022
<i>Note</i> <i>Annexure 7</i>	R'000	R'000	R'000	R'000
Buildings and other fixed structures	38,309	7,455	18,979	26,785
<b>TOTAL</b>	<b>38,309</b>	<b>7,455</b>	<b>18,979</b>	<b>26,785</b>

**Payables not recognised relating to Capital WIP**

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Mgoda Trading Enterprise		403	-
Vhuthu		253	-
<b>Total</b>		<b>656</b>	<b>-</b>

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**CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2021**

				Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2021
<i>Note</i>	Opening balance 1 April 2020	Prior period error	Current Year WIP		
<i>Annexure 7</i>	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures	36,112	-	17,088	14,891	38,309
<b>TOTAL</b>	<b>36,112</b>	<b>-</b>	<b>17,088</b>	<b>14,891</b>	<b>38,309</b>

**32. Principal-agent arrangements**

**32.1 Department acting as the principal**

	2021/22 R'000	2020/21 R'000
Include a list of the entities acting as agents for the department, the fee paid as compensation to the agent and any other transactions undertaken		
Risima Housing Finance Corporation	162	27
Department of Public Works	-	-
Housing Development Agency	44,785	226,092
<b>Total</b>	<b>44,947</b>	<b>226,119</b>

**Risima Housing Finance Corporation**

Risima Housing Finance is assisting the Department in implementing the Finance Linked Individual Subsidy Programme project to low cost housing market and lower middle income households. Risima is the only viable financial service provider in the province to assist qualifying beneficiaries who are unable to get assistance from the banks.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit. CoGHSTA is a principal.

CoGHSTA has entered into a service level agreement /protocol with Risima ending on 31 March 2023. This protocol explains the mandates of each party.

There is a risk of failure to achieve the deliverables in terms of the protocol

Benefits/purpose relating to the arrangements with the agents

Risima is to provide innovative and affordable housing to low cost housing market

Risima will facilitates housing finance accessible for lower middle income households

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**Housing Development Agency**

The Housing Development Agency (HDA) has an existing Implementation Protocol (IP) with the Limpopo Department of Cooperative Governance, Human Settlement and Traditional Affairs (CoGHSTA) that was signed in on 29th July 2010. HDA provides support for land assembly and Housing Programme Implementation. The department acting as the principal, entered into a binding arrangement with HDA to undertake the following transactions: - Rural Housing - Geo Tech variation R7 million, MTOP & Implementation of Mookgophong Portion 3=R7.9 million and Rural Housing =R29 million

HDA is one of the state entities provides support for land assembly and Housing Programme Implementation.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit. CoGHSTA is a principal

CoGHSTA has entered into various service level agreements with HDA. These service level agreements explain the mandates of each party.

There is a risk of failure to achieve the deliverables in terms of the protocol /service level agreements

Benefits/purpose relating to the arrangements with the agents

HDA will assist in the construction of RDP houses in identified areas where CoGHSTA lacks capacity.

**Department of Public Works,**

The department entered into an agreement with Department of Public works in the construction and refurbishment of various Traditional councils.

Exco in the province approved the Infrastructure Delivery Management Systems which served as a framework for delivery of infrastructure in the province.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit. CoGHSTA is a principal significant terms and conditions.

CoGHSTA has entered into a service level agreement with DPW. These service level agreements explain the mandates of each party.

There is a risk of failure to achieve the deliverables in terms of the protocol /service level agreements

Benefits/purpose relating to the arrangements with the agents

DPW will assist in the construction of traditional councils in identified in the province as CoGHSTA lacks this capacity.

**Risima Housing Finance Corporation**

If the Principal agent arrangement is terminated, the implementing agent will be entitled to payment for work done which was not paid subject thereto the principal satisfied with quality of the said work. Any balance of resources will be surrendered to the Department as the principal

**Housing Development Agency**

If the Principal agent arrangement is terminated, the implementing agent will be entitled to payment for work done which was not paid subject thereto the principal satisfied with quality of the said work. Any



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balance of resources will be surrendered to the Department as the principal

**Department of Public Works**

If the Principal agent arrangement is terminated, the service providers employed by the implementing agent will be entitled to payment for work done which was not paid subject thereto the principal satisfied with quality of the said work. The delivery of the infrastructure programmes will be stopped

As at 31 Mar 2022, the resources that are under the custodianship of the agents are as follows:

- **Housing Development Agency**

Resources amounting to R18.5 million (2021: R181 million) have been recorded by the Agent

Fees accrued amount to R452K the information was received after the closure of BAS (2021: R0)

- **Risima Housing Finance**

Resources amounting to R15,3 (2021: R18 million) have been recorded by the Agent

Fees accrued amount to R162K, the information was received after the closure of BAS (2021: R27K)

- **Department of Public Works**

There are no resources that have been recorded by the agent.

## **32.2 Department acting as the agent**

### **32.2.1 Revenue received for agency activities**

	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
LGSETA	531	120
<b>Total</b>	<b>531</b>	<b>120</b>

**LGSETA**

The department entered into a funding agreement with LGSETTA in order to enable education and training in the local government sector of the economy to the benefit of both employees, employers and learners.

CoGHSTA wishes to develop the skills of its workforce to ensure an increase in immediate and future skills pool in identified and critical skills areas.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit. CoGHSTA is an agent

CoGHSTA has entered into a funding agreement with LGSETTA. The agreement explain the mandates of each party.

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There is a risk of failure to achieve the deliverables in terms of the agreement

Benefits/purpose relating to the arrangements with the principal

To enable education and training in the local government sector of the economy to the benefit of both employees, employers and learners.

**32.2.2 Reconciliation of funds and disbursements – 2021/22**

Category of revenue or expenditure per arrangement	Total funds received R'000	Expenditure incurred against funds R'000
Training	531	651
<b>Total</b>	<b>531</b>	<b>651</b>

**Reconciliation of funds and disbursements – 2020/21**

Category of revenue or expenditure per arrangement	Total funds received R'000	Expenditure incurred against funds R'000
Training	120	-
<b>Total</b>	<b>120</b>	<b>-</b>

Neither assets held nor liabilities incurred on behalf of the principal are shown in the department's own financial statements.

**33. Prior period errors**

**33.1 Correction of prior period errors**

	Note	Amount before error correction 2020/21 R'000	Prior period error 2020/21 R'000	Restated Amount 2020/21 R'000
<b>Revenue:</b>				
Donation received in kind	3.4.1	-	5	5
<b>Net effect</b>			<b>5</b>	<b>5</b>

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Donation received in kind was not linked to the main note in the prior year but linked in the current year.

The correction is necessary to clear the exception created by the linkage of the note 4.5 and the annexure 1H

	<i>Note</i>	<b>Amount bef error correction 2020/21 R'000</b>	<b>Prior period error 2020/21 R'000</b>	<b>Restated Amount 2020/21 R'000</b>
<b>Expenditure:</b>				
Provinces & Municipalities	<b>9,36, &amp;1A</b>	2,550	-2,190	360
Properties other	<b>5.5</b>	22,700	2,190	24,890
Transfers & Subsidies-Households	9	847,629	69,646	917,275
<b>Net effect</b>		<b>872,879</b>	<b>69,646</b>	<b>942,525</b>

Payment of rates and taxes to a service provider were allocated to Transfers and subsidies instead of goods & services.

The entry is necessary to implement an audit recommendation

Transfers & Subsidies-Household has been affected by treatment of advances paid that resulted in not expensing them

This has changed as a result of Treasury recommendation

	<i>Note</i>	<b>Amount bef error correction 2020/21 R'000</b>	<b>Prior period error 2020/21 R'000</b>	<b>Restated Amount 2020/21 R'000</b>
<b>Assets:</b>				
Receivables	12	18,015	2	18,017
Advances paid(expensed)	11	-	220,221	220,221
Advances paid(not expensed)	11	220,221	-220,221	-
Transport	29.1	27,844	1	27,845
Computer	29.1	37,704	1	37,705
Minor Assets	29.1	17,367	-2	17,365
Software	30.1	2,457	-1	2,456
<b>Net effect</b>		<b>323,608</b>	<b>1</b>	<b>323,609</b>

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Rounding of individual items composing the receivables resulted in an under rounding in the Annual report as compared to the final figure reported from the Basic Accounting System.

Advances paid were in prior accounted for as being not expensed and this has been changed to account for them as advances paid and expensed. Included in the amount is an adjustment of opening balances in respect of HDA amounting to R668K

Assets register reflect little differences caused by rounding when reporting on the template

The adjustments are necessary to align the assets register and the running balances in financial framework.

The correction is necessary in order to have a correct accounts receivable value as well as to implement audit and Treasury recommendations

	<i>Note</i>	<b>Amount bef error correction 2020/21 R'000</b>	<b>Prior period error 2020/21 R'000</b>	<b>Restated Amount 2020/21 R'000</b>
<b>Liabilities:</b>				
Voted funds to be surrendered to the Revenue Fund	14	304,790	5	304,795
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	15	10,156	-2	10,154
Payables	15	2,458	-1	2,457
Retention	28	-	691	691
Leave benefits	21	70,977	-3,086	<b>67,891</b>
<b>Net effect</b>		<b>388,381</b>	<b>-2,393</b>	<b>385,988</b>

Rounding of individual items composing the liabilities resulted in an under rounding in the Annual report as compared to the final figure reported from the Basic Accounting System.

Retention has not been accounted for in respect of traditional councils

Leave days captured in another financial year

The correction is necessary in order to have a correct all the liability related accounts.

	<i>Note</i>	<b>Amount bef error correction 2020/21 R'000</b>	<b>Prior period error 2020/21 R'000</b>	<b>Restated Amount 2020/21 R'000</b>
<b>Other:</b>				
Revenue received for agency activities	32.2	-	120	120
Claims against the state	18	346,510	145	346,655
Irregular expenditure	24	433,597	2,011	435,608
Fruitless and wasteful expenditure	25	109,386	1	109,387
Inventory-Issues	34	-455,620	-18,249	-473,869
<b>Net effect</b>		<b>433,873</b>	<b>-15,972</b>	<b>417,901</b>

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The amount received was not disclosed under principal agent and is necessary for to disclose in prior year for comparison purposes with current year receipts.

Schedule of litigation register excluded an amount listed for a case.

Irregular expenditure of prior year as a result of lack of declaration by a supplier as well as not sourcing three quotations as required.

Fruitless and wasteful expenditure is a result of delay in settlement of some service providers accounts

Inventory issues were under stated as aa result of issues not considered in the prior year

The correction of the above is necessary account for all identified errors in the prior year

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**34. Inventories**

**34.1**

<b>Inventories for the year ended 31 March 2022</b>	<b>Insert major category of inventory  R'000</b>	<b>Insert major category of inventory  R'000</b>	<b>Insert major category of inventory  R'000</b>	<b>RDP WIP  R'000</b>	<b>TOTAL  R'000</b>
Opening balance				65,196	65,196
Add: Additions/Purchases – Cash				499,375	499,375
(Less): Issues				-493,533	-493,533
<b>Closing balance</b>				<b>71,038</b>	<b>71,038</b>

The amount of R71.04 million (2021: R65.2 million) is composed of work in progress of houses which are not yet completed which are at foundation, wall plate and roof and finishes levels.

<b>Inventories for the year ended 31 March 2021</b>	<b>Insert major category of inventory  R'000</b>	<b>Insert major category of inventory  R'000</b>	<b>Insert major category of inventory  R'000</b>	<b>RDP WIP  R'000</b>	<b>TOTAL  R'000</b>
Opening balance				221,139	221,139
Add: Additions/Purchases – Cash				902,960	902,960
(Less): Issues				-473,869	-473,869
Add/(Less): Adjustments				-585,034	-585,034
<b>Closing balance</b>				<b>65,196</b>	<b>65,196</b>

The amount of R65.2 million (2020: R221.1 million) is composed of Work in progress of houses which are not yet completed which are at foundation, wall plate and roof and finishes levels.

**34.2 Houses ready for use**

<b>Houses ready for use</b>	<b>Quantity</b>	<b>2021/22 R'000</b>	<b>Quantity</b>	<b>2020/21 R'000</b>
Opening balance				
Add/(Less): Adjustment to prior year balances				
Add: Ready for use in current year	4,272	493,533	3,927	473,869
Less: Issued to beneficiaries	(4,272)	-493,533	(3,927)	-473,869
Add/(Less): Adjustments				
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**35. STATEMENT OF CONDITIONAL GRANTS RECEIVED**

NAME OF GRANT	GRANT ALLOCATION					SPENT				2020/21	
	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 Settlement Development Informal Settlement Upgrading	877,072	-	-	-20,000	857,072	857,072	623,705	233,367	73%	898,161	897,999
Partnership EPWP	254,336	-	-	-	254,336	254,336	136,538	117,798	54%	-	-
Provincial Emergency Housing Grant	2,037	-	-	-	2,037	2,037	399	1,638	20%	3,276	1,231
Title Deeds Registration Grant	-	-	-	2,311	2,311	2,311	-	2,311	0%	-	-
	-	6,125	-	-	6,125	6,125	288	5,837	5%	13,080	4,962
<b>TOTAL</b>	<b>1,133,445</b>	<b>6,125</b>	<b>-</b>	<b>-17,689</b>	<b>1,121,881</b>	<b>1,121,881</b>	<b>760,930</b>	<b>360,951</b>	<b>68%</b>	<b>914,517</b>	<b>904,192</b>

All transfers were deposited in the bank of the Department

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

	2021/22							2020/21	
NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Reallocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Polokwane Municipality	1,828	-	-	1,828	453	-	-	3,381	360
<b>TOTAL</b>	1,828	-	-	1,828	453	-	-	3,381	360

There were no conditional grant received in respect of municipalities.

The expenditure above relates to other transfer to Municipalises and has been incurred in respect of rates and taxes. Spending is at 25% of the budget.

No further invoices were received from the Municipality

Departments are required to include a summary of expenditure per conditional grant to aid in the identification of under- / over spending of such funds and to allow the department to provide an explanation for the variance



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**37. BROAD BASED BLACK ECONOMIC EMPOWERMENT PERFORMANCE**

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

**38. COVID 19 Response Expenditure**

	<i>Note Annexure 11</i>	<b>2021/22 R'000</b>	<b>2020/21 R'000</b>
Goods and services		692	1,674
<b>Total</b>		<u>692</u>	<u>1,674</u>

The amount has been spent in respect of Covid 19 materials to protect staff

The decrease of expenditure is as a result of the decrease in the severity of the pandemic.

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

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2020/21	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Reallocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Polokwane Municipality	1,828	-	-	1,828	453	-	-	-	-	-	-	3,381	360
<b>TOTAL</b>	1,828	-	-	1,828	453	-	-	-	-	-	-	3,381	360

There were no conditional grant received in respect of municipalities.

The expenditure above relates to other transfer to Municipalities and has been incurred in respect of rates and taxes. Spending is at 25% of the budget.

No further invoices were received from the Municipality.

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**ANNEXURE 1B**

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

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2020/21
	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
SABC	7			7	6	86%	6
<b>TOTAL</b>	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>6</u>		<u>6</u>

The expenditure has been incurred in respect of licences it is standing at 86% as compared to the budget

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

	TRANSFER ALLOCATION				EXPENDITURE		2020/21
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>NON-PROFIT INSTITUTIONS</b>							
<b>Transfers</b>							
Various traditional councils	3,724			3,724	10,209	274%	6,474
<b>TOTAL</b>	3,724	-	-	3,724	10,209		6,474

The expenditure above relates to other transfer to Traditional councils and has been incurred in respect of salaries and their other operational expenditure.

Spending is at 274% of the budget.

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

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2020/21
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
H/H EMPL S/BEN: LEAVE GRATUITY	7,328	-	-	7,328	5,716	78%	12,646
H/H: CLAIMS AGAINST STATE	-	-	-	-	-		4
H/H EMPL S/BEN:ER PENS PENALTY	-	-	-	-	-		3,706
<b>Sub Total</b>	7,328	-	-	7,328	5,716		16,356
<b>Subsidies</b>							
Human Settlement Development	877,072	-	(20,000)	857,072	623,705	73%	898,161
Informal Settlement Upgrading Partnership	254,336	-	-	254,336	136,538	54%	-
EPWP	2,037	-	-	2,037	399	20%	3,276
Provincial Emergency Housing Grant	-	-	2,311	2,311	-	0%	-
Title Deeds Registration Grant	-	6,125	-	6,125	288	5%	13,080
<b>Sub Total</b>	1,133,445	6,125	(17,689)	1,121,881	760,930		914,517
<b>TOTAL</b>	1,140,773	6,125	(17,689)	1,129,209	766,646		930,873

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

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2021/22	2020/21
		R'000	R'000
<b>Received in kind</b>			
Old Mutual	Donated PPE for Schools	-	5
<b>TOTAL</b>		-	<b>5</b>
Donation as per gift register			

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**ANNEXURE 1K**

**STATEMENT OF ACTUAL MONTHLY EXPENDITURE PER GRANT**

	<b>Apr 2021</b>	<b>May 2021</b>	<b>Jun 2021</b>	<b>Jul 2021</b>	<b>Aug 2021</b>	<b>Sept 2021</b>	<b>Oct 2021</b>	<b>Nov 2021</b>	<b>Dec 2021</b>	<b>Jan 2022</b>	<b>Feb 2022</b>	<b>Mar 2022</b>	<b>Total</b>
<b>Grant Type</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Human Settlement Grant	43,332	39,997	51,475	27,471	71,451	69,177	(8,016)	61,169	103,244	30,207	53,272	80,926	623,705
Title Deeds Registration Grant	-	-	-	-	-	-	-	-	-	-	-	288	288
Informal Settlement	-	-	-	-	-	-	53,919	5,237	20,456	15,892	18,107	22,927	136,538
EPWP	-	-	-	-	-	-	-	-	-	-	-	399	399
<b>TOTAL</b>	<b>43,332</b>	<b>39,997</b>	<b>51,475</b>	<b>27,471</b>	<b>71,451</b>	<b>69,177</b>	<b>45,903</b>	<b>66,406</b>	<b>123,700</b>	<b>46,099</b>	<b>71,379</b>	<b>104,540</b>	<b>760,930</b>

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**ANNEXURE 3A  
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2022 – LOCAL**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2021	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2022	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2022
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
NP: Development Corp (Risima)	Housing								
		1,353	665	-	456	-	209	-	-
		1,353	665	-	456	-	209	-	-
	<b>TOTAL</b>	1,353	665	-	456	-	209	-	-



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**ANNEXURE 3B**

**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2022**

	Opening Balance 1 April 2021	Liabilities incurred during the year	Liabilities paid/cancelled /reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2022
<b>Nature of Liability</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Claims against the department</b>					
Other matters	232,928	1,182	78,300	-	155,810
Various Traditional Leaders	113,727	11,172	600	-	124,299
<b>Subtotal</b>	<b>346,655</b>	<b>12,354</b>	<b>78,900</b>	<b>-</b>	<b>280,109</b>
<b>Other</b>					
Underpayments of salaries of Traditional leaders	2,123	-	-	-	2,123
Salary increase	21,064	-	21,064	-	-
<b>Subtotal</b>	<b>23,187</b>	<b>-</b>	<b>21,064</b>	<b>-</b>	<b>2,123</b>
<b>TOTAL</b>	<b>369,842</b>	<b>12,354</b>	<b>99,964</b>	<b>-</b>	<b>282,232</b>

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**ANNEXURE 6  
INVENTORIES**

**Inventories for the year ended 31 March 2022**

Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	RDP WIP	TOTAL
R'000	R'000	R'000	R'000	R'000
Opening balance			65,196	65,196
Add: Additions/Purchases – Cash			499,375	499,375
(Less): Issues			(493,533)	(493,533)
<b>Closing balance</b>			<b>71,038</b>	<b>71,038</b>

The amount of R71.04 million (2021: R65.2 million) is composed of work in progress of houses which are not yet completed which are at foundation, wall plate and roof and finishes levels.

**Inventories for the year ended 31 March 2021**

Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	RDP WIP	TOTAL
R'000	R'000	R'000	R'000	R'000
Opening balance			221,139	221,139
Add: Additions/Purchases – Cash			902,960	902,960
(Less): Issues			(473,869)	(473,869)
Add/(Less): Adjustments			(585,034)	(585,034)
<b>Closing balance</b>			<b>65,196</b>	<b>65,196</b>

The amount of R65.2 million (2020: R221 million) is composed of Work in progress of houses which are not yet completed which are at foundation and wall plate levels

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ANNEXURE 7

MOVEMENT IN CAPITAL WORK IN PROGRESS

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2022

	Opening balance	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	38,309	7,455	18,979	26,785
Non-residential buildings	38,309	7,455	18,979	26,785
<b>TOTAL</b>	<b>38,309</b>	<b>7,455</b>	<b>18,979</b>	<b>26,785</b>

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2021

	Opening balance	Prior period error	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	36,112	-	17,088	(14,891)	38,309
Non-residential buildings	36,112	-	17,088	(14,891)	38,309
<b>TOTAL</b>	<b>36,112</b>	<b>-</b>	<b>17,088</b>	<b>(14,891)</b>	<b>38,309</b>

**ANNEXURE 8A**
**INTER-ENTITY ADVANCES PAID (note 14)**

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/20ZZ	31/03/20YY	31/03/20ZZ	31/03/20YY	31/03/20ZZ	31/03/20YY
	R'000	R'000	R'000	R'000	R'000	R'000
<b>PUBLIC ENTITIES</b>						
Housing Development Agency	18,459	182,152		-	18,459	182,152
Risima Housing Finance	15,314	17,946		-	15,314	17,946
<b>Subtotal</b>	<b>33,773</b>	<b>200,098</b>	<b>-</b>	<b>-</b>	<b>33,773</b>	<b>200,098</b>
<b>OTHER ENTITIES</b>						
ELIAS MOTSOLEDI	-	-	300	300	300	300
FETAKGOMO	-	-	8,429	20,491	8,429	20,491
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>8,729</b>	<b>20,791</b>	<b>8,729</b>	<b>20,791</b>
<b>TOTAL</b>	<b>33,773</b>	<b>200,098</b>	<b>8,729</b>	<b>20,791</b>	<b>42,502</b>	<b>220,889</b>

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**ANNEXURE 10**

**DEPARTMENT OF HUMAN SETTLEMENTS HOUSING RELATED EXPENDITURE CLASSIFICATION**

	2021/22	2020/21
	R'000	R'000
<b>Inventories</b>		
Assets for Distribution	760,243	833,314
<b>TOTAL</b>	<b>760,243</b>	<b>833,314</b>

**ANNEXURE 11**

**COVID 19 RESPONSE EXPENDITURE**

**Per quarter and in total**

Expenditure per economic classification	2021/22					2020/21
	Q1	Q2	Q3	Q4	Total	Total
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Compensation of employees</b>						
<b>Goods and services</b>	<b>3</b>	<b>190</b>	<b>22</b>	<b>477</b>	<b>692</b>	<b>1,674</b>
CONTRCTRS: MEDICAL SERVICES	3	190	22	477	692	1,674
<b>TOTAL COVID 19 RESPONSE EXPENDITURE</b>	<b>3</b>	<b>190</b>	<b>22</b>	<b>477</b>	<b>692</b>	<b>1,674</b>

The decrease of expenditure is as a result of the decrease in the severity of the pandemic.

