

# Annual Report 2008/2009



Western Cape  
Housing Development Fund  
Annual Report



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## **Disclaimer**

Part 1: General Information and Part 3: Report of the Accounting Officer is made available in the three official languages of the Western Cape Province. To preserve its original intent, the Report of the Auditor-General and the audited financial statements are presented in its original text.

# Western Cape Housing Development Fund

## PART 1: GENERAL INFORMATION

### 1. General Information

#### 1.1 Submission of the Annual Report to the Executive Authority

I have the honour of submitting the 2008/09 Annual Report of the Western Cape Housing Development Fund in terms of the Public Finance Management Act, 1999.



Dave Daniels  
Accounting Officer  
Date: 31 July 2009

#### 1.2 Introduction by the Head of Department

The Western Cape Housing Development Fund was established in terms of section 13 of the Western Cape Housing Development Act, 1999 (Act No. 6 of 1999) and currently consists of the assets that previously belonged to the Western Cape Housing Development Board.

The National Department of Human Settlements published the Housing Amendment Bill, 2006 on 20 December 2006 for information and comments before February 2007. The Draft Bill provides, amongst others for the disestablishment of the South Africa Housing Fund and the Provincial Housing Funds. The National Department of Human Settlements has considered the comments received on the Bill and submitted the final draft to the Minister of Human Settlements for consideration during May 2008. If approved by the Minister of Human Settlements, the Bill will be submitted to Parliament.

The assets, i.e. debtors and properties, that are reflected in the annual financial statements of the Western Cape Housing Development Fund, devolved from previous organs of state and statutory bodies such as the Administrator of the Cape of Good Hope, and the Development and Housing Boards of the erstwhile Own Affairs administrations. This devolvement did not happen in a single event, but occurred subsequent to various amendments in housing legislation since 1993. This led to a myriad of problems relating to, inter alia, the amalgamation of asset management and filing systems, policies, physical availability of files and supporting documentation, etc.

These problems were highlighted during previous audits, and manifested in symptoms such as the non-availability of files and supporting documentation, the misalignment between the Department's Basic Accounting System and the National Debtors System, the understatement of values of properties in the financial statements, etc., which were also included in the 2006 SCOPA recommendations. In order to address these problems holistically the Department embarked on a drive to sanitize its debtors and property records, and to implement a comprehensive file management system.

## Western Cape Housing Development Fund

Proper and regular reconciliations were performed to minimise system misalignments and in 2007/08 the Department was successful in negotiating a higher materiality threshold with the auditors based on the value of the Fund's assets. Due to all these efforts, the Department was rewarded in that the Fund had a qualified audit opinion in 2007/08, which is a marked improvement if one considers the disclaimers of the previous years. The shortcomings as identified by the auditors in the 2007/08 financial year, such as the debtors and the misalignments, have been addressed and resolved, except the significance to the ownership and municipal values of the properties that lead to a disclaimer of the audit opinion, meaning that the auditors have not been able to obtain sufficient audit evidence to provide a basis for an audit opinion.

A very important role player in the correcting and updating of the property and debtor records is the National Department of Human Settlements, which is the owner and system controller of the National Debtors System on which the data is stored and managed. The Department is working closely with the National Department to ensure that the actions of the respective Departments are aligned and that problems are resolved timeously.

The sanitization of the debtors and the updating of the property register form part of the Department's strategy of eventually winding up and closing the Housing Fund.

The Department is committed to dealing with its "old business" in a thorough and effective fashion and will further improve its performance towards an unqualified report in 2009/10.

The Fund has not reported performance against predetermined objectives as it is currently dormant and all objectives are reported in the annual report of the Western Cape Department of Local Government and Housing.

## DEEL 1: ALGEMENE INLIGTING

### 1. Algemene inligting

#### 1.1 Voorlegging van die Jaarverslag aan die Uitvoerende Gesag

Dit is vir my aangenaam om die 2008/09 Jaarverslag van die Wes-Kaapse Behuisingsontwikkelingsfonds, in terme van die Wet op Openbare Finansiële Bestuur, 1999 (WOFB) aan u voor te lê.



Dave Daniels  
Rekenpligtige Beampte  
Datum: 31 Julie 2009

#### 1.2 Inleiding deur die Departementshoof

Die Wes-Kaapse Behuisingsontwikkelingsfonds is ingevolge artikel 13 van die Wes-Kaapse Behuisingsontwikkelingswet, 1999 (Wet No. 6 van 1999) gestig en bestaan tans uit die bates wat voorheen aan die Wes-Kaapse Behuisingsontwikkelingsraad behoort het.

Die Nasionale Departement van Menslike Nedersettings het die Wysigingswetsontwerp op Behuising, 2006 op 20 Desember 2006 gepubliseer vir inligting en kommentaar voor Februarie 2007. Die Konsepwetsontwerp maak onder andere voorsiening vir die afskaffing van die Suid-Afrikaanse Behuisingsfonds en die Provinsiale Behuisingsfondse. Die Nasionale Departement van Menslike Nedersettings het die kommentaar wat ontvang is, oorweeg en 'n finale konsepwetsontwerp aan die Minister van Menslike Nedersettings tydens Mei 2008 voorgelê. Indien dit deur laasgenoemde Minister goedgekeur word, sal die wetsontwerp aan die Parlement voorgelê word.

Die bates, dit wil sê debiteure en eiendomme word in die jaarlikse finansiële state van die Wes-Kaapse Behuisingsontwikkelingsfonds weerspieël. Dit is afkomstig vanuit vorige staats- en statutêre organisasies soos die Administrateur van die Kaap die Goeie Hoop en die Ontwikkelings- en Behuisingsrade van die voormalige Eie Sake-Administrasies. Hierdie ontwikkeling het nie tydens 'n enkele gebeurtenis plaasgevind nie, maar was onderhewig aan verskeie wysigings in behuisingswetgewing sedert 1993. Dit het tot eindelose probleme gelei wat verband hou met die samevoeging van bate-bestuur- en liasseerstelsels, beleide, fisiese beskikbaarheid van lêers en die ondersteunende dokumentasie, ens.

Hierdie probleme is tydens vorige oudits geïdentifiseer en het simptome soos die nie-beskikbaarheid van lêers en ondersteunende dokumentasie, die nie-ooreenstemming tussen die Departement se Basiese Rekeningkundige Stelsel en die Nasionale Debiteure Stelsel, onvolledige opgawes van waardes van eiendomme in die finansiële state, ens. gelei, wat ook in die 2006 SKOOR-aanbevelings ingesluit is, openbaar. Om bogenoemde probleme holisties aan te spreek, het die Departement met 'n veldtog begin om die debiteure en eiendomsrekords te suiwer en 'n omvattende lêerbestuurstelsel te implementeer.

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Deeglike en gereelde rekonsiliasies is uitgevoer om die verskille in die stelsels te verminder en in 2007/08 was die Departement suksesvol om 'n hoër wesentlikheidsyfer, ooreenkomstig die Fonds se batewaarde, met die Ouditeur-generaal te onderhandel. As gevolg van al hierdie pogings is die Departement beloon deurdat die Fonds 'n gekwalifiseerde ouditmening in 2007/08 gehad het. Dit was 'n merkbare verbetering, inaggenome die weerhouding van die ouditmening in die vorige jare. Die tekortkominge soos deur die ouditeure in die 2007/08 finansiële jaar geïdentifiseer, ondermeer die debiteure en verskille in die balanse tussen die twee stelsels, is ondersoek en opgelos, behalwe die eienaarskap en waardes van eiendomme wat daartoe gelei het dat die Ouditeur-generaal sy ouditmening weerhou, met ander woorde die Ouditeur-generaal kon nie genoegsame bewyse bekom om 'n ouditmening uit te spreek nie.

'n Baie belangrike rolspeler in die wysiging en opdatering van die eiendom–en debiteurrekords is die Nasionale Departement van Menslike Nedersettings, wat die eienaar en stelselkontroleur van die Nasionale Debiteure-stelsel is waarop die data geberg en bestuur word. Die departement werk nou saam met die Nasionale Departement om te verseker dat die werksaamhede van beide departemente in ooreenstemming is en dat probleme betyds opgelos word.

Die suiwering van die rekords van die debiteure en die opdatering van die eiendomsregister maak deel uit van die departement se strategie om uiteindelik die Behuisingsfonds uit te faseer en af te sluit.

Die departement is verbind tot die afhandeling van die “ou besigheid” in 'n deeglike en effektiewe manier en wil graag sy prestasies verbeter om sodoende 'n ongekwalifiseerde verslag in 2009/10 te bekom.

Die Fonds rapporteer nie teen voorafgestelde doelwitte nie, aangesien dit dormant is. Prestasie teenoor doelwitte gestel word in die jaarlike verslag van die Wes- Kaapse Departement van Plaaslike Regering en Behuising gerapporteer.



## IS AHLULO 1: ULWAZI JIKELELE

### 1. ULWAZI JIKELELE

#### 1.1 Ungeniso lweNgxelo yoNyaka kumaGunya Aphezulu

Ndiziva ndineqhayiya ukungenisa leNgxelo yoNyaka ka-2008/09 yeNgxowa-mali yoPhuhliso lweZindlu yeNtshona Koloni ngokwezivumelwano zoMthetho woLawulo lwezeMali zoLuntu (the Public Finance Management Act, 1999) ka-1999.



Dave Daniels  
Igosa loCwangciso-Mali/Igosa loNikezelo-Ngxelo  
Umhla: 31 EYEKHLA 2009

#### 1.2 Intshayelelo evela kwiNtloko yeSebe

Ingxowa-Mali yoPhuhliso lweZindlu eNtshona Koloni yasekwa ngaphantsi kwezivumelwano zecandelo13 loPhuhliso lweZindlu eNtshona Koloni ngo-1999 (Act 6 of 1999) yaye ngoku ibandakanya nezinto zexabiso ezazikade izezeBhodi yoPhuhliso lweZindlu kwiNtshona Koloni.

Isebe likaZwelonke lweNdawo zokuHlala uLuntu lapapasha isiLungiso soMthetho Oyilwayo weZindlu ka-2006 ngomhla wama-20 kuDisemba ka-2006 usenzelwa ulwazi namagqaba-ntshintshi ngaphambi kukaFebruwari ka-2007. Umthetho Oyilwayo wawubonelela, ngaphakathi kwezinye izinto ngamandla okuchitha iNgxowa-mali yeZindlu yoMzantsi Afrika kunye neNgxowa-mali yeZindlu yePhondo. Isebe likaZwelonke leeNdawo zokuHlala uLuntu liwacingisisile amagqaba-ntshintshi afumaneke kwiphepha loYilo yaye langenisa uyilo lokugqibela kuMphathiswa weeNdawo zokuHlala uLuntu ukuze enze izigqibo phakathi kuMeyi ka-2008. Ukuba lithe lamkelwa nguMphathiswa wezeNdawo zokuHlala uLuntu, iphepha loYilo liya kugqithiselwa kwiKhabhinethi.

Izinto zexabiso zikarhulumente oko kukuthi, amatyala nezakhiwo, ezibonakaliswa kwiphepha lengxelo-mali yeNgxowa-mali yoPhuhliso lweZindlu eNtshona Koloni, ezigqithiselwe zisuka kweminye imibutho karhulumente wangaphambili nakumalungu ezakhiwo zoWiso-Mthetho njenge-Ofisi yoMlawuli we-Cape of Good Hope kunye neBhodi yoPhuhliso neZindlu (Development and Housing Boards) ezaziphantsi kolawulo lwezeKhaya (Own Affairs). Olu gqithiselo aluzange lwenzeke ngaxesha-nye, kodwa lwenzeka ngokulandelelana emva kolungiso lomthetho olwahlukahlukeneyo kuwiso-mithetho lokulawula izindlu ukusukela ngo-1993. Oku kwakhokelela kuthotho lweengxaki oluphathelele, phakathi kwezinye, umanyano lolawulo lwezinto zikarhulumente kunye neendlela zokufayila, iinkqubo, ubukho okanye ukufumaneka kwefayile kunye namaxwebhu axhasayo njalo njalo.

## Western Cape Housing Development Fund

Ezi ngxaki zaphakanyiswa ngexesha elidlulileyo lophicotho-zincwadi zaze zabonakaliswa ngeempawu ezinje ngokungabikho kweefayile kunye namaxwebhu axhasayo, ukungalungelelani phakathi kweSebe leBasic Accounting System kunye neNational Debtors System, ukuncitshiswa kwamaxabiso epropati kumaxwebhu engxelo-mali (financial statements) njalo njalo, awayefakiwe nawo kwiingcebiso zeSCOPA ngo-2006. Ukuze kusionjululwe ezi ngxaki ngokupheleleyo iSebe laye laqalisa iinzame zokugutyula abantu abanamatyala alo, neerekodi ezibhaliweyo zepropati, nokuphumeza indlela yolawulo eqondakalayo yokugcinwa kweefayile.

Olufanelekileyo noluthe rhoqo uvumelelwaniso lwaqhutywa ukuzwe kuncitshiswe ukungadibani kweendlela zokusebenza yaye ngo-2007/08 iSebe laphumelela kuthetha-thethwano lwexabiso eliphezulu kunye nabaphicothi-zincwadi lisekelwe phezu kwexabiso lezinto zikarhulumente ezikwiNgxowa-mali. Ngokuphathelele kule migudu, iSebe laye lavuzwa ngokuba iNgxowa-mali yaba noluvo olufanelekileyo kuphicotho-zincwadi luka-2007/08, oko kuyimpucuko ephawulekayo ukuba ubani uqaphelisisa amaphepha enkcazo eminyaka edlulileyo. Esi siphumo sophicotho-zincwadi luye lagcinelwa unyaka-mali ka-2008/09.

Umthath'inxaxheba obaluleke kakhulu ekulungiseni nasekuhlaziyeni ipropati kunye neerekodi zabanamatyala liSebe likaZwelonke leeNdawo zoKuhlala uLuntu, elinguyena Mnini noMlawuli weeNdlela eziSetyenziswayo zaBanamatyala kuZwelonke apho kugcinwa khona yaye kulawulwa khona uvimba wokugcina ulwazi. Isebe lisebenzisana ngokusondeleleneyo neSebe likaZwelonke ukuqinisekisa ukuba izenzo zamaSebe awahlukahlukeneyo zilungelelene yaye neengxaki zisonjululwa ngexesha.

Ugutyulo lwaBanamatyala kunye nohlaziyo lobhaliso lwepropati olwenza inxenye yobuqili beSebe yokugqibezela ukuqoshelisa kunye nokuvala iNgxowa-mali yeZindlu.

ISebe lizinikele ekusebenziseni "umcimbi kandalashe" ("old business") ngendlela ecokisekileyo nehambisana nempumelelo yaye liya kuphinda liphucule inkqubo yalo ebhikiselele kwingxelo engafanelekanga ka- 2009/10

Ingxowa-mali ayinikanga ngxelo yamsebenzi malungana neenjongo ebezimiswe ngenx'engaphambili nanjengoko ngoku ibonakala ingasebenzi yaye zonke iinjongo zichazwa kwingxelo yonyaka yeNtshona Koloni yeSebe looRhulumente boMmandla nezeZindlu.



## **PART 2: REPORT OF THE AUDIT COMMITTEE**

### **PROVINCIAL GOVERNMENT WESTERN CAPE: WESTERN CAPE HOUSING DEVELOPMENT FUND, AUDIT COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009**

#### **Report of the Audit Committee**

We are pleased to present our report for the financial year ended 31 March 2009.

#### **Appointment of Audit Committee**

The Fund is served by the Governance & Administration Cluster Audit Committee.

#### **Audit Committee Members and Attendance**

The audit committee consists of the members listed hereunder and should meet at minimum 4 times per annum as per its approved terms of reference. During the year under review 7 meetings were held.

Name	Meetings Attended
Mr P Jones (Chairperson)	6
Mr A Amod	6
Mr Z Hoosain	6
Mr R Kingwill	7
Dr R Lalu	7

Apologies were tendered and accepted for meetings not attended. Quorums were present at all meetings.

#### **Audit Committee Responsibility**

The Audit Committee reports that it has complied with its responsibilities arising from section 51(1)(a) of the PFMA and Treasury Regulation 27.1.

## **Western Cape Housing Development Fund**

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.

### **The effectiveness of internal control**

In 2004 the Sihluma Sonke Consortium was appointed to develop and transfer internal audit skills to the internal audit staff of the Provincial Government. The Consortium contract expired on 14 December 2008.

Significant progress was made during the financial year under review to capacitate the shared internal audit function within Provincial Treasury. The transition from a co-sourced internal audit function to an in-house internal audit function, in our assessment, was completed and successful.

In line with the PFMA and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with assurance that the internal controls are appropriate and effective. This is achieved by the execution of a risk-based internal audit coverage plan for the period under review, as well as a review of corrective actions and suggested enhancements to the controls and processes. The Internal Auditors reported several instances of non-compliance with prescribed policies and procedures. Management is in the process of sanitizing the property register in preparation for the dissolution of the Fund, and has continued to implement their agreed action plan. The Committee will monitor the implementation as agreed upon by management.

Enterprise Risk Management continues to be driven by the parent department.

# Western Cape Housing Development Fund

## Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General's management letter and management's response thereto; and
- reviewed significant adjustments resulting from the audit.

The Audit Committee notes that the Auditor-General was not able to express an opinion on the financial statements for the 2009/10 financial year due to ongoing challenges with the property database.

We have noted that the Auditor-General's opinion has changed from an audit qualification in 2007/08 to a disclaimer in 2008/09, despite there being no fundamental negative change in the underlying ongoing challenges experienced by the Fund. The Audit Committee will however continue to monitor the implementation of the agreed action plan as presented by the Management team.

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

## Appreciation

The Audit Committee wishes to express its appreciation to the Officials of the Department, Provincial Treasury, the Auditor-General and the Internal Audit Unit for the information they have provided to compile this report.



**Mr. P.C. Jones**

**Chairperson of the Governance and Administration Cluster Audit Committee**

**Date: 21 September 2009**

## **PART 3: ANNUAL FINANCIAL STATEMENTS**

### **WESTERN CAPE HOUSING DEVELOPMENT FUND**

#### **ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2009**

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# Western Cape Housing Development Fund

## REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE WESTERN CAPE HOUSING DEVELOPMENT FUND FOR THE YEAR ENDED 31 MARCH 2009

### REPORT ON THE FINANCIAL STATEMENTS

#### Introduction

1. I was engaged to audit the accompanying financial statements of the Western Cape Housing Development Fund (Fund) which comprise the statement of financial position as at 31 March 2009, the statement of changes in net assets, and a summary of significant accounting policies and other explanatory notes as set out on pages 35 to 43.

#### The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the entity-specific basis of accounting, as set out in note 1 to the financial statements, and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), Auditor-General audit circular 1 of 2007 and in terms of section 14(1) of the Western Cape Housing Development Act, 1999 (Act No.6 of 1999), 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.

#### The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 13(7) of the Western Cape Housing Development Act, 1999, my responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Because of the matters described in the Basis for disclaimer of opinion paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

#### Basis for disclaimer of opinion

##### Property

4. There is a lack of appropriate accounting records of the initial transactions, which transferred various properties to the present owners, as stated in the title deeds. Consequently I could not satisfy myself that the Fund has rights and ownership to all the properties as listed in the property register. Alternative audit procedures could not be performed in this regard.

Furthermore, in respect of properties for which rights and ownership has been established, the latest municipal valuations have not been updated at 31 March 2009 on the financial statements.

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## Disclaimer of opinion

5. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

## Basis of accounting

6. The unlisted public entity's policy is to prepare financial statements on the entity specific basis of accounting, as set out in the accounting policy note 1 to the financial statements.

## Other matters

I draw attention to the following matters that relates to my responsibilities in the audit of the financial statements on which I do not express a disclaimer of opinion:

## Governance framework

7. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the internal control deficiencies and key governance responsibilities addressed below:

## Internal control deficiencies

8. Section 51(1)(a)(i) of the PFMA states that the accounting officer must ensure that the entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the deficiencies in the system of internal control, which led to the disclaimer of audit opinion. The root causes are categorised according to the five components of an effective system of internal control. (The number listed per component can be followed with the legend below the table.) In some instances deficiencies exist in more than one internal control component.

<b>Basis for disclaimer of opinion</b>	<b>CE</b>	<b>RA</b>	<b>CA</b>	<b>IC</b>	<b>M</b>
There is a lack of appropriate accounting records of the initial transactions, which transferred various properties to the present owners, as stated in the title deeds. Consequently I could not satisfy myself that the Fund has rights and ownership to all the properties as listed in the property register. Alternative audit procedures could not be performed in this regard.  Furthermore, in respect of properties for which rights and ownership has been established, the latest municipal valuations have not been updated at 31 March 2009 on the financial statements.		2	5 6		

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9. The internal control deficiencies identified per the above root causes, mainly results from shortcomings in the following elements of the internal control framework, namely risk assessment (RA2) and the control activities (CA5 & CA6). The above shortcomings are indicative that management's intervention is required to update the Fund's property register.

<b>Legend</b>	
<b>CE = Control environment</b>	
The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting.	1
Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting.	2
Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of personnel.	3
Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting.	4
The accounting officer/accounting authority does not exercise oversight responsibility over financial reporting and internal control.	5
Management's philosophy and operating style do not promote effective control over financial reporting.	6
The entity does not have individuals competent in financial reporting and related matters.	7
<b>RA = Risk assessment</b>	
Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting.	1
The entity does not identify risks to the achievement of financial reporting objectives.	2
The entity does not analyse the likelihood and impact of the risks identified.	3
The entity does not determine a risk strategy/action plan to manage identified risks.	4
The potential for material misstatement due to fraud is not considered.	5
<b>CA = Control activities</b>	
There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation.	1
General information technology controls have not been designed to maintain the integrity of the information system and the security of the data.	2
Manual or automated controls are not designed to ensure that the transactions have occurred, are authorised, and are completely and accurately processed.	3
Actions are not taken to address risks to the achievement of financial reporting objectives.	4
Control activities are not selected and developed to mitigate risks over financial reporting.	5
Policies and procedures related to financial reporting are not established and communicated.	6
Realistic targets are not set for financial performance measures, which are in turn not linked to an effective reward system.	7
<b>IC = Information and communication</b>	
Pertinent information is not identified and captured in a form and time frame to support financial reporting.	1
Information required to implement internal control is not available to personnel to enable internal control responsibilities.	2
Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel.	3
<b>M = Monitoring</b>	
Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial reporting.	1
Neither reviews by internal audit or the audit committee nor self-assessments evident.	2
Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken.	3



# Western Cape Housing Development Fund

## Key governance responsibilities

10. The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
<b>Clear trail of supporting documentation that is easily available and provided in a timely manner</b>			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	■	
<b>Quality of financial statements and related management information</b>			
2.	The financial statements were not subject to any material amendments resulting from the audit. (Management elected not to adjust the financial statements.)		■
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	■	
<b>Timeliness of financial statements and management information</b>			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines.	■	
<b>Availability of key officials during audit</b>			
5.	Key officials were available throughout the audit process.	■	
<b>Development and compliance with risk management, effective internal control and governance practices</b>			
6.	Audit committee		
	<ul style="list-style-type: none"> <li>The entity had an audit committee in operation throughout the financial year.</li> </ul>	■	
	<ul style="list-style-type: none"> <li>The audit committee operates in accordance with approved, written terms of reference.</li> </ul>	■	
	<ul style="list-style-type: none"> <li>The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 27.1.8.</li> </ul>	■	
7.	Internal audit		
	<ul style="list-style-type: none"> <li>The entity had an internal audit function in operation throughout the financial year.</li> </ul>	■	
	<ul style="list-style-type: none"> <li>The internal audit function operates in terms of an approved internal audit plan.</li> </ul>	■	
	<ul style="list-style-type: none"> <li>The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 27.2.</li> </ul>	■	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		■
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	■	
10.	The information on the systems were appropriate to facilitate the preparation of the financial statements.		■
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 27.2.	■	
12.	Powers and duties have been assigned, as set out in section 56 of the PFMA.	■	
<b>Follow-up of audit findings</b>			
13.	The prior year audit findings have been substantially addressed.		■
14.	SCOPA/Oversight resolutions have been substantially implemented.		■

## **Western Cape Housing Development Fund**

11. The material misstatement of the property value in the financial statements resulted from the unreliable information on the property register. The main reasons for this is the fact that appropriate control activities are not developed to mitigate the risk over financial reporting and that the policies and procedures in this regard are not adequately established and communicated.

### **Late finalisation of audit report**

12. I am required to submit my report to the accounting officer within two months of the receipt of the financial statements. Due to internal processes to ensure that quality standards are maintained as well as the late resolution of audit findings and adjustments that had to be made to the financial statements, I have delayed the finalisation of my report, although the financial statements were received by 31 May 2009.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Report on performance information**

13. I was engaged to review the performance information.

### **The accounting officer's responsibility for the performance information**

14. The accounting officer has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

### **The Auditor-General's responsibility**

15. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.

16. In terms of the foregoing my engagement included performing procedures of a review nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

17. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the review findings reported below.

### **Findings on performance information**

18. The entity has not reported performance against predetermined objectives as it is currently dormant and all objectives are reported in the annual report of the Western Cape Department of Local Government and Housing.

# Western Cape Housing Development Fund

## APPRECIATION

19. The assistance rendered by the staff of the Western Cape Department of Local Government and Housing during the audit is sincerely appreciated.

*Auditor - General*

Cape Town

7 September 2009



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# Western Cape Housing Development Fund

## Report of the Accounting Officer

The Western Cape Housing Development Fund was established in terms of section 13 of the Western Cape Housing Development Act, 1999 (Act No. 6 of 1999) and in accordance with section 14 (1) (f and g) of the Act, the Fund is compelled to compile and submit financial statements. In terms of section 12 (2) (b) of the Housing Act, 1997 (Act No. 107 of 1997) and section 13 (5) of the Western Cape Housing Development Act, 1999, the Head of the Provincial Department of Local Government and Housing is the Accounting Officer of the Fund. In terms of section 55(1) (b) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (as amended by Act No. 29 of 1999) (PFMA), the preparation of the Annual Financial Statements of the Western Cape Housing Development Fund and all other information presented in this report are the responsibility of the Head of the Department/Accounting officer.

In accordance with schedule 3 of the PFMA, the Western Cape Housing Development Fund never existed as a public entity, however the Western Cape Housing Development Fund existed in terms of section 13 of the Western Cape Housing Development Act 1999, and therefore in accordance with section 12 (2) (d) of the Housing Act 1997, is compelled to compile financial statements. In light of the aforementioned, Treasury was notified in terms of section 47 (2) of the PFMA that the Western Cape Housing Development Fund is an unlisted public entity.

On 20 December 2006 the National Department of Human Settlements published the Housing Amendment Bill, 2006 for information and comments before February 2007. The Draft Bill provides, amongst others for the disestablishment of the South Africa Housing Fund and the Provincial Housing Funds. The National Department of Human Settlements has considered the comments received on the Bill and submitted the final draft to the Minister of Human Settlements for consideration during May 2008. If approved by the Minister of Human Settlements the Bill will be submitted to Cabinet. Any new developments will be reported to the Standing Committee on Public Accounts (SCOPA).

Significant improvements on matters of governance have been made for the period under review in comparison with the previous financial year (2007/2008) as listed hereunder.

### 2007/2008 financial year

#### Audit Committee

- The fund did not have an audit committee in operation throughout the financial year
- The audit committee could not operate in accordance with approved, written terms of reference, because of its non-existence, and
- Could not substantially fulfill its responsibilities as set out in its charter.

#### Internal Audit

- The fund did not have an internal audit function in operation throughout the financial year
- The internal audit function could not operate in terms of an approved internal audit plan, because of its non-existence, and
- Could not substantially fulfill its responsibilities as set out in its charter.

For the 2008/2009 financial year the Audit Committee and the Internal Audit function were in operation throughout the financial year and substantially fulfilled its responsibilities for the year under review as set out in section 77 of the PFMA and Treasury Regulation 27.1.8 and 27.2 respectively.

## Western Cape Housing Development Fund

The assets, i.e. debtors and properties that are reflected in the annual financial statements of the fund were inherited over the years from various government authorities in terms of the Housing Act. This acquisition did not happen in a single event, but occurred subsequent to various amendments in housing legislation since 1993. This led to a myriad of problems relating to, inter alia, the amalgamation of asset management and filing systems, policies, physical availability of files and supporting documentation, etc.

The past financial year saw significant inroads in rectifying the accounts of the fund as well as promoting homeownership. To encourage debtors to take ownership of the units they are occupying, the Department embarked on a sales campaign, which emphasised the benefits of the Enhanced Extended Discount Benefit Scheme (EEDBS) policy. This policy made it possible, subject to certain qualifying criteria, for outstanding debt to be defrayed by a subsidy as well as any additional outstanding balance to be written off, based on the debtor's level of income. This would put the debtor in a position to take transfer of the unit, which was not possible before.

In addition to the debtors, a number of adjustments were made to the property register to work towards reflecting only properties that belongs to the Fund, in the register. These adjustments resulted in properties that do not belong to the Fund, being deleted from the property register. The process is still ongoing and the Department plans to finalise this by the end of the 2009/2010 financial year with the assistance of the Owner and System Controller of the National Debtor System, i.e. the National Department of Human Settlements.

The following data reflects the actions taken with respect to the rectification process and the sales campaign:

	<b>CASES</b>	<b>TOTAL CASES</b>	<b>AMOUNT</b>
<b>SALES CAMPAIGN REBATE</b>			<b>R 56,114,332</b>
REBATE: SALES	491		R 7,770,901
REBATE: LOANS	1335	<b>1826</b>	R 48,343,431

			<b>R 23,861,491</b>
<b>WRITE OFF</b>			
WRITE OFF: LOANS	1166		R 17,812,377
WRITE OFF: RENTALS	485		R 2,576,199
WRITE OFF: SALES	421	<b>2072</b>	R 3,472,915

			<b>R 691,848,158</b>
<b>PROPERTIES</b>			
TRANSFERRED PROPERTIES	28		R 526,644
DELETED PROPERTIES	2035		R 674,558,579
DEVOLVED PROPERTIES	938	<b>3001</b>	R 16,762,935

### Notes:

1. The total sales campaign figure includes the Enhanced Extended Benefit Scheme (EEDBS) and the accompanying write-off in terms of the policy.
2. The total write-off figure includes write-off cases that can be ascribed to the sanitisation of debtors action plan.

## Western Cape Housing Development Fund

The Department has identified twenty-nine (29) vacant properties, which it will release in achieving the objectives of the Western Cape Integrated Sustainable Human Settlement Strategy, Isidima. In this regard the Department signed a Land Availability Agreement during April 2009 with the Housing Development Agency. The Housing Development Agency is a statutory body established by the National Department of Human Settlements to assist with the delivery of housing. The Department is also working closely with the City of Cape Town to devolve the assets to the municipality in terms of the housing legislation.

The auditors' findings for the 2005/2006 financial year revealed differences between the NDS and BAS. The differences amounted to R 91,4 million; Non Current Assets R 19,8 million and Current Assets R 71,6 million respectively. During the 2006/2007 financial year the amount was reduced to R 13,55 million, R 12,5 million, Current Assets and R 1,05 million Non Current Assets. The difference between the two systems was further reduced during the 2007/2008 financial year to R2,3 million, R 1 million Current Assets and R 1,3 million Non Current assets.

The Department and national Department of Human Settlements has since 2006/2007 embarked on an in depth investigation to determine how the differences occurred. During this investigation it was established that differences arose from programme errors, unreliable reports and incorrect interfacing codes. The programmers at National Department of Human Settlements rectified all programme errors that were identified. The Department also rectified incorrect BAS structure codes on the interfacing table. Programme changes and amended functions were also tested for correctness before implementation thereof.

The National Department of Human Settlements has now confirmed that all programme errors have been rectified and the reports used for the reconciliation process can therefore be considered as reliable.

The reconciliation process for the 2008/2009 financial year was performed on a monthly basis. Due to the programme changes and a new reconciliation report that was created by the programmers, discrepancies were easily identified and resolved. The reconciliation for the 2008/2009 financial year was completed successfully. The remaining differences to the amount of R 50 273 will be cleared in the 2009/2010 financial year as the rectification will be done programmatically.

Approval was obtained to realign the two systems as at 31 March 2009. Due to programme changes that had an impact on reports that were used when the submission was compiled, the amount calculated changed from R 2.05 million to R 985,730.

A very important role player in the correcting and updating of the property and debtor records is the National Department of Human Settlements, which is the owner and system controller of the National Debtors System on which the data is stored and managed. The Department is working closely with the National Department to ensure that the actions of the respective Departments are aligned and that problems are resolved timeously. After several meetings with the National Department of Human Settlements, they indicated that it would be more prudent to upgrade the existing National Debtor System as the Fund is in the process of being phased out.

It is very important to note that the Western Cape Housing Development Fund's financial status was reflected within the disestablished Western Cape Housing Development Board's annual report and the Fund's financial transactions formed an integral part of the financial records of the Department, therefore certain transactions were extracted to compile financial statements for the Fund.

The Western Cape Housing Development Fund is dormant, and as such all expenditure related to assets is expensed under programme 2: Housing of the Department of Local Government and Housing. The income that is derived from the assets (loans, sales and rentals) are paid over to the Provincial Revenue Fund and are appropriated in the budget of Vote 8: Local Government and Housing, forming the budget to manage the assets.

## Western Cape Housing Development Fund

The Western Cape Housing Development Fund's transactions in respect of assets and income (loans, sales and rentals) were processed via the National Debtor System Database, which interfaces into the Department's Basic Accounting System (BAS).

The employees of the Directorates: Asset and Financial Management within the Department of Local Government and Housing administer the Fund. The National Debtor System is a sub-system that captures all transactions related to debtors and properties that interface into BAS.

### SCOPA RESOLUTION OF NOVEMBER 2006

Since 2005/2006 a lot of progress has been made with regards to the updating of the property information of the properties of the Provincial Department of Local Government and Housing in the Western Cape.

The following outputs have been achieved:

- In 2007/2008, 15600 property register files were opened;
- 6667 properties erroneously not on the Debtor System have been created on the Debtor System;
- 8881 properties that do not belong to the Department, but reflected on the Debtor System, were deleted.

In 2008/2009 the Department continued with the following outstanding editing tasks in conjunction with the National Department of Human Settlements:

- the correction of the file number of the 6667 properties;
- updating the file numbers of 15600 properties on the Debtor System;
- 21 properties wrongfully under the Eastern Cape Province has been dealt with successfully;
- a further 1164 properties that do not belong to the Department, but reflected on the Debtor System were manually deleted;
- 923 properties transferred in the 2007/2008 financial year, were correctly marked DEVOLVED in the year (2008/2009) under review.
- During the 2007/2008 audit of the municipal valuation evidence, it was found that the certificates were not valid and did not agree to the municipal values on the Debtor System, therefore a new drive was embarked upon to obtain validated Municipal Valuation Certificates for all the properties of the Department from the applicable Local Authorities.

With regards to the debtors the following outputs have been achieved:

- The checking of all debtor files has been completed and the Department is in the process of implementing further steps to clean up the debtors.
- To date 76.70% of the debtor files have been sanitised; and
- The total number of the debtors sanitised since 2005/2006 are 10489. The remaining amount to be sanitised is 3186 and it is envisaged that this should be completed by the end of January 2010.

Whilst the department is satisfied with its progress with regard to debtors, reserves and provisions, challenges are still faced with the asset (property) register, in that it contains properties not owned by the Province as well as valuation errors. Urgent moves are afoot to address these shortcomings in the 2009/10 financial year with a view to shift the audit outcome from a disclaimer to an unqualified audit opinion.



## Western Cape Housing Development Fund

The Fund has not reported performance against predetermined objectives as it is currently dormant and all objectives are reported in the annual report of the Western Cape Department of Local Government and Housing.

The annual financial statements as set out on pages 35 to 43 have been prepared in accordance with the entity-specific basis of accounting, as applicable to the Western Cape Housing Development Fund and the Rules of the Fund and are approved by the Head of Department of the Department of Local Government and Housing as the Accounting Officer and are certified to the best of my knowledge to be true and fair.



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Dave Daniels

**ACTING HEAD OF DEPARTMENT / ACCOUNTING OFFICER**

**DATE: 31 July 2009**

# Western Cape Housing Development Fund

## Verslag deur die Rekenpligtige Beampte

Die Wes-Kaapse Behuisingsontwikkelingsfonds is ingevolge artikel 13 van die Wes-Kaapse Behuisingsontwikkelingswet, 1999 (Wet No. 6 van 1999) gestig en in ooreenstemming met artikel 14(1)(f en g) van die Wet, is die Fonds verplig om finansiële state saam te stel en in te dien. Ingevolge artikel 12 (2) (b) van die Behuisingswet, 1997 (Wet No. 107 van 1997) en artikel 13 (5) van die Wes-Kaapse Behuisingsontwikkelingswet, 1999, is die Hoof van die Provinsiale Departement van Plaaslike Regering en Behuising die Rekenpligtige Beampte van die Fonds. Ingevolge artikel 55(1) (b) van die Wet op Openbare Finansiële Bestuur 1999, (Wet No. 1 van 1999) (soos gewysig deur Wet No. 29 van 1999) (WOFB), is die voorbereiding van die Jaarlikse Finansiële State van die Wes-Kaapse Behuisingsontwikkelingsfonds en alle ander inligting wat in hierdie verslag aangebied word, die verantwoordelikheid van die Departementshoof/Rekenkundige Beampte.

Kragtens skedule 3 van die WOFB, het die Wes-Kaapse Behuisingsontwikkelingsfonds nooit as 'n publieke entiteit bestaan nie. Die Wes-Kaapse Behuisingsontwikkelingsfonds bestaan egter ingevolge artikel 13 van die Wes-Kaapse Behuisingsontwikkelingswet, 1999 en is daarom, in ooreenstemming met artikel 12 (2) (d) van die Behuisingswet 1997, verplig om finansiële state saam te stel. Gesien in die lig van die bogenoemde is die Tesourie ingevolge artikel 47 (2) van die WOFB in kennis gestel dat die Wes-Kaapse Behuisingsontwikkelingsfonds nooit as 'n publieke entiteit gelys is nie.

Op 20 Desember 2006 het die Nasionale Departement van Menslike Nedersettings die Wysigingwetsontwerp op Behuising, 2006 vir inligting en kommentaar voor Februarie 2007 gepubliseer. Hierdie Wetsontwerp maak onder meer voorsiening vir die afskaffing van die Suid-Afrikaanse Behuisingsfonds en die Provinsiale Behuisingsfondse. Die Nasionale Departement van Menslike Nedersettings het die kommentaar op die Wetsontwerp oorweeg en die finale Wetsontwerp aan die Minister van Menslike Nedersettings tydens Mei 2008 vir finale oorweging gestuur. Indien laasgenoemde deur die Minister goedgekeur word sal die Wetsontwerp aan die Parlement voorgelê word. Enige nuwe ontwikkelings sal aan die Staande Komitee oor Openbare Rekening (SKOOR) gerapporteer word.

Beduidende verbeteringe oor sake van regeringsbestuur is gemaak tydens die tydperk onder oorweging in vergelyking met die vorige finansiële jaar (2007/2008) soos hieronder aangedui.

### 2007/2008 Finansiële jaar

#### Ouditkomitee

- Die fonds het nie gedurende die finansiële jaar 'n ouditkomitee gehad nie.
- Die ouditkomitee kon nie ingevolge goedgekeurde, geskrewe opdragte en aanbevelings optree nie, aangesien dit nie bestaan het nie, en
- Kon nie substansiëel sy verantwoordelikhede uitvoer soos in sy stigtingsakte uiteengesit nie.

#### Interne audit

- Die fonds het nie gedurende die finansiële jaar oor 'n interne audit-funksie beskik nie
- Die interne auditfunksie kon nie ingevolge 'n goedgekeurde interne auditplan optree nie, aangesien dit nie amptelik bestaan het nie, en
- Kon nie substansiëel sy verantwoordelikhede uitvoer soos in die stigtingsakte uiteengesit nie.

Die Ouditkomitee en die Interne Ouditfunksie het tydens die 2008/2009 finansiële jaar ten volle sy funksies verrig vir die jaar onder hersiening, soos uiteengesit in artikel 77 van die WFOB en Tesourie-instruksie 27.1.8 en 27.2 onderskeidelik.

## Western Cape Housing Development Fund

Die bates, dit is debiteure en eiendomme wat in die jaarlikse finansiële state van die Wes-Kaapse Behuisingsontwikkelingsfonds weerspieël word, is oorgeplaas vanaf vorige staatinstellings en statutêre liggame soos die Administrateur van die Kaap van Goeie Hoop en die Ontwikkelings- en Behuisingsrade van die voormalige Eie Sake-administrasies. Hierdie ontwikkeling het nie eenmalig plaasgevind nie maar was onderhewig aan verskeie wysigings in die behuisingswetgewing sedert 1993. Dit het gelei tot eiendelose probleme betreffende, onder andere, die samevoeging van batebestuur- en liasseerstelsels, beleide, fisieke beskikbaarheid van lêers en stawende dokumentasie.

Tydens die afgelope finansiële jaar is beduidende vordering gemaak in die regstel van debiteure rekeninge van die fonds, sowel as die bevordering van huiseienaarskap. Om debiteure aan te moedig om eienaarskap te neem van die eenhede wat hulle okkupeer, het die Departement met 'n verkoopsveldtog begin wat die voordele van die "Enhanced Extended Discount Benefit Scheme" (EEDBS) beleid beklemtoon het. Hierdie beleid het dit moontlik gemaak om, onderhewig aan sekere kwalifiserende kriteria, die uitstaande skuld te delg deur middel van 'n subsidie, sowel as die afskryf van sekere skulde, gebaseer op die debiteur se vlak van inkomste. Laasgenoemde sou die debiteur in so 'n posisie plaas dat hy oordrag van die eenheid sou neem, wat nie voorheen moontlik was nie.

Benewens die debiteure, is 'n aantal wysigings aan die eiendomregister gemaak om sodoende slegs eiendomme in die register wat aan die fonds behoort, te weerspieël. Hierdie wysigings het tot gevolg gehad dat eiendomme wat nie aan die fonds behoort het nie, van die eiendomsregister geskrap is. Dit is 'n deurlopende proses en die departement beplan om dit teen die einde van die 2009/2010 finansiële jaar te finaliseer, met die samewerking van die Eienaar en Stelselkontroleur van die Nasionale Debiteure Stelsel, met ander woorde, die Nasionale Departement van Menslike Nedersettings.

Die volgende inligting weerspieël die aksies wat geneem is ten opsigte van die regstellingsproses en die verkoopsveldtog:

<b>VERKOOPVELD TOG AFSLAG</b>	<b>GEVALLE</b>	<b>TOTAAL</b>	<b>BEDRAG</b>
			<b>R 56,114,332</b>
AFSLAG: VERKOPE	491		R 7,770,901
AFSLAG: LENINGS	1335	<b>1826</b>	R 48,343,431

<b>AFSKRYWINGS</b>			<b>R 23,861,491</b>
AFSKRYWINGS: LENINGS	1166		R 17,812,377
AFSKRYWINGS: VERHURINGS	485		R 2,576,199
AFSKRYWINGS : VERKOPE	421	<b>2072</b>	R 3,472,915

<b>EIENDOMME</b>			<b>R 691,848,158</b>
EIENDOMME OORGEDRA	28		R 526,644
EIENDOMME VERWYDER	2035		R 674,558,579
EIENDOMME AFGEWENTEL	938	<b>3001</b>	R 16,762,935

## Western Cape Housing Development Fund

Notas:

1. Die totale verkoopsveldtog se syfers sluit die Verhoogde Uitgebreide Voordele-Skema en die gepaardgaande afskrywing ingevolge die voorwaardes van die beleid in.
2. Die totale afskrywings sluit ook gevalle in wat toegeskryf kan word aan die verbetering van die aksieplan ten opsigte van die debiteure.

Die departement het 29 vakante eiendomme geïdentifiseer, wat beskikbaar gemaak sal word om die doelwitte te bereik van die Wes-Kaapse Geïntegreerde Menslike Nedersettingsstrategie, Isidima. In dié verband het die Department 'n Grond Beskikbaarheidsooreenkoms tydens April 2009 met die Behuisingsontwikkelingsagentskap onderteken. Laasgenoemde agentskap is 'n statutêre liggaam wat deur die Nasionale Departement van Menslike Nedersettings gestig is om met die lewering van behuising behulpsaam te wees. Die Departement werk ook nou saam met die Stad Kaapstad om bates aan die munisipaliteit ingevolge behuisingswetgewing oor te dra.

Volgens die ouditeure se bevindings van die 2005/2006 finansiële jaar was daar verskille tussen die NDS en die BRS. Dié verskil beloop R91,4 miljoen; nie-lopende bates van R19,8 miljoen en lopende bates van R71,6 miljoen.

Gedurende die 2006/2007 finansiële jaar is die bedrag tot R13,55 miljoen verminder; R12,5 miljoen vir lopende bates en R1,05 miljoen vir nie-lopende bates. Die verskil tussen die twee stelsels is verder gedurende die 2007/2008 finansiële jaar tot R2,3 miljoen verminder; R1 miljoen vir lopende bates en R1,3 vir nie-lopende bates.

Die departement en die Nasionale Departement van Menslike Nedersettings het sedert 2006/2007 met 'n in-diepte ondersoek begin om te bepaal hoe die verskille ontstaan het. Tydens dié ondersoek is vasgestel dat die verskille ontstaan het as gevolg van programfoute, onbetroubare verslae en verkeerde skeidingsvlakcodes. Die programmeerders van die Nasionale Departement van Menslike Nedersettings het al die programfoute reggestel wat geïdentifiseer is. Voorts het die Departement ook die verkeerde "BAS"-struktuurcodes op die skeidingsvlakke-tabel reggestel. Programveranderinge en verbeterde funksies is ook getoets vir korrektheid voordat dit geïmplementeer is.

Die Nasionale Departement van Menslike Nedersettings het nou bevestig dat alle programfoute reggestel is en dat verslae wat vir die rekonsiliasie-proses gebruik is, dus as betroubaar beskou kan word.

Die rekonsiliasie-proses vir die 2008/2009 finansiële jaar is op 'n maandelikse basis uitgevoer. Na aanleiding van programveranderinge en 'n nuwe rekonsiliasie-verslag wat deur die programmeerders geskep is, is teenstrydighede maklik opgespoor en opgelos. Die rekonsiliasie vir die 2008/2009 finansiële jaar is suksesvol afgehandel. Die oorblywende verskille van R50 273 sal gedurende die 2009/2010 finansiële jaar as opgelos word, aangesien die aanpassing programmaties sal plaasvind.

Goedkeuring is verkry om die twee stelsels op 31 Maart 2009 in lyn te bring. As gevolg van programveranderinge wat 'n invloed op die verslae gehad het wat gebruik is om die voorlegging te maak, is die berekende bedrag van R2,05 miljoen na R985 730 verander.

'n Baie belangrike rolspeler in die regstelling en opdatering van die eindom- en debiteurerekords is die Nasionale Departement van Menslike Nedersettings, wat ook die eienaar en stelselkontroleur van die Nasionale Debiteurstelsels is waarop die data geberg en bestuur word. Die Departement werk nou saam met die Nasionale Departement om te verseker dat die aksies van die onderskeie departemente in lyn is en dat probleme tydig opgelos word. Na verskeie vergaderings met die Nasionale Departement van Menslike Nedersettings het laasgenoemde aangedui dat dit nie raadsaam sou wees om die bestaande Nasionale Debiteure-stelsel op te gradeer aangesien die Fonds in die proses is om uitgefaseer te word.

## Western Cape Housing Development Fund

Dit is baie belangrik om daarop te let dat die Wes-Kaapse Behuisingsontwikkelingsfonds se finansiële status in die afgeskafde Wes-Kaapse Behuisings-Ontwikkelingsfonds se jaarverslag gereflekteer is en dat die fonds se finansiële transaksies 'n integrale deel van die finansiële verslae van die departement uitmaak, dus is sekere transaksies uitgehaal om die finansiële state van die fonds saam te stel.

Die Wes-Kaapse Behuisingsontwikkelingsfonds is dormant en as sulks is alle sodanige uitgawes wat met bates verband hou as uitgawes aangedui in program 2: Behuising van die Departement van Plaaslike Regering en Behuising. Die inkomste wat van die bates (lenings, verkope en verhurings) bekom is, is aan die Provinsiale Inkomstefonds oorbetaal en is toegewys na begrotingspos8: Plaaslike Regering en Behuising, wat sodoende die begroting vorm om die bates te bestuur.

Die Wes-Kaapse Behuisingsontwikkelingsfonds se transaksies ten opsigte van bates en inkomste (lenings, verkope en verhurings) is geprosesseer via die Nasionale Debiteurestelsel-Databasis, wat gekoppel is aan die Departement se Basiese Rekeningkundige Stelsel (BRS).

Die werknemers van die Direkorate: Bates- en Finansiële Bestuur binne die Departement van Plaaslike Regering en Behuising, bestuur die fonds. Die Nasionale Debiteure-stelsel is 'n sub-stelsel wat alle transaksies vaslê wat verband hou met debiteure en eiendomme wat gekoppel word aan die BRS.

### SKOOR-RESOLUSIE VAN NOVEMBER 2006

Sedert 2005/2006 is heelwat vordering gemaak ten opsigte van die opdatering van die eiendoms-inligting van die eiendomme van die Provinsiale Departement van Plaaslike Regering en Behuising in die Wes-Kaap.

Die volgende uitsette is behaal:

- In 2007/2008 is 15 600 eiendomsregister-lêers geopen;
- 6 667 eiendomme wat foutiewelik nie op die Debiteure-stelsel verskyn het nie, is op die Debiteure-stelsel aangebring;
- 8 881 eiendomme wat nie aan die departement behoort nie, maar op die Debiteure-stelsel aangetoon is, is verwyder.

In 2008/2009 het die departement voortgegaan met die volgende uitstaande redigeringstake in samewerking met die Nasionale Departement van Menslike Nedersettings.

- die korreksie van die lêernommers van 6 667 eiendomme;
- die opdatering van die lêernommers van 15 600 eiendomme op die Debiteure-stelsel;
- 21 eiendomme wat verkeerdelik onder die Oos-Kaap Provinsie aangedui is, se inskrywings is herstel;
- 'n verdere 1 164 eiendomme wat nie aan die departement behoort nie, maar op die Debiteure-stelsel gereflekteer is, is per hand verwyder;
- 923 eiendomme wat tydens die 2007/2008 finansiële jaar oorgedra is, is gedurende jaar (2008/2009) as "OORGEDRA" aangedui;
- Gedurende die 2007/2008 oudit van die munisipale waardasie-bewyse is bevind dat die sertifikate ongeldig is en nie met die munisipale waardasies op die Debiteure-stelsel ooreengestem het nie, dus is met 'n nuwe veldtog begin om geldige Munisipale Waardasie-sertifikate vir al die eiendomme van die toepaslike Plaaslike Regerings te bekom.

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Met verwysing na die debiteure is die volgende uitsette behaal:

- Die nasien van alle debiteure-lêers is voltooi en die departement is tans besig met die implementering van verdere stappe om die debiteure-probleme op te los;
- Tot op datum is 76.70% van die debiteure-lêers as korrek gesertifiseer; en
- Die totale getal debiteure wat sedert 2005/2006 as korrek gesertifiseer is, staan nou op 10 489. Die oorblywende getal is 3186 en dit word voorsien dat dit teen die einde van Januarie 2010 voltooi sal wees.

Hoewel die departement tevrede is met die proses ten opsigte van debiteure, reserwes en voorsiening, is daar steeds uitdagings in verband met die bates (eiendomme)-register, aangesien dit eiendomme insluit wat nie deur die provinsie besit word nie, sowel as waardasie-foute. Dringende maatreëls is aan die gang om die tekortkominge gedurende die 2009/2010 finansiële jaar aan te spreek met die oog daarop om die weerhouding van ouditmening na 'n ongekwalifiseerde ouditmening te verander.

Die fonds het nie prestasies teenoor voorafbepaalde doelwitte gerapporteer nie, aangesien dit tans dormant is en alle doelwitte word aangedui in die jaarverslag van die Wes-Kaapse Departement van Plaaslike Regering en Behuising.

Die jaarlikse finansiële state soos uiteengesit op bladsye 35 tot 43 is opgestel volgens entiteitspesifieke rekeningkundige praktyke, soos van toepassing op die Wes-Kaapse Behuisingontwikkelingsfonds en die Reëls van die Fonds en is goedgekeur deur die Departementshoof/ Rekenpligtige Beampte van die Departement en ek sertifiseer dat dit tot die beste van my wete waar en billik is.



**Dave Daniels**

**WAARNEMENDE DEPARTEMENTSHOOF / REKENPLIGTIGE BEAMPTE**

**Datum: 31 Julie 2009**

# Western Cape Housing Development Fund

## Ingxelo yeGosa eliNikezela ngeNgxelo

Ingxowa-mali yoPhuhliso lweZindlu yeNtshona Koloni yasekwa ngokwezigqibo zecandelo 13 loMthetho woPhuhliso lweZindlu weNtshona Koloni, ka-1999 (Act No. 6 of 1999) nangokuphathelele kwicandelo 14 (1) (f and g) lalo Mthetho, iNgxowa-mali le inyanzelekile ukuba ihlanganise yaye ingenise amaxwebhu engxelo-mali. Ngokuphathelele kwicandelo 12 (2) (b) loMthetho weZindlu ka-1997 (Housing Act, 1997, Act No. 107 of 1997) necandelo 13 (5) loMthetho woPhuhliso lwezeZindlu weNtshona Koloni, ka-1999 (the Western Cape Housing Development Act, 1999), iNtloko yeSebe looRhulumente boMmandla nezeZindlu liGosa Elinikezela ngeNgxelo leNgxowa-mali leyo. Ngokuphathelele kwicandelo 55(1) (b) loMthetho woLawulo lwezeMali zoLuntu, ka-1999 (Public Finance Management Act, 1999, (Act 1 ka-1999) (njengoko ulungiswe ngo-Act No. 29 of 1999) (PFMA), ulungiselelo Lwamaxwebhu eNgxelo-mali yoNyaka, yeNgxowa-mali yoPhuhliso lweZindlu kwiNtshona Koloni kunye nalo lonke ulwazi olwaye lwanikezelwa kule ngxelo luxanduva leNtloko yeSebe/iGosa eliNikezela ngeNgxelo.

Ngokumalunga noludwe lwenkqubo 3 ye-PFMA, iNgxowa-mali yoPhuhliso lweZindlu eNtshona Koloni ayizange ibe yinto kawonke-wonke, nokuba kunjalo iNgxowa-mali yoPhuhliso lweZindlu eNtshona Koloni yabakho ngokuphathelele kwicandelo 13 loMthetho ka-1999, woPhuhliso lweZindlu kwiNtshona Koloni (the Western Cape Housing Development Act 1999), ke ngoko ngokwezivumelwano necandelo 12 (2) (d) loMthetho weZindlu (the Housing Act 1997), iyanyanzeliswa ukuba ihlanganise ingxelo yamaxwebhu emali. Ngokuphathelele koku sekukhankanyiwe, uNondyabo waziswa ngokwezivumelwano zecandelo 47 (2) le-PFMA ukuba iNgxowa-mali yoPhuhliso lweZindlu kwiNtshona Koloni ibe yinto engabhalwanga kawonke-wonke.

Ngomhla wama-20 kuDisemba ka-2006 iSebe likaZwelonke leeNdawo zokuHlala uLuntu laye lapapasha iphepha loMthetho OyiLwayo woLungiso lweZindlu ka-2006 ukwenzela ulwazi kunye nezimvo ngaphambi kukaFebruwari ka-2007. Iphepha loMthetho oYilwayo liBonelela, ngaphakathi kwezinye izinto ngokuchithwa kweNgxowa-mali yeZindlu yoMzantsi Afrika kunye neeNgxowa-mali zeZindlu zamaPhondo. Isebe likaZwelonke leeNdawo zokuHlala uLuntu licinge nzulu ngezimvo ezifumaneke kwiPhepha loMthetho oYilwayo laza langenisa uYilo lokugqibela (final draft) kuMphathiswa weSebe leeNdawo zokuHlala uLuntu ukuba athabathe izigqibo phakathi kuMeyi ka-2008. Ukuba livunyiwe nguMphathiswa weeNdawo zokuHlala uLuntu iphepha loYilo liya kungeniswa kwindlu yesiGqeba soMbuso/iKhabhinethi. Nayiphi na inkqubela phambili iya kuxelwa kwiKomiti eMileyo (the Standing Committee on Public Accounts) (SCOPA) kuMaxwebhu eNgxelo Oluntu.

Inkqubela phambili ebonakalayo kwimicimbi ephathelele kulawulo lukarhulumente yenzekile kwixesha eliphantsi kohlolo xa kuthelakiswa nonyaka-mali odlulileyo ka-2007/2008 njengoko kubhaliwe apha ngezantsi.

### Unyaka-mali ka-2007/2008

#### Ikomiti yoPhicotho-zincwadi

- Ingxowa-mali ayizange ibe nakomiti yophicotho-zincwadi isebenzayo kuwo wonke unyaka-mali.
- Ikomiti yophicotho-zincwadi ayizange ikwazi ukuqhuba umsebenzi ngokungqinelana nezigqibo ezamkelekileyo, nezibhaliweyo zegunya elikhoyo, nangenxa yokungabonakalisi bukho bayo, no
- Ukungabinakho ukuzalisa ngokugcweleyo uxanduva elunikiweyo njengoko kubekiwe kuxwebhu lwamalungelo.



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### Uphicotho-zincwadi lwangaphakathi

- Ingxowa-mali ayizange ibe namsebenzi waphicotho-zincwadi uqhubekayo kuwo wonke unyaka-mali.
- Umsebenzi wophicotho-zincwadi wangaphakathi awukwazanga kusebenza ngokwezivumelwano ezamkelekileyo zocwangciso lophicotho-zincwadi lwangaphakathi, ngenxa yokungabonakali bukho bayo no
- Kungabi nakuzalisa ngokugqibeleleyo umsebenzi wayo njengoko kubhaliwe kwiphepha lamalungelo (charter).

Kunyaka-mali ka-2008/2009 iKomiti yoPhicotho-zincwadi kunye nomsebenzi woPhicotho-zincwadi wangaphakathi zaziqhuba kunyaka-mali wonke yaye zawuzalisekisa umsebenzi oyimfanelo yazo yonyaka-mali ophantsi kohlo njengoko kubhaliwe kwicandelo 77 le-PFMA kunye neMimiselo kaNondyabo (Treasury Regulation 27.1.8 no 27.2 ) ngokulandelelana.

Izinto ezilixabiso anazo urhulumente, oko kukuthi, abantu abanamatyala kunye neepropati ezibonakalisiweyo kumaxwebhu engxelo-mali yonyaka yengxowa-mali yophuhliso zafunyanwa njengelifa eminyakeni edlulileyo zivela kumagunya awohlukahlukeneyo karhulumente ngokungqinelana noMthetho weZindlu ( Housing Act). Olu fumaneko aluzange lwenzeke njengesehlo esinye, koko lwenzeka ngokulandelelana kwezilungiso zemithetho eyahlukahlukeneyo kulawulo lwemithetho yezindlu okokoko kwango-1993. Oku kwakhokelela kwisigidi seengxaki eziphathelele, ngaphakathi kwezinye izinto, kumdibaniso wolawulo lwezinto ezilixabiso anazo urhulumente kunye neendlela zokufayila umsebenzi, iinkqubo, ubukho beefayili eziphathekayo kunye namaxwebhu okuxhasa, njalonzalo.

Unyaka-mali odlulileyo waba nobango olungalindelekanga olubonakalayo ekulungiseni ii-akhawunti zengxowa-mali kunye nokukhuthaza izinga lobunini-khaya. Ukukhuthaza abanamatyala ukuba babe nobango lweendawo abahlala kuzo, iSebe lazifaka kwiphulo lokuthengisa elagxininisa kuNcedo lweNkqubo yeNzuzo yeSaphulelo eSandisiweyo (EEDBS). Le nkqubo yenza kwafaneleka, xa kukhangelwa iinqobo ezithile ezifanelekileyo, ukuze ityala elisemva lihlawulwe luncedo lwenkxaso kwakunye nawo nawuphina umncono wemali eyongezelelweyo engakahlawulwa ukuze icinywe, kwenziwe ngokomgangatho womvuzo womntu lowo unetyala. Oku kuya kukwazi ukubeka umbambityala kwindawo yokuba akwazi ukuthatha udluliselo lwendawo leyo, into ke ibingakwazi kwenzeka ngaphambili.

Ukongeza kwabo banamatyala, izilungiso eziliqela zenziwa kwincwadi yobhaliso lwepropati ukuze kusetyenzelwe ukubonakalisa kuphela iipropati ezixhomekeke kwiNgxowa-mali, kwincwadi yobhaliso. Ezi zilungiso zaphumela ekuthini ezo propati zingaxhomekekanga kwiNgxowa-mali, mazicinywe kwincwadi yobhaliso lwepropati. Le nkqubo isaqhubeka yaye iSebe liceba ukugqibezela oku ekupheleni konyaka-mali ka-2009/2010 ngoncedo loMnini kunye noMlawuli weeNdlela zokuSebenza zeNdlela yokuSebenza kaZwelonke yaBanamatyala, oko kukuthi., iSebe likaZwelonke leeNdawo zokuHlala uLuntu.

Olu luhlu lolwazi (data) lulandelayo lubonakalisa izenzo ezithe zathathwa ngokumalunga nenkqubo yokulungisa kunye nephulo lwentengiso:

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### IINGXELO ZEZEHLLO IINGXELO ZEZEHLLO ZIZONKE ISAPHULELO-MALI SEPHULO LENTENGISO

**ISIXA-MALI  
R 56,114,332**

ISAPHULELO-MALI: INTENGISO	491		R 7,770,901
ISAPHULELO-MALI: MBOLEKO	IMALI- 1335	<b>1826</b>	R 48,343,431

### ECINYIWEYO

**R 23,861,491**

ECINYIWEYO: MBOLEKO	IMALI- 1166		R 17,812,377
ECINYIWEYO: YERENTE	INTLAWULO 485		R 2,576,199
ECINYIWEYO: EYENTENGISO	421	<b>2072</b>	R 3,472,915

### IIPROPATI

**R 691,848,158**

EZIKHUTSHELWEYO IIPROPATI	28		R 526,644
EZICINYIWEYO IIPROPATI	2035		R 674,558,579
EZIQITHISELWEYO IIPROPATI	938	<b>3001</b>	R 16,762,935

#### Amanqaku:

- 1 Inani lephulo lentengiso lilonke liquka Uncedo Lolungiselelo Olongezelelweyo Olwandisiweyo (EEDBS) kunye nocinyo oluhambelanayo ngokwezigqibo zenkqubo.
- 2 Inani lokucinywa lilonke liquka izehlo zocinyo ezinokubalelwa kucwangciso lwesenzo sogutyulo lwabanamatyala.

Isebe lichonge iipropati ezingenabaninizo ezingama-29, eliza kuzinikezela ekuzuzeni iinjongo zoBuqili boKumanywa noGcinakalo lweNdawo eziHlala uLuntu zeNtshona Koloni, **Isidima**. Ngokuphathelele koku iSebe liye latyikitya iSivumelwano soBukho boMhlaba phakathi ku-Apreli ka-2009 kunye ne-Arhente yoPhuhliso lweZindlu. I-Arhente yoPhuhliso lweZindlu liqumrhu elimiswe ngokomthetho elamiswa liSebe likaZwelonke leeNdawo zokuHlala uLuntu ukunceda unikezelo lwezindlu. Isebe kwakhona lisebenza ngokusondeleleneyo neSixeko saseKapa ukuze ligqithisele izinto zikaRhulumente zexabiso kumasipala ngokwezigqibo zomthetho wezindlu

Izinto ezifumaneka kuphando zomphicothi-zincwadi zonyaka-mali ka-2005/2006 zabonisa umahluko phakathi kwe-NDS ne-BAS. Umahluko waya kuma kwisixa-mali esingama-R 91,4 sezigidi zeerandi (R91,4million) ; Izinto zeXabiso Ezingeyomali zabiza R19,8 zezigidi zeerandi (Non Current Assets R19.8 million) yaye

Izinto zeXabiso zikarhulumente zixabisa ama-R 71.6 ezigidi zeerandi (R71,6 million) ngokwahlukahlukeneyo. Phakathi kunyaka-mali ka-2006/2007 isixa-mali sancitshiswa sali-R 13.5 sezigidi zeerandi (R13.5million) ; i-R 12, 5 yezigidi zeerandi (12,5 million), Izinto zeXabiso Eziyimali

(Current Assets) kunye ne-R 1, 05 yezigidi zeerandi (R1, 05 million) Izinto zeXabiso Ezingeyomali (Non Current Assets). Umahluko phakathi kwezindlela zimbini waphinda wancitshiswa kunyaka-mali ka-2007/2008 ngezigidi ezi-R2.3 seerandi (R2.3 million), isigidi esi-R 1seerandi (R1 million) Izinto zeXabiso Eziyimali kunye nesigidi esi-R 1.3 seerandi ((R1.3million) Izinto zeXabiso Ezingeyomali.

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Isebe likunye neSebe likaZwelonke leeNdawo zokuHlala uLuntu liye okokoko kwango-2006/2007 laqalisa ukwenza uphengululo olunzulu ukuzama ukuqinisekisa ukuba umahluko wenzeke njani na. Phakathi kolu phengululo kwafumaniseka ukuba lo mahluko wenziwa ziimpazamo zenkqubo, iingxelo ezingathembekanga kunye nemithetho ecwangcisiweyo ephakathi kwemida (interfacing codes) engachanekanga. Abasunguli beenkqubo kwiSebe likaZwelonke leeNdawo zokuHlala uLuntu lazilungisa zonke iimposiso kwiinkqubo ezazalathiwe. Isebe nalo ngokwalo lalungisa imposiso kulwakhiwo lwekhowudi ze-BAS kudweliso oluphakathi kwemida (interfacing table). Utshintsho lweenkqubo nemisebenzi elungisiweyo nayo yalingwa ukuba ichanekile na ngaphambi kokuyiphumeza ngoko.

Isebe likaZwelonke leeNdawo zokuHlala uLuntu liye ngoku langqinisisa ukuba zonke iimposiso kwiinkqubo ziye zalungiswa yaye neengxelo ezisetyenziswa kwinkqubo zovumelelwaniso zinakho ukuthatyathwa njengezithembekileyo.

Inkqubo yovumelelwaniso yonyaka-mali ka-2008/2009 yenziwa rhoqo ngenyanga. Ngenxa yokutshintsha kwenkqubo kunye nengxelo entsha yovumelelwaniso eyenziwayo ngabasunguli beenkqubo, izinto zokungangqinelani zalathwa zasonjululwa. Uvumelelwaniso lonyaka-mali 2008/2009 lwenziwa ngempumelelo. Umahluko oseleyo ofika kwisixa-mali esingama-R 50 273 iyakucinywa kunyaka-mali ka-2009/2010 nanjengoko ulungiso luya kube lusenziwa ngokwenkqubo.

Ulwamkelo lwafumaneka ukuze kulungelelaniswe iindlela zombini ukusuka ngomhla wama-31 kuMatshi 2009. Ngenxa yotshintsho lwenkqubo olwaba nempembelelo kwiingxelo ezasetyenziswayo xa unikezelo lwaluhlanganiswa, isixa-mali esabalwayo satshintsha ukusuka kwizigidi ezi-R 2.05 zeerandi (R2.05million) ukuya kuma-R 985,730 eerandi.

Umthath'inxaxheba obaluleke kakhulu ekulungiseni nasekuhlaziyweni kwepropati kunye neencwadi zobhaliso lwabanamatyala liSebe likaZwelonke leeNdawo zokuHlala uLuntu, onguyena Mnini noMlawuli weendlela zokwenza umsebenzi (SYSTEM), kunye neNdlela zokuGcina aBanamatyala kuZwelonke apho kugcinwa khona uvimba wolwazi lonke nalapho lulawulwa khona. Isebe lisebenza ngokubambeneyo neSebe likaZwelonke ukuqinisekisa ukuba izenzo zamaSebe awohlukahlukeneyo ziya lungelelaniswa yaye neengxaki zisonjululwa ngexesha. Emva kweentlanganiso eziliqela kunye neSebe likaZwelonke leeNdawo zokuHlala uLuntu, balatha ukuba ingaba bubulumko ukuqhubela phambili ukulungisa iindlela zokuSebenza zikaZwelonke zaBanamatyala ezikhoyo nanjengoko iNgxowa-mali ikwinkqubo yokupheliswa.

Kubalulekile kakhulu ukuqaphela ukuba isimo semali seNgxowa-mali yoPhuhliso lweZindlu kwiNtshona Koloni sabonakaliswa ngaphakathi kwengxelo yonyaka yeBhodi echithwayo yoPhuhliso lweZindlu kwiNtshona Koloni namaxwebhu engxelo yemali yeNgxowa-mali leyo akha inxenyefunekayo yeerekodi zemali zeSebe, ngoko ke namanye amaphepha achaza imali akhutshwa ukuze kuqokelelelwa amaxwebhu engxelo yemali ukwenzela iNgxowa-mali.

Ingxowa-mali yoPhuhliso lweZindlu eNtshona Koloni ayihambeli phambili., yaye kunjalo nje yonke inkcitho ephathelele kwizinto zexabiso zikarhulumente zisebenzisa/zihlawulelwa phantsi kwenkqubo yesi-2 ( programme 2): Izindlu zeSebe looRhulumente boMmandla nezeZindlu. Ingeniso efumaneka kwizinto zexabiso zikarhulumente ezinjenge: mali-mboleko, iintengiso, neentlawulo zerente (loans, sales and rentals) ziya hlawulwa kwiNgxowa-mali yeNgeniso yePhondo yaye ibekelwa kuhlahlo-mali lwevoti yesi-8: OoRhulumente boMmandla nezeZindlu, ukuze kwakheke uhlahlo-mali oluya kulawula izinto zeXabiso zikarhulumente.

Amaphepha achaza imali yeNgxowa-mali yoPhuhliso lweZindlu kwiNtshona Koloni ngokumayela nezinto zexabiso urhulumente anazo kunye nengeniso zeenziwa ngoVimba oGcina uLwazi lweNdlela zokuSebenza aBanamatyala kaZwelonke ( via the National Debtor System Database), ehlangana neNdlela zeSebe zokuSebenza xa kusenziwa uCwangciso-zimali zeSebe (the Department's Basic Accounting System -BAS).

## Western Cape Housing Development Fund

Abasebenzi bee-Directorates: AbeZinto zeXabiso uRhulumente aNazo kunye noLawulo lwezeMali (Asset and Financial Management) ngaphakathi kwiSebe looRhulumente boMmandla nezeZindlu bayayilawula iNgxowa-mali. Iindlela zokuSebenza aBanamatyala kuZwelonke yenye yeendledlana zokufumana onke amaphepha achaza ngemali eziphathelele kwabo banamatyala nakwiipropati zihambe ziye kudibana kwi-BAS.

### IZISOMBULULO ZE-SCOPA ZIKANOVEMBA 2006

Okokoko kwango-2005/2006 inkqubela phambili eninzi yenziwa ngokuphathelele ekulungisweni kolwazi lwepropati nolweepropati zeSebe LePhondo looRhulumente boMmandla nezeZindlu kwiNtshona Koloni.

Ezi ziphumo zilandelayo ziye zazuzeka:

- Ngo- 2007/2008, iifayile zobhaliso lweepropati ezingama-15600 zavulwa;
- Iipropati ezingama-6667 ezathi ngempazamo azavela kwiiNdlela zeeNdawo ekuGcinwa kuzo aBanamatyala ziphinde zakhiwa ngokutsha zafakwa kwiNdawo zokuGcina aBanamatyala;
- Ezingama-8881 iipropati ezingeyo nxalenye yeSebe, kodwa zabonakaliswa kwiiNdawo zaBanamatyala zacinywa.

Ngo-2008/2009 iSebe laqhubeka ngomsebenzi wohlelo owawusilela ngokudibeneyo neSebe likaZwelonke leeNdawo zokuHlala uLuntu:

- Ulungiso lwenombolo yefayile yeepropati ezingama-6667;
- Uhlaziyo lweenombolo zeefayile zeepropati ezingama-15600 kwiNdlela zokuGcina aBanamatyala (Debtor System);
- Iipropati ezingama-21 ezithe ngemposiso zafunyanwa zingaphantsi kweMpuma Koloni ziye zalungiswa ngempumelelo;
- Ezongezelelweyo iipropati ezingama-1164 ezazingekho ngaphantsi kweSebe, kodwa zibonakalisiwe kuGcino lwaBanamatyala zacinywa ngesandla;
- Iipropati ezingama-923 zakhutshelwa ngonyaka-mali ka-2007/2008, zaphawulwa ngokuchanekileyo EZIGQITHISELWEYO (DEVOLVED) ngonyaka ka-(2008/2009) ngaphantsi kohlo.
- Kuphicotho-zincwadi lobungqina bokuxabisa ngomgangatho lukamasipala luka-2007/2008, kwafumaniseka ukuba iziqinisekiso azikho semthethweni yaye zazingangqinelani nexabiso lomgangatho kamasipala okwiiNdlela zokuGcina aBanamatyala, ke ngoko inkuthalo entsha yokugqiba umsebenzi yaqaliswa ukuze kuzuzeke iziqinisekiso zokuXabisa zikaMasipala (Municipal Valuation Certificates) ukwenzela zonke iipropati zeSebe ezivela kumaGunya kaMasipala asebenzayo.

Ngokuphathelele kwaBanamatyala ezi ziphumo zilandelayo zafumaneka:

- Ukuhlolwa kwazo zonke iifayile zabanamatyala kwenziwa kwagqitywa yaye iSebe likwinkqubo yokuphumeza amanye amanyathelo okucoca bonke abanamatyala.
- Ukuza kuthi ga namhlanje iifayile ezingama-76.70% zabanamatyala zigutyuliwe/zicociwe: yaye Inani lilonke labanamatyala abagutyuliweyo okokoko kwango-2005/2006 lingama-10489. Inani elisaseleyo eliza kususwa ngama-3186 yaye kucingwa ukuba oku kuya kugqitywa ekupheleni kukaJanyuwari 2010.

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Ngeli xesha iSebe lanelisekile yinkqubela phambili yalo ngokuphathelele kubantu abanamatyala, ubekelo nobonelelo, imiceli-mingeni isahlangatyezwa kubhaliso lwezinto zexabiso (asset/property, register), ekuthini iquka iipropati ezingekho ngaphantsi kwePhondo kwakunye neemposiso zokuxabisa umgangatho. Iintshukumo ezikhawulezileyo zisemnyango ukuze kusonjululwe ezi ntsilelo zikwixelo-mali yonyaka ka-2009/10 ngombono wokutshintsha iziphumo zophicotho-zincwadi ezikwiphapha elichaza ngokulandula ukuya kutsho kuluvo lwengxelo yophicotho-zincwadi olungafanelekanga.

Ingxowa-mali ayiwuxelanga umsebenzi ngokumalungana neenjongo zangenx'engaphambili nanjengokuba ngoku imile ingasebenzi yaye zonke iinjongo zixelwe kwixelo yonyaka yeSebe looRhulumente boMmandla nezeZindlu kwiNtshona Koloni.

Amaxwebhu engxelo zemali zonyaka njengoko zibhaliwe kwiphapha lama-35 ukuya kuma-43 alungisiwe ngokumayela nesiseko esithe ngqo seziko lobhalo-zimali, njengoko isetyenziswa kwiNgxowa-mali yoPhuhliso lweZindlu kwiNtshona Koloni kunye nemithetho yeNgxowa-mali yaye ziyamkelwa yiNtloko yeSebe looRhulumente boMmandla nezeZindlu njengoMnikezeli-Ngxelo yaye ziqinisekisiwe kulona lwazi lwam luphucukileyo ukuba ziyinyaniso yaye zinobulungisa.



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**Dave Daniels**

**IBAMBELA LENTLOKO YESEBE/ IGOSA LONIKEZELO-NGXELO**

**UMHLA: 31 EYEKHALA 2009**

# Western Cape Housing Development Fund

## Statement of Financial Position (SPO) as at 31 March 2009

	Notes	2009 R'000	2008 R'000
<b>Assets</b>			
<b>Non Current Assets</b>			
Property	2	2,920,636	3,617,446
Trade and other receivables	3	17,768	178,976
Amount receivable	5	47,635	48,924
Current Assets		65,403	227,900
<b>Total Assets</b>		<b>2,986,039</b>	<b>3,845,346</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Accumulated Fund		(454,966)	403,713
Revaluation reserve	6	3,424,177	3,424,177
		2,969,211	3,827,890
<b>Current Liabilities</b>			
Trade and other payables	4	16,828	17,456
<b>Total Equity and Liabilities</b>		<b>2,986,039</b>	<b>3,845,346</b>

## Western Cape Housing Development Fund

### Statement of Changes in Net Assets as at 31 March 2009

		Revaluation Reserve	Accumulated Fund	Total equity
	Note	R'000	R'000	R'000
<b>Balance at 01 April 2007</b>		<b>12,046</b>	<b>457,764</b>	<b>469,810</b>
Movement in Accumulated Fund	7	-	(43,120)	(43,120)
Movement in Contra Accounts	7	-	3,401,200	3,401,200
Revaluation for the year		3,412,131	(3,412,131)	
<b>Balance at 31 March 2008</b>		<b><u>3,424,177</u></b>	<b><u>403,713</u></b>	<b><u>3,827,890</u></b>
Movement in Accumulated Fund	7	-	(103,825)	(103,825)
Movement in Contra Accounts	7	-	(754,854)	(754,854)
<b>Balance at 31 March 2009</b>		<b><u>3,424,177</u></b>	<b><u>(454,966)</u></b>	<b><u>2,969,211</u></b>

# Western Cape Housing Development Fund

## Notes to the Financial Statements for the year ended 31 March 2009

### Accounting policies

#### 1. Presentation of Financial Statements

The annual financial statements have been prepared in accordance with the following policies on the entity specific accounting basis, as determined by the Auditor-General Audit Circular 1 of 2007 and the requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999). The following are the principal accounting policies which are consistent in all material aspects with those applied in the previous financial year except as stated otherwise.

Although the Fund exists in terms of Section 13 of the Western Cape Housing Development Act 1999 (Act 6 of 1999), according to the PFMA it never existed as a public entity, however in accordance with Section 47 (2) of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999) the Accounting Authority gave notification to National Treasury that the Western Cape Housing Development Fund is an unlisted public entity.

#### 1.1 Basis of Preparation

The financial statements are prepared on the entity specific accounting basis, using the accrual basis of accounting, except as stated otherwise. Under the accrual basis of accounting, transactions and other events are recognised when incurred and not when cash is received or paid.

The Fund is currently not acquiring additional properties neither is it granting loans. It is essentially dormant.

#### 1.2 Significant judgments

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements. Significant judgments include allowance for doubtful debt.

#### 1.3 Property

**Property consists of land and buildings.**

##### Initial recognition

There are two ways in which the Fund can acquire property:

- 1) Properties were acquired initially when the Provincial Housing Development Board of the Western Cape was abolished on 1 November 2005 in terms of Section 6(2) of the Western Cape Housing Development amendment Act, Act 2 of 2005.
- 2) Properties were acquired when the National Government transferred property to the Provincial Government in terms of Section 14 of the Housing Act 1997, Act 107 of 1997.

In the accounting records of the Fund properties of the former Board was recorded on promulgation of the Western Cape Housing Development Act 1999, Act 6 of 1999.

##### Subsequent measurement

Properties owned by the Fund are either held at its municipal value or at its basic cost, if the municipal value of the properties could not be ascertained. Basic cost may include acquisition cost, historical cost and any improvement cost, where applicable.



# Western Cape Housing Development Fund

## Notes to the Financial Statements for the year ended 31 March 2009 Accounting policies

Properties held at the municipal value and at the basic cost are reconciled as follows:

	2009		2008	
	Units	Value R'000	Units	Value R'000
Properties held at municipal value	14,172	2,886,518	16,145	3,574,358
Properties held at basic cost	1,572	34,118	1,726	43,088
Total properties	15,744	2,920,636	17,871	3,617,446

### Depreciation

The Fund does not depreciate property.

### Impairment

The Fund does not make separate assessments for impairment; however any decreases in the valuation are regarded as impairments. Any impairment loss of a revalued asset is treated as a revaluation decrease.

### 1.4 Trade and other receivables

The receivables of the Fund, which include accrued interest, originate from the three main sources as listed below.

- 1 Housing loans
- 2 Sale of property
- 3 Rentals

#### Housing loans

Historical debtor balances represent outstanding amounts not allocated to a specific debtor account. (Debtors in the suspense account). The Fund stopped issuing new housing loans in 2001.

#### Sale of property

Sale debtors are similar in principle to housing loans. The main difference is that housing loans were issued for building purposes. A sale is recorded on signature of the deed of sale. All sales are market value or discounted price as stipulated in the approved Housing Programmes.

On initial recognition trade and other receivables are measured at the selling price (market value or discounted price), and are subsequently measured at recoverable amount. Recoverable amount being the amount initially recorded less any amounts that have been outstanding for more than 120 days.

Loans are derecognised when payment is received as settlement or when they are written off.

#### Rentals

On finalization of the lease agreement, a debtor account is created and every month a journal is raised to accrue for rentals as per the rental agreement. Subsequently rental debtors are measured at recoverable amount. Recoverable amount being the amount initially recorded in terms of the lease agreement less any amounts that have been outstanding for more than 120 days.

Rental debtors are derecognised when payment is received or when they are written off.

# Western Cape Housing Development Fund

## Notes to the Financial Statements for the year ended 31 March 2009 Accounting policies

### **Interest receivable**

The “Induplum Rule” is applied and therefore interest is levied up to the point where the total interest levied equals the capital amount of the loan.

### **1.5 Allowance for doubtful debts**

The allowance for doubtful debts is determined based on debtor amounts older than 120 days as extracted from the Debtor Listing Report from the National Debtor System Database for the financial year under review.

Debts are written off in accordance with the Department’s Write-off policies.

### **1.6 Trade and other payables**

Trade payables consist of debtors with credit balances that have been reclassified. These debtors with credit balances are being investigated individually and the necessary action taken to clear these balances

## Western Cape Housing Development Fund

### Notes to the financial statements for the year ended 31 March 2009

	Notes	2009	2008
		R'000	R'000
<b>2. Property</b>			
Opening net carrying amount		3,617,446	230,888
Deletions*		(674,559)	(25,029)
Disposals		(14,982)	(14,110)
Devolution		(16,762)	-
Revaluation		-	3,412,131
Sales Reversed		8,624	13,566
Properties Transferred before 1 April 1990		(527)	-
Alignment Journals 2008/2009		1,396	-
<b>Closing carrying amount</b>		<b><u>2,920,636</u></b>	<b><u>3,617,446</u></b>

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

\*An update of the property listing included in the National Debtors System (NDS) was performed after a thorough investigation was conducted during the 2007/2008 financial year. This update required that certain properties be deleted for the following reasons:

- Properties that are no longer in the name of the Fund
- Properties that have been duplicated in the listing
- Properties that does not exist (consolidated into a single erf)

The total value of the properties deleted has been removed from the property listing as indicated above.

## Western Cape Housing Development Fund

Properties per the property register are classified per the use status of the property. Three main status categories are indicated below:

<b>Property Status</b>	<b>Units</b>	<b>Value R'000</b>
Let	1,876	267,416
Suspense	2,686	62,761
Not in use	<u>11,182</u>	<u>2,590,459</u>
<b>Total properties</b>	<b><u>15,744</u></b>	<b><u>2,920,636</u></b>

**Let** – this category consists of properties from which rental income is derived by supplying these properties to rental debtors.

**Suspense** – this category consist of properties of which the correct Registration Status is still being investigated.

**Not in use** – this category consist of vacant or improved, serviced or undeveloped properties.

# Western Cape Housing Development Fund

## Notes to the financial statements for the year ended 31 March 2009

<b>3. Trade and other receivables</b>	<b>2009</b>	<b>2008</b>
	<b>R'000</b>	<b>R'000</b>
Housing loans debtors	345,840	391,904
Sale debtors	65,186	74,358
Rental debtors	28,857	30,516
Other historic debtor balances	-	78
	<u>439,883</u>	<u>496,856</u>
Less: Allowance for doubtful debts	(422,115)	(317,880)
	<u><b>17,768</b></u>	<u><b>178,976</b></u>
<b>4 Trade and other payables</b>		
Debtor with credit balances	16,681	17,456
Other historical debtor balances*	147	-
	<u><b>16,828</b></u>	<u><b>17,456</b></u>

Trade payables consist of debtors with credit balances that have been reclassified.

\*This represents funds received but not allocated to specific debtors' accounts at year-end.

<b>5. Amount receivable</b>	<u><b>47,635</b></u>	<u><b>48,924</b></u>
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This represents the amount due by the Western Cape Department of Local Government and Housing for cash held in the Department's bank account.

<b>6. Revaluation Reserve</b>	<u><b>3,424,177</b></u>	<u><b>3,424,177</b></u>
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The revaluation reserve is as a result of the basic cost of the properties held by the Fund being adjusted to the most recent municipal values as determined by the relative municipality.

It is to be noted that in certain instances, the municipal value could not be determined and it is the policy of the Fund to carry these properties at its basic cost until the respective municipal values have been accurately determined. The total value of properties held at its basic cost amounts to R 34, 118 million. (Refer to note 1.3)

The difference in the value of properties carried at basic cost from the previous financial year is the result of editing actions on the property register, where the statuses of some properties were changed to Deleted, Transfer Prior to Conversion Process (TPCP) and Devolved. Properties with these statuses do not add to the property value.

# Western Cape Housing Development Fund

## Notes to the Financial Statements for the year ended 31 March 2009

### 7. Movement in Accumulated Fund and Contra Accounts

The movement in Accumulated Fund and Contra Accounts is reflected in the Statement of Changes in Net Assets because of the following reasons:

- Since the approval of the dissolution of the Provincial Housing Development Fund on 1 April 2003, the Conditional Grant, expenditure relating to the Fund and receipt of income is reflected in the Department's annual financial statements. The grant is still used to "extinguish" debtors in terms of the Enhanced Extended Discount Benefit Scheme (EEDBS) in the books of the Fund therefore the Contra Account is used to complete the double entry.
- The Fund and the Department use different basis of accounting. The Fund uses the accrual basis and the Department uses modified cash basis. The Fund accrues for debtors, (sale debtors, rentals and housing loans) which are reversed when the Department receipts the cash and recognises the income in its own records. The Contra Account is used to complete the double entry by the Fund when raising accruals (since the Fund does not have an income statement). Therefore at year-end, included in the Contra Account will be amounts raised as debtors where payment has not yet been received.
- The Contra Account is also used to facilitate the double entry principle for profits/ losses on sale of property, the revaluations of properties, and interest received and accrued as the fund does not have an income statement.
- The Accumulated Fund is used to facilitate the double entry for the movement in the allowance for doubtful debts.

	2009 R'000	2008 R'000
8. <b>Bad debts</b>		
Bad debts written off	<b>23,861</b>	<b>12,546</b>

Bad debts were written off in terms of sections 76 (1)(e) and 76 (4) (a) of the Public Finance Management Act, 1999, (Act 1 of 1999) (as amended by Act 29 of 1999) (PFMA) and Chapter 11, paragraph 4.1 (b) (ii) of the National Treasury Regulations (NTR) and article 11 (d) of the Prescription Act, 1969, Act No. 68 of 1969. The authority to write off the bad debt exists in terms of Departmental Delegations, Item 81.6.

### 9. Cash-flow statement

No cash flow statement has been prepared, as the Fund does not have a bank account.

### 10. Statement of Financial Performance

No statement of financial performance has been prepared because all expenditure and income that is generated from the Fund's assets accrues to the Department.

### 11. Taxation

In accordance with the Taxation Act, the Fund is exempt from tax.

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**[PR 127/2009]**

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