

PART 3: ANNUAL FINANCIAL STATEMENTS



ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2011

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Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2011.

Audit Committee Members and Attendance

In terms of Cabinet Resolution 55/2007, The Department of Human Settlements is served by the Social Cluster Audit Committee. The Audit Committee consists of the members listed below and should meet at least 4 times per annum as per its approved terms of reference. During the current year six meetings were held.

Name of Member	Number of Meetings Attended
Mr R Kingwill (Chairperson)	6
Mr Z Hoosain	6
Ms A Jones	6
Adv M Mdludlu	6
Mr L van der Merwe	6

Apologies were tendered and accepted for meetings not attended. A quorum of members was present at all meetings.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from **section 38(1)(a) of the PFMA** and **Treasury Regulation 3.1**.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, approved by Cabinet on 9th February 2011, and has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with assurance that the internal controls are adequate and effective. This is achieved by a risk-based Internal Audit Plan, Internal Audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of management's corrective action.

We have reviewed the reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the Management Report of the Auditor-General of South

Africa. Other than the matters reflected in the Auditor-General's Audit and Management Reports and the matters highlighted below, no material deficiencies in the system of internal control were noted.

• Legal and Regulatory Compliance

- We have noted the non-compliance with laws and regulations as it pertains to supply chain management. Notwithstanding the differences in the legal interpretation of the status of Practice Notes, the committee has encouraged management to implement the Practice Note.
- The committee deliberated the findings on control weaknesses highlighted by the Auditor-General with management. Although there were varying instances of control deficiencies, from an oversight perspective it is our view that it was not a pervasive breakdown of control across the organisation. We continue to monitor remediation on a quarterly basis.

• Information Technology

The Audit Committee previously reported on the limited progress that had been made towards implementation of the turn-around strategy to address the IT-related risks facing the Province. We are encouraged by the progress in this regard and continue to monitor progress against agreed actions.

REPORT OF THE AUDIT COMMITTEE
for the year ended 31 March 2011

• **The quality of In-Year Management and Quarterly Reports submitted in terms of the PFMA and the Division of Revenue Act**

The Audit Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Officer of the Department during the year under review.

We note the concerns raised by the Auditor-General on the evidence-based aspects of non-financial reporting. Agreed management actions will be monitored by the committee.

• **Enterprise Risk Management**

Further progress has been made with the implementation of the Enterprise Wide Risk Management (ERM) methodology and the identification of the key risks and mitigating controls implemented by the Department. The Audit Committee continued to review progress on a quarterly basis.

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 Report and management's response thereto;
- reviewed changes to accounting policies and practices as reported in the Annual Financial Statements;
- reviewed the Department's processes for compliance with legal and regulatory provisions;
- reviewed the information on predetermined objectives as reported in the annual report; and
- reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the Auditor-General's opinion regarding the Annual Financial Statements, and proposes that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

Internal Audit

In the previous year, the Audit Committee reported that the Shared Internal Audit Unit experienced challenges relating to capacity and change management which impacted on its ability to achieve its plan. In the current period, the Audit Committee agreed to a revised coverage plan in the context of limited resources, which was monitored on a quarterly basis.

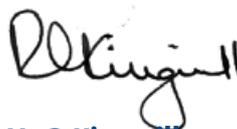
The Audit Committee is still concerned that further audit coverage is required and that there is a need for additional capacity to support the increased coverage of risk.

Auditor-General South Africa

The Audit Committee has met with the Auditor-General South Africa to ensure that there are no unresolved issues that emanated from the regulatory audit. Corrective actions on the detailed findings emanating from the current regulatory audit will be monitored by the Audit Committee on a quarterly basis.

Appreciation

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



Mr R Kingwill

Chairperson of the Social Cluster Audit Committee

Date: 12 August 2011

Report by the Accounting Officer to the Executive Authorities and the Members of the Provincial Parliament of the Western Cape.

1. General review of the state of financial affairs

The Department places a very high emphasis on good governance and is striving towards a clean audit. The Department has a good partner relationship with Internal Audit and the Audit Committee to ensure that all the shortcomings identified by the AGSA are addressed and resolved. Regular financial, non-financial and governance reports are submitted to the MEC, Standing Committees management and the Audit Committee. The quarterly meetings between the AGSA, management and the MEC also ensure that the Executive Authority is alerted to any key control shortcomings that might lead to audit risks.

The Department spent 98.8% of its appropriated allocation. This Human Settlement Development Grant (HSDG) was spent in full, resulting in the delivery of 12 770 houses and 9 174 sites. The Department established the Grant Allocation Advisory Committee (GAAC), a funding advisory committee to ensure "implementation-ready" projects accelerated and all the reallocations to municipalities during the year was based on the recommendations of the GAAC and approved by the MEC. Audit risks on human resource management are addressed by meetings with the Corporate Services Centre (CSC).

The following is an expenditure breakdown of the total HSDG for the Western Cape in 2010/11:

R37 million	OPSCAP
R15 million	HDA (Project Management fees)
R11 million	NHBRC Fees
R112 million	Land Purchase
R230 million	Rental/CRU Upgrades
R275 million	Sites fully serviced (9 174 @ average R30 000) R25 million Sites under construction
R958 million	Houses completed (12 770 @ average R75 000) R277 million Houses under construction
R1,940 billion	TOTAL

The number of sites and houses reported is based on completed units.

The following was achieved in the Planning and research programme:

- The Department has initiated the development of the Provincial long-term human settlement Vision 2030.
- First round of Built Environment Support Programme (BESP) was completed.
- Conducted a Capacity Needs Analysis and Capacity Support Implementation Plan.
- Draft Selection Guidelines were produced.
- A framework for monitoring the implementation of the draft selection guidelines in municipal housing projects has been developed.
- A service provider was appointed to implement the Housing Demand Data Improvement Programme.
- Conducted an assessment of the housing demand data collection and management systems and practices in the 24 non-metro municipalities.
- Developed a strategy to improve housing demand data collection & management systems which was piloted in 9 municipalities.
- Three research papers to feed into the design of the selection guidelines were completed.
- CoCT received Level 1 & 2 Accreditation.
- 7 Municipalities were supported with credible human settlement plans.
- 3 Human Settlement Plans supported by relevant stakeholders and aligned to IDPs 1 Multi- Year Housing Development Plan/ APP developed.

During the year, the Department allocated 972 subsidies in terms of the Extended Enhanced Discount Benefit Scheme (EEDBS). This resulted in full ownership to beneficiaries who had loans and rented properties from the Western Cape Housing Development Fund (WCHDF). The Department continued with its endeavour to clean up the WCHDF and to close it.

WESTERN CAPE PROVINCE
DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 8

REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2011

General view on spending for the financial year

Final appropriation	2010/11 R'000	2009/10 R'000
Total	2 192 395	1 867 324
Administration	75 370	87 841
Housing needs, research and planning	9 222	14 573
Housing development	2 028 227	1 637 064
Housing asset/property management	79 576	46 365
Local government		81 481

Under-spending	R'000	R'000
Total	27 275	84 870
Administration	1 838	522
Housing needs, research and planning	405	-
Housing development	12 684	83 988
Housing asset/property management	12 348	-
Local government		360

All programmes and sub-programmes remained within their approved budgets. The reasons for the under spending are discussed under 'Notes to the appropriation statement'. The virements, as indicated in the appropriation statements, were approved by the delegated authority and applied to utilise savings under a main division to cover over expenditure on another main division.

Any other material matter – Soccer World Cup clothing and tickets

The Department did not incur any expenditure on clothing and tickets for the Soccer World Cup during the financial year.

2. Service rendered by the department

2.1 Free Services

No free services were rendered during the year under review. However, the finance and support service staff renders a free agency service to the Department of Local Government.

2.2 Inventory

Two types of inventory are generated by LOGIS. The one consists of an inventory of store items (RR026 LOGIS report), the other inventory of furniture and equipment (RR025 LOGIS report). The value of the inventory of store items as at 31 March 2011 amounted to R302 000 (31 March 2010: R276 000). The value of the inventories

was valued at weighted average price. Inventories are issued on the first in first out (FIFO) basis. Excluded from the above is expenditure of R296 million iro infrastructure/housing projects on the N2 Gateway and R73 million on other Departmental projects not yet transferred to beneficiaries.

3. Capacity constraints

The Province embarked on the modernisation process in 2009 whereby a total new structure was developed and the Department of Local Government and Housing was split in 2 standalone Departments, e.g. the Department of Human Settlements and the Department of Local Government as from 1 April 2010. The Corporate Services Centre (CSC) has started in April 2011 with a full work study investigation into the establishment of the Department to ensure that the Department is optimally staffed and capacitated to deliver on its mandate to create sustainable human settlements.

The agency services agreement entered into between the Head of Department Human Settlements and the Head of Department Local Government was implemented successfully during 2010/2011, thus ensuring that Financial and Support Services are rendered effectively to both departments. This arrangement put a heavy burden on the support staff, but through hard (and smart) work, all deliverables were achieved.

REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2011

This agreement will stay in place for the 2011/12 financial year with the exception that a small CFO structure, concentrating on the management accounting function will be established at the Department of Local Government.

A service level agreement was also concluded with the Corporate Services Centre (CSC) in lieu of human resource management, internal audit, information technology and enterprise risk management. The initial implementation pains experienced in respect of certain corporate functions were dealt with by regular interactions with the CSC and the Department is confident that this initiative will deliver on the outcomes as anticipated.

4. Utilisation of donor funds

No donor funds were received or utilised by the Department.

5. Trading entities and public entities

The Western Cape Housing Development Board (WCHDB) was abolished in October 2005. The Western Cape Housing Development Fund (WCHDF) was dormant during the 2010/11 financial year. All expenditure relating to assets was expensed under Programme 4: Housing Asset/Property Management. The income derived from the ex WCHDB assets and debtors was accounted as departmental revenue and subsequently paid over to the Provincial Revenue Fund. All transactions iro the WCHDF are regarded as related party transactions.

The financial statements of the Western Cape Housing Development Fund will be tabled in a separate report to the Provincial Parliament.

The Department entered into an agreement with the Housing Development Agency to act as project manager as from the 2010/11 financial year.

6. Organisations to whom transfer payments have been made

All transfer payments and the purpose for the payments made are reported in Annexure 1A -1G of the Notes to the Annual Financial Statements.

"Accountability arrangements in place over each transfer payment made" are stipulated in the individual agreements to the entities receiving the transfer payments.

7. Public private partnerships (PPP)

The Department did not enter into any PPP during the year under review.

8. Corporate governance arrangements

The internal audit and enterprise risk management functions are performed by the Corporate Services Centre.

The Department formally adopted an Anti-fraud and Corruption Strategy comprising the following:

- The Fraud and Corruption Policy
- The Fraud and Corruption Prevention Plan
- The Fraud Response Plan
- The Fraud Risk Register
- Code of Conduct

The departmental Anti-Fraud and Corruption Strategy, which is the first of its kind for the Western Cape provincial government was formally launched on 13 May 2008. Compulsory awareness sessions for all staff will again be conducted in co-operation with the CSC in the next financial year. A strategic risk assessment was done as a platform and foundation to be used by the Department in identifying and controlling the business risks of the Department. The updated risk register also informed the internal audit plan for 2011/12.

The establishment of a Fraud and Risk Management Committee assisted the Accounting Officer to create a strong culture in the Department to fight fraud and corruption, which undercuts service delivery and threatens our sense of justice.

Through excellent co-operation between the Department, the Special Investigating Unit and the Forensic Investigative Unit of the Department of the Premier, we are also making great progress in the investigation of alleged corruption into low-cost housing and the recovery of losses, which occurred in the past. Government employees who fraudulently received housing subsidies are signing acknowledgements of debt and additional cases are to be brought before the court. The Accounting Officer is also a member of the National Audit Task Team that is chaired by the Director-general of the National Department of Human Settlements. These actions are vital for us to restore the integrity of our public service and human settlements programmes.

REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2011

The Department had regular engagements with the Audit Committee and other governance structures throughout the year.

The department has implemented a system to manage the conflicts of interest of employees by ensuring that all SMS members and all members of Bid committees are compelled to declare their conflict of interest annually.

9. Discontinued activities/activities to be discontinued

No activities were discontinued or are to be discontinued.

10. New/proposed activities

None

11. Asset management

The Supply Chain Management (SCM) unit within the Department of Human Settlements allocates the Department's assets with unique asset numbers for verification, reconciliation and location purposes. All assets have been captured in the asset register and monthly reconciliations were performed between LOGIS and BAS. The asset register module of LOGIS complies with the minimum requirements.

The fixed properties of the ex Western Cape Housing Development Board are separately disclosed in the financial statements of the Western Cape Housing Development Fund.

12. Events after the reporting date

In January 2011 National Department of Human Settlements and National Treasury announced the establishment of the Urban Settlement Development Grant (USDG), a separate grant for the 8 large cities as from 1 July 2011.

The Human Settlement Grant (HSDG) of Provinces was top-sliced and combined with the ex- MIG cities grant the funding flows directly to Metros via the USD Grant. The HSD grant for 2011/12 was reduced by R503 million to R1,638 billion.

This reduction was offset by R362 million transferred to the USD Grant, leaving an effective cut of R141 million. This was absorbed in the Metro where the Province had been initiating projects.

No events occurred between 31 March 2011 and the date of approval of the financial statements that necessitated adjusting the financial statements as on 31 March 2011.

13. Performance information

The Department and the Auditor-General identified shortcomings on reliable/verifiable performance information. The Internal audit unit performed an audit on the processes for the quarterly reports and made recommendations, which the Department implemented in 2009/10. Round table discussions are held every quarter whereby all performance information are interrogated and validated. All data sources are indicated as well. Apart from the quarterly reports, all managers reported monthly on their targets to their respective branch heads.

The department enhanced its performance information collection, collation and analysis processes by ensuring vigorous data verification processes were built in post the submission of the QPR as well. The performance data is analysed and inconsistencies identified. Managers are then interviewed in one-on-one meetings to clarify the inconsistencies and provide performance evidence. This is followed by chief directorate quarterly performance assessment discussions known as the round tables where managers have a final chance to address performance inconsistencies as well as submit outstanding performance evidence.

The Internal Audit unit assisted in the performance information audit processes. There has been incremental improvement in the implementation of the new processes. The incremental change management processes ensured that in the 2010/11 financial year the components submitted performance evidence together with their performance information on a quarterly basis for all indicators.

14. Scopa resolutions

Auditor-General report on the 2009/10 annual financial statements

Background and SCOPA concerns	Recommendations	Action Plan
<p>The following was reported by the department in note 23.2 on page 80 of the annual report:</p> <p>“The Provincial Treasury indicated to the Department and the Auditor-General that the Department might have incurred irregular expenditure of R84 760 000 on the payment of housing subsidies to municipalities. The matter arose from the fact transfers to certain municipalities exceeded the appropriated and gazetted amounts in terms of the Western Cape Appropriation and Adjustments Acts (Act 3 & 8 of 2009), as well as section 43 of the Division of Revenue Act, 2009 (Act 12 of 2009). The Department is not in agreement with the Provincial Treasury and the matter was escalated to the National Treasury for a verdict. The response from National Treasury is still awaited.”</p> <p>Although the Auditor-General did not report on the possible irregular expenditure due to the National Treasury’s recommendation still being awaited, it is still a matter of concern to the Committee as the matter has still not been finalised.</p>	<p>The Department must take this matter up again with the National Treasury and resolve the issue of irregular expenditure as a matter of urgency to avoid any possible audit findings on this issue in the future.</p>	<p>This issue was resolved in 2010-2011 financial year and not regarded as irregular expenditure. No further action needs to be taken.</p> <p>For the 2010/11 financial year, National Treasury gave approval for the changed allocations to be gazetted in February 2011 to ensure compliance and to avoid the re-occurrence of this issue. All final allocations to Municipalities were gazetted by Provincial Treasury in February 2011 to ensure that gazetted allocations are in line with the expected expenditure per municipality.</p>
<p>Although material misstatements in the Annual Financial Statements were not pervasive or indicative of the breakdown of internal controls, the fact that such misstatements occurred is a matter of concern to the Committee.</p>	<p>The adequacy of the manual and/or automated processes to identify and collect complete and accurate information of accruals at year-end should be improved, to avoid such findings in the future.</p>	<p>The Department would implement a manual system to monitor and record all payments made after 31 March in respect of the previous financial year. The Department will further liaise with the AGSA to determine the final cutoff date for accruals to avoid misstatements in this regard.</p>

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DEPARTMENT OF HUMAN SETTLEMENTS
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REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2011

Background and SCOPA concerns	Recommendations	Action Plan
It was found that management does not adequately analyse any actions required to mitigate risk control weakness.	Management should ensure that appropriate follow-up actions are taken to address the internal control deficiencies and to bring such controls up to standard.	Management implemented action plans in the financial year to address the internal control deficiencies. Additional posts were approved, but due to funding constraints, it will only be implemented in the 2011/12 financial year. Posts will be advertised in August 2011.
In determining whether government and municipal employees are paid subsidies they were not entitled to, possible instances of irregular housing subsidies were identified.	All these cases need to be investigated and confirmed against the original applications to determine whether any irregularities did take place and to take the necessary actions where applicable.	All these cases are being dealt with by the SIU in terms of a Presidential Proclamation. Regular feedback and reporting are done at the National Audit Task Team, chaired by the national D-G and attended by all HoD's.
Instances of non-compliance to supply chain management regulations were identified by the Auditor-General, particularly as it relates to competitive bidding.	The Accounting Officer should ensure that it exercises sufficient oversight in ensuring compliance with internal controls and laws and regulations in supply chain management, particularly in the area of competitive bidding.	Although the Accounting Officer implemented actions to address the shortcoming, 3 cases were identified by the AGSA of non-compliance in the 2010/11 financial year. The corrective actions were implemented to ensure compliance with the applicable rules and regulations.
The Committee has serious concerns over the fact that there is no IT risk register management framework in place which poses a serious governance risk.	The absence of an IT risk register management framework should be urgently addressed in the financial management improvement plan.	This issue was addressed by the Department of the Premier as part of the SLA with the CSC.
Only the Department of Human Settlements has to date started with the process of developing their business process mapping which is of great concern.	Departments to report on how the business process mapping of the IT system will be developed for both the Department of Local Government and the Department of Human settlements after the infrastructure component has been developed via the Shared Services Centre within the Department of the Premier.	This issue was addressed by the Department of the Premier as part of the SLA with the CSC.

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REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2011

Background and SCOPA concerns	Recommendations	Action Plan
<p>Reliability of reported performance information: The following criteria were used to assess the usefulness of the planned and reported performance:</p> <ul style="list-style-type: none"> • Validity: Has the actual reported performance occurred and does it pertain to the entity i.e. can the reported performance information be traced back to the source data or documentation? • Accuracy: Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately. • Completeness: All actual results and events that should have been recorded have been included in the reported performance information. <p>The following audit findings relate to the above criteria:</p> <p>The validity, accuracy and completeness of 40% of the reported indicators of programme 2: Housing: sub-programme 2.2: Housing Development could not be established as sufficient appropriate audit evidence and relevant source documentation could not be provided for audit purposes.</p>	<p>Proper systems of compiling related information as well as record keeping needs to be developed as a matter of urgency in order to have a proper audit trail in the future.</p>	<p>Although the Department implemented corrective actions and improvements (32% deficiency) were achieved during the financial year, it was not adequate to address the shortcoming as highlighted in the AGSA report. The Department has already requested the Internal Audit component of the CSC to focus and assist in this area. The audit has already started and the Department has identified this area as a priority to resolve.</p> <p>The establishment of the Project Management Office within the Department will further assist in addressing this issue.</p>

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REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2011

Background and SCOPA concerns	Recommendations	Action Plan
<p>The Accounting Officer does not exercise adequate oversight responsibility over reporting and internal control to ensure that management in the housing directorates, via the strategic support directorate, met their responsibilities relating to the reliable reporting of predetermined objectives. Furthermore, the Accounting Officer does not evaluate whether management has implemented effective internal controls by gaining an understanding of how they have met their responsibilities.</p>	<ol style="list-style-type: none"> 1. The Accounting Officer must also implement and exercise strict oversight over reporting and internal control to ensure that management in the Housing directorates meet their responsibilities relating to the reliable reporting of predetermined objectives. 2. Furthermore, the Accounting Officer must also evaluate whether management implements effective internal controls by gaining an understanding of how they meet their responsibilities. 3. The Minister must also continue addressing the identified internal control deficiencies which require improvement through monitoring of the implementation of the credible financial management improvement plans (FMIP). 	<p>Although the Department implemented corrective actions and improvements (32% deficiency) were achieved during the financial year, it was not adequate to address the shortcoming as highlighted in the AGSA report. The Department has already requested the Internal Audit component of the CSC to focus and assist in this area. The audit has already started and the Department has identified this area as a priority to resolve.</p> <p>The establishment of the Project Management Office within the Department will further assist in addressing this issue.</p> <p>The Department reports on a quarterly basis to the Audit Committee and Provincial Treasury on the FMIP of the Department. Internal Audit is also assisting to address deficiencies.</p>
<p>Various unsubstantiated cases were identified where housing subsidies were granted to applicants who were disqualified in terms of the criteria as set out in the housing code, as issued under the Housing Act of South Africa, 1997 (Act No. 107 of 1997).</p>	<ol style="list-style-type: none"> 1. A proper and reliable monitoring system (data linking beneficiaries to ERF numbers) should be in place for people applying for houses. 2. Strict oversight must also be implemented and enforced to ensure that the prescribed criteria is fully applied and adhered to when applications are evaluated. 3. The MEC's suggestion of a full debate to come up with a strategy of selling houses must be considered and implemented as soon as possible. 4. A system must also be put in place that allows the department to monitor the informal sale of subsidised houses before the minimum 8 year ownership of the beneficiary has passed. 	<p>All applications are tested against various government databases to ensure that beneficiaries do qualify for subsidies. Fraudulent applications are handed over to the SIU for investigation and action.</p> <p>The MEC's recommendation to the Committee to arrange a debate on the issue of selling and subsidized housing did not happen in the year under review.</p> <p>It should be referred to the chairperson of the relevant standing committee.</p>

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REPORT OF THE ACCOUNTING OFFICER
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Background and SCOPA concerns	Recommendations	Action Plan
<p>The department indicated that they have capacity constraints which has serious implications for service delivery and is a matter of concern.</p> <p>The department had previously reported that an audit plan was devised to address capacity problems.</p>	<ol style="list-style-type: none"> 1. The Department must evaluate the issue of capacity constraints in order to deal with this issue as a matter of urgency. 2. The department to conclude their internal audit plan as soon as possible. 	<p>This issue was addressed by the Internal Audit component of the CSC. Additional capacity was allocated to the Department to implement the internal audit plan for 2011/12. It should be noted that the Internal Audit plan for 2010/11 was completed.</p>
<p>Due to the issues raised and discussed during the sitting, it became clear that the Audit Committee should also prepare a separate briefing document that will show additional points (similar to the AG's briefing report), separate from the Audit Report.</p>	<p>The Committee resolved that the Audit Committee prepare a briefing document as discussed and present it at future briefing sessions.</p>	<p>Issue to be dealt with by the CSC.</p>
<p>The internal audit function is a matter of concern as the department was unable to complete its audit plans relating to housing project approval in respect of the budget control and expenditure management for subsistence and travel, housing policy research, administrative support and special projects.</p>	<p>The Committee requested that the Internal Audit department be fully capacitated by 2011/12 financial year.</p>	<p>This issue was addressed by the Internal Audit component of the CSC. Additional capacity was allocated to the Department to implement the internal audit plan for 2011/12.</p>

15. Prior modifications to audit reports

None.

16. Exemptions and deviations received from the National Treasury

The Department did not apply or receive any exemptions from the PFMA or National Treasury Regulations or deviations from the National Treasury from financial reporting requirements for the previous and current financial years.

17. Investigations

On 25 April 2007, the State President issued a proclamation that empowers the Special Investigating Unit to conduct investigations into low cost housing for the purpose of recovery of any losses suffered by institutions for the period 1994 to 25 April 2007. The objectives of these investigations are, amongst others, to identify the corrupted areas, to bring the transgressors to book

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and recover the monies, as well as to enable the projects to continue to deliver housing to the public that they are intended for. In terms of the afore-mentioned Presidential Proclamation the Special Investigating Unit was requested to investigate:

- Findings of the Auditor-General Report for 2005/06 on the approval and allocation of housing subsidies at provincial departments in respect of government employees;
- Findings of the Auditor-General Report for May 2008 on the allocation of housing subsidies to municipal employees by provincial departments; and
- 28 Peoples Housing Process Projects.

The investigation process is currently progressing well due to excellent co-operation between the Department and the Special Investigating Unit.

As at 31 March 2011, Admissions of Debt (AOD's) to the value of R6 358 078 were entered into with beneficiaries who were not entitled to subsidies. The SIU recovered the debt on behalf of the Department and R630 347 was paid over to the Provincial Revenue Fund in 2010/11 (2009/10: R518 136). The total amount outstanding as at 31 March 2011, including accumulated interest of R1 713 335, is R6 136 565.

It should further be noted that matters referred to the SIU for investigation in terms of Proclamation 7 of 2007 and the co-operative agreement between the Department and the SIU, were monitored through:

- A monthly Housing Proclamation Steering Committee
- A monthly Departmental/SIU Steering Committee, as well as the
- Quarterly Progress Reports devised by the SIU
- The Joint Steering Committee consisting of representatives of the National Department of Housing, all provinces and the national office of the Special Investigating Unit.
- National Audit Task Team

The Department entered into a Memorandum of Agreement with the Special Investigating Unit, which commenced on 1 May 2008 for a period of three years and terminated on

30 April 2011. The Department is extending the agreement for a further 3 years. All issues are being channeled through the Office of the CFO. The reasoning behind the decision to use one Directorate as a nodal point was to ensure that proper control and monitoring is exercised over matters referred to the SIU in terms of the agreement.

Comparative figures

The Department of Local Government and Housing split into two standalone departments, namely the Department of Local Government and the Department of Human Settlements on 1 April 2011. By direction of National Treasury, the comparative figures for 2009/10 will only be reflected in the Annual Financial Statements of the Department of Human settlements.

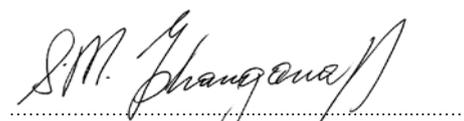
There is no material fact or circumstances, which may have an effect on the understanding of the financial state of affairs, not addressed elsewhere in this report.

18. Declaration

Given the general tenor of the findings as regards internal controls and matters associated with non-compliance, the assurance is given that the Department will continue with the implementation of remedial steps its actions plans, approved by the Accounting Officer and its top management and forwarded to the Provincial Treasury, to systematically deal with these so as to prevent a repetition of similar findings during the next audit cycle.

19. Approval

The Annual Financial Statements set out on pages 56 to 108 have been approved by the Accounting Officer.



MS TSHANGANA (ACCOUNTING OFFICER)

DATE: 2011.05.31

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT ON VOTE 8: WESTERN CAPE DEPARTMENT OF HUMAN SETTLEMENTS

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Western Cape Department of Human Settlements (department), which comprise the appropriation statement, the statement of financial position as at 31 March 2011, statement of financial performance, statement of changes in net assets, and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 56 to 92.

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 Departmental Financial Reporting Framework prescribed by the National Treasury and in the manner required by the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2010 (Act No. 1 of 2010) (DoRA) and such internal control as management determines necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No.108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and section 40(2) of the PFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Western Cape Department of Human Settlements as at 31 March 2011, and its financial performance and its cash flows for the year then ended, in accordance with the Departmental Financial Reporting Framework prescribed by National Treasury and in the manner required by the PFMA and DoRA.

Emphasis of matters

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

Significant uncertainties

8. With reference to note 18 to the financial statements, the department is the defendant in a land-claim lawsuit as well as in a claim for work performed by a service provider on a housing project. The department is opposing both claims, as it believes they are invalid.

REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2011

The ultimate outcome of the matters referred to cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

9. The Department of Local Government and Housing was split into the Department of Human Settlements and the Department of Local Government. Corresponding figures were not restated but disclosed as the corresponding figures to the financial statements of this Department of Human Settlements as per the Transfer of Functions document issued by National Treasury. Restatement of corresponding figures also occurred due to material errors identified in the current year.

Material under spending of the vote

10. Material underspent occurred in Programme 3: Housing development and Programme 4: Housing asset management in the amounts of R12 684 000 and R12 348 000 respectively. The underspending in Programme 3: Housing Development is due to a claim receivable from a service provider and housing asset management is due to municipal accounts not received timely for payment processing by 31 March 2011.

Additional matters

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

Material inconsistencies in other information included in the annual report.

11. No material inconsistencies between the draft annual report and financial statements were identified. The final printer's proof of the annual report will be reviewed and any material inconsistencies then identified will be communicated to management. Should the inconsistencies not be corrected, it may result in the matter being included in the audit report.

Unaudited supplementary schedules

12. The supplementary information set out on Annexures 1 to 5 on pages 93 to 108 does not form part of the financial statements and is presented as additional information. I have not audited these annexures and accordingly I do not express an opinion thereon.

Financial reporting framework

13. The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. Thus my opinion would have reflected that the financial statements had been properly prepared instead of fairly presented as required by section 20(2)(a) of the PAA, which requires me to express an opinion on the fair presentation of the financial statements of the department.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

14. In accordance with the PAA and in terms of **General notice 1111 of 2010**, issued in **Government Gazette 33872 of 15 December 2010**, I include below my findings on the annual performance report as set out on pages 21 to 36 and material non-compliance with laws and regulations applicable to the department.

Predetermined objectives

Reliability of reported performance

15. The following criteria were used to assess the usefulness of the planned and reported performance:
- **Validity:** Has the actual reported performance occurred and does it pertain to the entity i.e. can the reported performance information be traced back to the source data or documentation?
 - **Accuracy:** Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately.
 - **Completeness:** All actual results and events that should have been recorded have been included in the reported performance information.

The following audit finding relates to the above criteria:

Reported performance against indicator is not valid, accurate and complete when compared to source information

16. The reported performance information was deficient in respect of the following criteria: For the selected Programme 3: Housing development and Programme 4: Asset management and property, 32% of the reported indicator were not valid, accurate and complete based on the evidence provided.

REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2011

Compliance with laws and regulations Service Delivery

17. The department did not ensure that subsidies to beneficiaries were approved and paid in compliance with specified entry requirements for the individual subsidies programme, as required by the Housing Code, part 3A, paragraph 4.

Transfer and Subsidies

18. Contrary to the requirements of the PFMA section 38(1)(j); the department did not ensure that the municipality and accounts administrators implements effective, efficient and transparent financial management and internal control system before they transfer funds to the entity.

Procurement and contract management

19. Awards were made to suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state as per the requirements of Treasury regulation 16A8.3 and Practice Note 7 of 2009/10.

20. Goods and services with a transaction value above R500 000 were procured without means of a competitive bid process and the deviation was not approved by the accounting officer as per the requirement of Treasury regulation 16A6.4 and Practice Note 8 of 2007/08.

21. Goods and services with a transaction value of between R10 000 and R500 000 were procured without inviting at least three written price quotations from prospective suppliers, as per the requirement of Treasury regulation 16A6.4 and Practice Note 8 of 2007/08.

Annual financial statements, performance and annual report

22. The financial statements submitted for audit did not comply with section 40(1)(c)(i) of the PFMA. Material misstatements were identified during the audit.

INTERNAL CONTROL

23. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in **Government Gazette 33872 of 15 December 2010**, I considered internal

control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

24. The systems relating to reporting on predetermined objectives were not adequately complied with and the quality of evidence not adequately monitored therefore resulting in incomplete and inaccurate reporting. Data collected for reporting on predetermined objectives were not adequately implemented at the department. Actions were not in all instances taken to address risks relating to the achievement of complete and accurate performance reporting.

25. The accounting officer did not adequately evaluate whether management has implemented effective internal controls to ensure that senior management has met its responsibilities. This is evident by the non-compliance matters identified relating to supply chain management (SCM) regulations, PFMA and Housing Code.

Financial and performance management

26. Pertinent information was not adequately identified and captured in a form and time frame to support performance reporting. Adequate processes were not implemented to ensure that the report on predetermined objectives was accurate and complete.

27. Management has not adequately ensured that proper guidance is provided to all staff involved in the procurement process and that sufficient training has occurred to ensure compliance with SCM regulations. This is especially important for staff outside of the SCM unit.

28. Action plans developed by the department to address compliance with laws and regulations proved to be less effective than anticipated, primarily due to the fact that these action plans did not address the internal control deficiency giving rise to the audit findings.

OTHER REPORTS

Investigations

29. The following cases are currently being investigated by the Western Cape Forensic Investigative Unit (FIU):

- Alleged procurement irregularities
- Allegations regarding housing allocations and fraudulent beneficiaries
- Alleged Housing Subsidy Irregularities
- Verification exercise to identify any conflicts of interest between employees and service providers.

30. The following matters are currently being investigated by the Special investigation unit SIU.

- Findings of the Auditor-General Report for 2005/06 on the approval and allocation of housing subsidies at provincial departments in respect of government employees;
- Findings of the Auditor-General Report for May 2008 on the allocation of housing subsidies to municipal employees by provincial departments; and
- 28 Peoples Housing Process Projects.

31. An investigation into the N2 Gateway Rectification Programme was requested by the Legal Resource Centre (LRC) during the current year. The request was directed to the Auditor-General of South Africa (AGSA). Meetings were held with Internal Audit and the chief operations officer to determine whether reasonable grounds existed for an investigation. Based on the preliminary assessment performed by the AGSA's investigations unit, recommendations were made to the chief audit executive of the department that reasonable grounds do exist to conduct an investigation into the rectification programme.

Auditor General



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

31 July 2011
Cape Town

ACCOUNTING POLICIES
for the year ended 31 March 2011

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2010.

1. Presentation of the Financial Statements

1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

1.2 Presentation currency

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

1.3 Rounding

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

1.4 Comparative figures

The Department of Local Government and Housing split into two standalone departments, namely the Department of Local Government and the Department of Human Settlements on 1 April 2011. By direction of National Treasury, the comparative figures for 2009/10 will only be reflected in the Annual Financial Statements of the Department of Human settlements.

1.5 Comparative figures - Appropriation Statement

Refer paragraph 1.4 above.

2. Revenue

2.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Unexpended appropriated funds are surrendered to the Provincial Revenue Fund. Any amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.

Any amount due from the Provincial Revenue Fund at the end of the financial year is recognised as a receivable in the statement of financial position.

2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the Provincial Revenue Fund is recognised as a payable in the statement of financial position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the annual financial statements.

2.3 Direct Exchequer receipts

All direct exchequer receipts are recognised in the statement of financial performance when the cash is received and is subsequently paid into the Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the Provincial Revenue Funds at the end of the financial year is recognised as a payable in the statement of financial position.

2.4 Direct Exchequer payments

All direct exchequer payments are recognised in the statement of financial performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

2.5 Aid assistance

Aid assistance is recognised as revenue when received.

ACCOUNTING POLICIES
for the year ended 31 March 2011

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements.

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance when final authorisation for payments is effected on the system (by no later than 31 March of each year).

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as expenditure in the statement of financial performance when final authorisation for payments effected on the system (by no later than 31 March of each year).

Inappropriately expensed amounts using CARA funds are recognised as payables in the statement of financial position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the revenue fund.

3. Expenditure

3.1 Compensation of employees

3.1.1 Salaries and wages

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the statement of financial performance or position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These payments form part of expenditure for capital assets in the statement of financial performance.

3.1.2 Social contributions

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

3.2 Goods and services

Payments made during the year for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5,000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as **goods and services** and not as **rent on land**.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4 Payments for financial assets

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements amounts.

ACCOUNTING POLICIES
for the year ended 31 March 2011

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.6 Unauthorised expenditure

When confirmed unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date of approval.

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.8 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

4. Assets

4.1 Cash and cash equivalents

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

Bank overdrafts are shown separately on the face of the statement of financial position.

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

4.2 Other financial assets

Other financial assets are carried in the statement of financial position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

4.4 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.5 Investments

Capitalised investments are shown at cost in the statement of financial position.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

4.6 Loans

Loans are recognised in the statement of financial position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the statement of financial position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

4.7 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost formula.

4.8 Capital assets

4.8.1 Movable assets

Initial recognition

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

4.8.2 Immovable assets

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets". On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

5. Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when

an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the entity.

5.4 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.5 Accruals

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.6 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

5.7 Lease commitments

Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as an expense in the statement of financial performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statement.

5.8 Impairment and other provisions

The department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end.

Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

6. Receivables for departmental revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements.

7. Net Assets

7.1 Capitalisation reserve

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

7.2 Recoverable revenue

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

8. Related party transactions

Specific information with regards to related party transactions is included in the disclosure notes.

9. Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

10. Public private partnerships

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.

WESTERN CAPE PROVINCE
DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 8

APPROPRIATION STATEMENT
for the year ended 31 March 2011

Appropriation per programme									
Programmes	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	72,694	(51)	(3,148)	69,495	69,491	4	100.0	84,251	84,073
Transfers and subsidies	820	59	-	879	879	-	100.0	620	411
Payment for capital assets	4,504	-	-	4,504	2,670	1,834	59.3	2,970	2,835
Payment for financial assets	500	(8)	-	492	492	-	100.0	-	-
	78,518	-	(3,148)	75,370	73,532	1,838	-	87,841	87,319
2. Housing, Needs, Research and Planning									
Current payment	9,869	-	(650)	9,219	8,814	405	95.6	13,073	13,073
Transfers and subsidies	4	-	(1)	3	3	-	100.0	1,500	1,500
	9,873	-	(651)	9,222	8,817	405	-	14,573	14,573
3. Housing Development									
Current payment	82,669	7,370	3,756	93,795	93,795	-	100.0	68,317	63,763
Transfers and subsidies	1,941,759	(7,370)	43	1,934,432	1,921,748	12,684	99.3	1,568,747	1,489,313
	2,024,428	-	3,799	2,028,227	2,015,543	12,684	-	1,637,064	1,553,076
4. Housing Asset Management Property Management									
Current payment	66,550	(19,497)	-	47,053	34,731	12,322	73.8	26,548	26,548
Transfers and subsidies	13,000	19,497	-	32,497	32,497	-	100.0	19,817	19,817
Payment for capital assets	26	-	-	26	-	26	-	-	-
	79,576	-	-	79,576	67,228	12,348	-	46,365	46,365
2 Local Governance (Former Dept. of Local government and Housing)									
Current payment	-	-	-	-	-	-	-	62,906	62,906
Transfers and subsidies	-	-	-	-	-	-	-	6,029	5,669
Payment for capital assets	-	-	-	-	-	-	-	14	14
	-	-	-	-	-	-	-	68,949	68,589
3 Development and planning (Former Dept. of Local Government and Housing)									
Current payment	-	-	-	-	-	-	-	10,081	10,081
Transfers and subsidies	-	-	-	-	-	-	-	2,451	2,451
	-	-	-	-	-	-	-	12,532	12,532
Total	2,192,395	-	-	2,192,395	2,165,120	27,275	98.8	1,867,324	1,782,454
Reconciliation with Statement of Financial Performance									
Add: Departmental receipts				1,330				46,484	
Actual amounts per Statement of Financial Performance (Total Revenue)				2,193,725				1,913,808	
Actual amounts per Statement of Financial Performance Expenditure					2,165,120				1,782,454

WESTERN CAPE PROVINCE
DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 8

APPROPRIATION STATEMENT
for the year ended 31 March 2011

Economic classification	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	116,790	(1,905)	(3,140)	111,745	111 532	213	99,8	164 693	164 557
Goods and services	114,974	(10,270)	3,098	107,802	95,284	12,518	88.4	100,156	95,602
Interest and rent on land	18	(3)	-	15	15	-	100.0	126	109
Transfers & subsidies									
Provinces & municipalities	56,500	19,498	-	75,998	75,998	-	100.0	39,840	38,100
Departmental agencies & accounts	100	(100)	-	-	-	-	-	875	775
Universities & technikons	1,500	-	-	1,500	1,500	-	100.0	1,500	1,500
Public corporations & private enterprises	-	-	-	-	-	-	-	1,201	1,201
Non-profit institutions	-	-	-	-	-	-	-	375	275
Households	1,897,473	(7,370)	-	1,890,103	1,877,419	12,684	99.3	1,555,194	1,477,131
Gifts and donations	10	158	42	210	210	-	100.0	180	180
Payment for capital assets									
Machinery & equipment	4,530	-	-	4,530	2,670	1,860	58.9	2,882	2,747
Software & other intangible assets	-	-	-	-	-	-	-	102	102
Payment for financial assets	500	(8)	-	492	492	-	100.0	200	175
Total	2,192,395	-	-	2,192,395	2,165,120	27,275	98.8	1,867,324	1,782,454

WESTERN CAPE PROVINCE
DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 8

APPROPRIATION STATEMENT
for the year ended 31 March 2011

Detail per programme 1 - Administration for the year ended 31 March 2011

Details per Sub-Programme	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Office of the MEC									
Current payment	4,974	(18)	(104)	4,852	4,852	-	100.0	4,714	4,536
Payment for capital assets	-	-	-	-	-	-	-	5	5
1.2 Corporate Services									
Current payment	67,720	(33)	(3,044)	64,643	64,639	4	100.0	79,537	79,537
Transfers and subsidies	820	59	-	879	879	-	100.0	620	411
Payment for capital assets	4,504	-	-	4,504	2,670	1 834	59.3	2,965	2,830
Payment for financial assets	500	(8)	-	492	492	-	100.0	-	-
Total	78,518	-	(3,148)	75,370	73,532	1,838	97.6	87,841	87,319

Programme 1 Per Economic classification	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	48,760	(1,583)	(2,997)	44,180	44,180	-	100.0	50,124	49,988
Goods and services	23,922	1,529	(151)	25,300	25,296	4	100.0	33,897	33,897
Interest and rent on land	12	3	-	15	15	-	100.0	30	13
	-	-	-	-	-	-	-	-	-
Transfers & subsidies									
Provinces & municipalities	-	1	-	1	1	-	100.0	-	-
Departmental agencies & accounts	-	-	-	-	-	-	-	100	-
Non-profit institutions	-	-	-	-	-	-	-	100	-
Households	817	55	-	872	872	-	100.0	405	396
Gifts and donations	3	3	-	6	6	-	100.0	15	15
	-	-	-	-	-	-	-	-	-
Payment for capital assets									
Machinery & equipment	4,504	-	-	4,504	2,670	1,834	59.3	2,868	2,733
Software & other intangible assets	-	-	-	-	-	-	-	102	102
	-	-	-	-	-	-	-	-	-
Payment for financial assets									
	500	(8)	-	492	492	-	100.0	200	175
	-	-	-	-	-	-	-	-	-
Total	78,518	-	(3,148)	75,370	73,532	1,838	97.6	87,841	87,319

WESTERN CAPE PROVINCE
DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 8

APPROPRIATION STATEMENT
for the year ended 31 March 2011

Detail per programme 2 – Housing Needs, Research and Planning for the year ended 31 March 2011

Details per sub-programme	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Administration									
Current payment	5,443	-	-	5,443	5,038	405	92.6	7,667	7,667
Transfers and subsidies	2	-	-	2	2	-	100.0	-	-
2.2 Policy									
Current payment	-	-	-	-	-	-	-	1,390	1,390
2.3 Planning									
Current payment	4,426	-	(650)	3,776	3,776	-	100.0	3,010	3,010
Transfers and subsidies	2	-	(1)	1	1	-	100.0	-	-
2.4 Research									
Current payment	-	-	-	-	-	-	-	1,005	1,005
Transfers and subsidies	-	-	-	-	-	-	-	1,501	1,501
Total	9,873	-	(651)	9,222	8,817	405	95.6	14,573	14,573

Programme 2 Per Economic classification	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	8,017	-	(143)	7,874	7,874	-	100.0	10,845	10,845
Goods and services	1,852	-	(507)	1,345	940	405	69.9	2,221	2,221
Interest and rent on land	-	-	-	-	-	-	-	6	6
Transfers & subsidies									
Universities & technikons	-	-	-	-	-	-	-	1,500	1,500
Gifts and donations	4	-	(1)	3	3	-	100.0	1	1
Total	9,873	-	(651)	9,222	8,817	405	95.6	14,573	14,573

WESTERN CAPE PROVINCE
DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 8

APPROPRIATION STATEMENT
for the year ended 31 March 2011

Detail per programme 3 – Housing Development for the year ended 31 March 2011

Details per sub-programme	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Administration									
Current payment	41,704	-	3,756	45,460	45,460	-	100.0	33,834	33,834
Transfers and subsidies	30,003	-	43	30,046	30,046	-	100.0	21,805	21,805
3.2 Financial Interventions									
Current payment	40,965	7,370	-	48,335	48,335	-	100.0	34,483	29,929
Transfers and subsidies	63,827	19,368	-	83,195	83,195	-	100.0	225,797	77,445
3.3 Incremental Interventions									
Transfers and subsidies	1,566,084	(32,588)	-	1,533,496	1,520,812	12,684	99.2	1,173,645	1,264,919
3.4 Social and Rental Intervention									
Transfers and subsidies	281,845	5,850	-	287,695	287,695	-	100.0	146,000	124,915
3.5 Rural Intervention									
Transfers and subsidies	-	-	-	-	-	-	-	1,500	229
Total	2,024,428	-	3,799	2,028,227	2,015,543	12,684	99.4	1,637,064	1,553,076

Programme 3 Per Economic classification	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	45,824	(322)	-	45,502	45,502	-	100.0	38,600	34,517
Goods and services	36,839	7,698	3,756	48,293	48,293	-	100.0	29,700	29,238
Interest and rent on land	6	(6)	-	-	-	-	-	17	8
Transfers & subsidies									
Provinces & municipalities	43,500	-	-	43,500	43,500	-	100.0	12,860	11,480
Departmental agencies & accounts	100	(100)	-	-	-	-	-	-	-
Universities & technikons	1,500	-	-	1,500	1,500	-	100.0	-	-
Public corporations & private enterprises	-	-	-	-	-	-	-	1,201	1,201
Households	1,896,656	(7,425)	-	1,889,231	1,876,547	12,684	99.3	1,554,584	1,476,530
Gifts and donations	3	155	43	201	201	-	100.0	102	102
Total	2,024,428	-	3,799	2,028,227	2,015,543	12,684	99.4	1,637,064	1,553,076

WESTERN CAPE PROVINCE
DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 8

APPROPRIATION STATEMENT
for the year ended 31 March 2011

**Detail per programme 4 – Housing Asset Management Property Management
for the year ended 31 March 2011**

Details per sub-programme	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Administration									
Current payment	16,192	-	-	16,192	15,339	853	94.7	26,548	26,548
Payment for capital assets	26	-	-	26	-	26	-	-	-
4.2 Housing Properties Maintenance									
Current payment	50,358	(19,497)	-	30,861	19,392	11,469	62.8	-	-
Transfers and subsidies	13,000	19,497	-	32,497	32,497	-	100.0	19,817	19,817
Total	79,576	-	-	79,576	67,228	12,348	84.5	46,365	46,365

Programme 4 Per Economic classification	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	14,189	-	-	14,189	13,976	213	98.5	11,964	11,964
Goods and services	52,361	(19,497)	-	32,864	20,755	12,109	63.2	14,583	14,583
Interest and rent on land	-	-	-	-	-	-	-	1	1
Transfers & subsidies									
Provinces & municipalities	13,000	19,497	-	32,497	32,497	-	100.0	19,671	19,671
Households	-	-	-	-	-	-	-	145	145
Gifts and donations	-	-	-	-	-	-	-	1	1
Payment for capital assets									
Machinery & equipment	26	-	-	26	-	26	-	-	-
Total	79,576	-	-	79,576	67,228	12,348	84.5	46,365	46,365

WESTERN CAPE PROVINCE
DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 8

APPROPRIATION STATEMENT
for the year ended 31 March 2011

**Detail per programme 2 – Local Governance (Former Department of Local Government and Housing)
for the year ended 31 March 2011**

Details per sub-programme	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Municipal administration									
Current payment	-	-	-	-	-	-	-	18,180	18,180
Transfers and subsidies	-	-	-	-	-	-	-	61	61
2.2 Public participation									
Current payment	-	-	-	-	-	-	-	37,769	37,769
Transfers and subsidies	-	-	-	-	-	-	-	3,126	2,766
2.3 Capacity development									
Current payment	-	-	-	-	-	-	-	6,957	6,957
Transfers and subsidies	-	-	-	-	-	-	-	2,842	2,842
Payment for financial assets	-	-	-	-	-	-	-	14	14
Total	-	-	-	-	-	-	-	68,949	68,589

Programme 2 Per Economic classification	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	-	-	-	-	-	-	-	52,840	52,840
Goods and services	-	-	-	-	-	-	-	9,986	9,986
Interest and rent on land	-	-	-	-	-	-	-	80	80
Transfers & subsidies									
Provinces & municipalities	-	-	-	-	-	-	-	5,408	5,048
Departmental agencies & accounts	-	-	-	-	-	-	-	500	500
Households	-	-	-	-	-	-	-	60	60
Gifts and donations	-	-	-	-	-	-	-	61	61
Payment for capital assets									
Machinery & equipment	-	-	-	-	-	-	-	14	14
Total	-	-	-	-	-	-	-	68,949	68,589

WESTERN CAPE PROVINCE
DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 8

APPROPRIATION STATEMENT
for the year ended 31 March 2011

Detail per programme 3 – Development and Planning (Former Department of Local Government and Housing) for the year ended 31 March 2011

Details per sub-programme	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.2 Disaster management									
Current payment	-	-	-	-	-	-	-	10,081	10,081
Transfers and subsidies	-	-	-	-	-	-	-	2,451	2,451
Total	-	-	-	-	-	-	-	12,532	12,532

Programme 3 Per Economic classification	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	-	-	-	-	-	-	-	4,403	4,403
Goods and services	-	-	-	-	-	-	-	5,677	5,677
Interest and rent on land	-	-	-	-	-	-	-	1	1
Transfers & subsidies									
Provinces & municipalities	-	-	-	-	-	-	-	1,901	1,901
Departmental agencies & accounts	-	-	-	-	-	-	-	275	275
Non-profit institutions	-	-	-	-	-	-	-	275	275
Total	-	-	-	-	-	-	-	12,532	12,532

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2011

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

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

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

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

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in the note to Financial transactions in assets and liabilities to the Annual Financial Statements.

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

4.1 Per programme

Per programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
	R'000	R'000	R'000	%

Programme 1:

Administration	75,370	73,532	1,838	2.44%
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Underspending due to delays in the delivery of computer hardware by State contracted suppliers due to the high demand for computers by provincial departments as part of the IT refresh initiative. The Department applied to the Provincial Treasury for the roll over of the unspent funds.

Programme 2:

Housing needs, research and planning	9,222	8,817	405	4.39%
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Underspending due to research projects not completed by 31 March 2011.

Programme 3:

Housing development	2,028,227	2,015,543	12,684	0.63%
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Underspending due to Financial Reporting Framework which does not allow for claims to be off-set against debt. This flows from a claim received from Ibuyile consortium in respect of sites serviced during the year, but Ibuyile is indebted to the Department. This issue was taken up with the National Treasury via the Provincial Treasury to address this issue for future years.

Programme 4:

Housing asset management property management	79,576	67,228	12,348	15.52%
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Underspending due to municipal accounts not received timely for payment processing by 31 March 2011. Application for the roll over of the unspent funds was made to the Provincial Treasury.
(In the case of surpluses on programmes, a detailed explanation must be given as to whether it is as a result of a saving or underspending.)

WESTERN CAPE PROVINCE
DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 8

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2011

4.2 Per economic classification

Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
	R'000	R'000	R'000	%
Current expenditure				
Compensation of employees	111,745	111,532	213	0.19%
Goods and services	107,802	95,284	12,518	11.61%
Interest and rent on land	15	15	-	0.00%
Transfers and subsidies				
Provinces and municipalities	75,998	75,998	-	0.00%
Universities and technikons	1,500	1,500	-	0.00%
Households	1,890,103	1,877,419	12,684	0.67%
Gifts and donations	210	210	-	0.00%
Payments for capital assets				
Machinery and equipment	4,530	2,670	1,860	41.06%
Payments for financial assets	492	492	-	0.00%
	2,192,395	2,165,120	27,275	1.24%

Underspending due to delays in the delivery of computer hardware by State contracted suppliers due to the high demand for computers by provincial departments as part of the IT refresh initiative, research projects not completed by 31 March 2011 and municipal accounts not received timely for payment processing by 31 March 2011. The Department applied to the Provincial Treasury for the roll over of the unspent funds.

WESTERN CAPE PROVINCE
DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 8

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2011

	Note	2010/11 R'000	2009/10 R'000
REVENUE			
Annual appropriation	1	2,192,395	1,867,324
Departmental revenue	2	1,330	46,484
TOTAL REVENUE		2,193,725	1,913,808
EXPENDITURE			
Current expenditure			
Compensation of employees	3	111,532	164,557
Goods and services	4	95,284	95,602
Interest and rent on land	5	15	109
Total current expenditure		206,831	260,268
Transfers and subsidies			
Transfers and subsidies	7	1,955,127	1,519,162
Total transfers and subsidies		1,955,127	1,519,162
Expenditure for capital assets			
Tangible capital assets	8	2,670	2,747
Software and other intangible assets	8	-	102
Total expenditure for capital assets		2,670	2,849
Payments for financial assets	6	492	175
TOTAL EXPENDITURE		2,165,120	1,782,454
SURPLUS FOR THE YEAR		28,605	131,354
Reconciliation of Net Surplus for the year			
Voted Funds			
27,275			
Annual appropriation		14,591	882
Conditional grants		12,684	83,988
Departmental revenue	13	1,330	46,484
SURPLUS FOR THE YEAR		28,605	131,354

WESTERN CAPE PROVINCE
DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 8

STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2011

	Note	2010/11 R'000	2009/10 R'000
ASSETS			
Current Assets			
Cash and cash equivalents	9	73,000	190,303
Prepayments and advances	10	16	116
Receivables	11	22,022	7,037
TOTAL ASSETS		95,038	197,456
LIABILITIES			
Current Liabilities			
Voted funds to be surrendered to the Revenue Fund	12	27,275	84,870
Departmental revenue to be surrendered to the Revenue Fund	13	864	39,070
Bank overdraft	14	19,320	30,906
Payables	15	39,248	42,384
TOTAL LIABILITIES		86,707	197,230
NET ASSETS		8,331	226
Represented by:			
Recoverable revenue		8,331	226
TOTAL		8,331	226

WESTERN CAPE PROVINCE
DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 8

STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2011

	Note	2010/11 R'000	2009/10 R'000
Recoverable revenue			
Opening balance		226	116
Transfers		8,105	110
Debts revised		(7)	(14)
Debts recovered (included in departmental receipts)		(379)	(194)
Debts raised		8,491	318
Closing balance		8,331	226
Total		8,331	226

CASH FLOW STATEMENT
for the year ended 31 March 2011

	Note	2010/11 R'000	2009/10 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2,253,725	1,964,646
Annual appropriated funds received	1.1	2,192,395	1,867,324
Departmental revenue received	2	61,330	97,322
Net (increase)/ decrease in working capital		(18,021)	(5,938)
Surrendered to Revenue Fund		(184,406)	(63,105)
Current payments		(206,831)	(260,268)
Payments for financial assets		(492)	(175)
Transfers and subsidies paid		(1,955,127)	(1,519,162)
Net cash flow available from operating activities	16	(111,152)	115,998
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(2,670)	(2,849)
Proceeds from sale of capital assets	2	-	7
Net cash flows from investing activities		(2,670)	(2,842)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/ (decrease) in net assets		8,105	110
Net cash flows from financing activities		8,105	110
Net increase/ (decrease) in cash and cash equivalents		(105,717)	113,266
Cash and cash equivalents at beginning of period		159,397	46,131
Cash and cash equivalents at end of period	9	53,680	159,397

WESTERN CAPE PROVINCE
DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 8

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2011

1. Annual Appropriation

1.1	Annual Appropriation	Final Appropriation 2010/11	Actual Funds Received 2010/11	Funds not requested/ not received 2010/11	Appropriation Received 2009/10
	Programmes	R'000	R'000	R'000	R'000
	ADMINISTRATION	75,370	75,370	-	87,841
	HOUSING NEEDS, RESEARCH AND PLANNING	9,222	9,222	-	14,573
	HOUSING DEVELOPMENT	2,028,227	2,028,227	-	1,637,064
	HOUSING ASSET MANAGEMENT PROPERTY MANAGEMENT	79,576	79,576	-	46,365
	LOCAL GOVERNANCE	-	-	-	68,949
	DEVELOPMENT AND PLANNING	-	-	-	12,532
	Total	2,192,395	2,192,395	-	1,867,324

Note	2010/11 R'000	2009/10 R'000
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1.2 Conditional grants**

Total grants received	30	1,953,221	1,581,425
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(** It should be noted that the Conditional grants are included in the amounts per the Final Appropriation in Note 1.1)

2. Departmental Revenue

Sales of goods and services other than capital assets	2.1	36	79
Interest, dividends and rent on land	2.2	681	5,977
Sales of capital assets	2.3	-	7
Transactions in financial assets and liabilities	2.4	60,613	91,266
Total revenue collected		61,330	97,329
Less: Own revenue included in appropriation	13	(60,000)	50,845
Departmental revenue collected		1,330	46,484

2.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the department	2	36	79
Administrative fees		35	70
Other sales		1	9
Total		36	79

WESTERN CAPE PROVINCE
DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 8

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2011

	Note	2010/11 R'000	2009/10 R'000
2.2 Interest, dividends and rent on land	2		
Interest		681	5,969
Rent on land		-	8
Total		<u><u>681</u></u>	<u><u>5,977</u></u>
2.3 Sales of capital assets	2		
Tangible assets			
Machinery and equipment		-	7
Total		<u><u>-</u></u>	<u><u>7</u></u>
2.4 Transactions in financial assets and liabilities	2		
Loans and advances		43,733	40,900
Other Receipts including Recoverable Revenue		16,880	50,366
Total		<u><u>60,613</u></u>	<u><u>91,266</u></u>

Included in the above are the following receipts in respect of the former WCHDF:
R2,266,000 for rental on housing properties and R29,783,000 realised through the EEDBS. (Note 2.4: Loans and advances)

3. Compensation of employees

3.1 Salaries and wages

Basic salary	72,980	110,857
Performance award	1,670	2,239
Service Based	4,762	7,559
Compensative/circumstantial	4,467	5,049
Periodic payments	1,706	1,437
Other non-pensionable allowances	12,463	16,190
Total	<u><u>98,048</u></u>	<u><u>143,331</u></u>

3.2 Social Contributions

Employer contributions

Pension	8,288	13,172
Medical	5,174	8,032
Bargaining council	22	22
Total	<u><u>13,484</u></u>	<u><u>21,226</u></u>
Total compensation of employees	<u><u>111,532</u></u>	<u><u>164,557</u></u>
Average number of employees	<u><u>392</u></u>	<u><u>739</u></u>

WESTERN CAPE PROVINCE
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	Note	2010/11 R'000	2009/10 R'000
4. Goods and Services			
Administrative fees		172	317
Advertising		687	3,915
Assets less than R5,000	4.1	498	1,174
Bursaries (employees)		134	288
Catering		482	1,122
Communication		2,135	9,991
Computer services	4.2	1,371	656
Consultants, contractors and agency/outsourced services	4.3	45,824	32,685
Entertainment		48	59
Audit cost – external	4.4	7,425	3,813
Fleet services		5,483	5,111
Inventory	4.5	2,518	3,376
Operating leases		3,715	5,124
Owned and leasehold property expenditure	4.6	20,397	17,867
Transport provided as part of the departmental activities		-	16
Travel and subsistence	4.7	3,087	6,621
Venues and facilities		191	1,079
Training and staff development		965	1,697
Other operating expenditure	4.8	152	691
Total		<u>95,284</u>	<u>95,602</u>
4.1 Assets less than R5,000	4		
Tangible assets		498	849
Machinery and equipment		498	849
Intangible assets		-	325
Total		<u>498</u>	<u>1,174</u>
4.2 Computer services	4		
SITA computer services		980	407
External computer service providers		391	249
Total		<u>1,371</u>	<u>656</u>
4.3 Consultants, contractors and agency/outsourced services	4		
Business and advisory services		39,445	27,041
Infrastructure and planning		1,084	1,551
Legal costs		3,377	2,472
Contractors		616	1,371
Agency and support/outsourced services		1,302	250
Total		<u>45,824</u>	<u>32,685</u>

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	Note	2010/11 R'000	2009/10 R'000
4.4 Audit cost – external	4		
Regularity audits		5,785	2,595
Performance audits		-	1,218
Investigations		1,640	-
Total		<u><u>7,425</u></u>	<u><u>3,813</u></u>

The increase in audit fees of the AGSA is due to additional costs flowing from the split of the departments. As from 2011/12, the Department of Local Government will be responsible for its own audit account. The expenditure on investigations relates to the SIU investigations on PHP projects.

4.5 Inventory	4		
Fuel, oil and gas		7	14
Other consumable materials		42	111
Maintenance material		10	123
Stationery and printing		2,459	3,128
Total		<u><u>2,518</u></u>	<u><u>3,376</u></u>

4.6 Property payments	4		
Municipal services		15,801	5,160
Property maintenance and repairs		3,600	5,038
Other		996	7,669
Total		<u><u>20,397</u></u>	<u><u>17,867</u></u>

The above excludes an amount of R32,497 million iro of municipal rates and taxes that is classified as transfers to municipalities.

4.7 Travel and subsistence	4		
Local		3,044	6,143
Foreign		43	478
Total		<u><u>3,087</u></u>	<u><u>6,621</u></u>

4.8 Other operating expenditure	4		
Learnerships		35	-
Professional bodies, membership and subscription fees		-	12
Resettlement costs		48	112
Other		69	567
Total		<u><u>152</u></u>	<u><u>691</u></u>

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	Note	2010/11 R'000	2009/10 R'000
5. Interest and Rent on Land			
Interest paid		15	109
Total		15	109
6. Payments for financial assets			
Other material losses written off	6.1	492	175
Total		492	175
6.1 Other material losses written off			
Nature of losses			
Vehicle and vehicle accessories damage		435	76
Ex-employees: Salary overpayment & T&S (Uneconomical to recover)		40	20
Ex-employees: State guarantee, bursary, income tax		6	31
UWC (interest on over-payment)		-	36
Duplicate payment		-	12
Lost items		11	-
Total	6	492	175
7. Transfers and Subsidies			
Provinces and municipalities	ANNEXURE 1A	75,998	38,100
Departmental agencies and accounts	ANNEXURE 1B	-	775
Universities and technikons	ANNEXURE 1C	1,500	1,500
Public corporations and private enterprises	ANNEXURE 1D	-	1,201
Non-profit institutions	ANNEXURE 1E	-	275
Households	ANNEXURE 1F	1,877,419	1,477,131
Gifts, donations and sponsorships made	ANNEXURE 1G	210	180
Total		1,955,127	1,519,162

The amount transferred to the City of Cape Town, but not yet spent/paid to contractors amounts to R439,841,000 at 31 March 2011. R40,776,000 is for PHP and R399,065,000 is for other housing projects. Furthermore, a total amount of R12,684,000 was not spent in respect of the Human Settlement Development Grant, for which application for roll-over will be made.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	Note	2010/11 R'000	2009/10 R'000
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8. Expenditure for capital assets

Tangible assets		2,670	2,747
Machinery and equipment		2,670	2,747
Software and other intangible assets		-	102
Computer software		-	102
Total		<u>2,670</u>	<u>2,849</u>

8.1 Analysis of funds utilised to acquire capital assets - 2010/11

	Voted Funds R'000	Aid assistance R'000	Total R'000
Tangible assets	2,670	-	2,670
Machinery and equipment	2,670	-	2,670
Total	<u>2,670</u>	<u>-</u>	<u>2,670</u>

8.2 Analysis of funds utilised to acquire capital assets - 2009/10

Tangible assets	2,747	-	2,747
Machinery and equipment	2,747	-	2,747
Software and other intangible assets	102	-	102
Computer software	102	-	102
Total	<u>2,849</u>	<u>-</u>	<u>2,849</u>

9. Cash and Cash Equivalents

	2010/11 R'000	2009/10 R'000
Cash with commercial banks (Local)	73,000	190,303
Total	<u>73,000</u>	<u>190,303</u>

Cash with commercial banks represents cash not required by the Department for immediate use and is invested by the Provincial Treasury at various commercial banks. Interest earned on these investments is reflected in the financial statements of the PGWC. Included in these investments is a total amount of R15,027,000 which was invested on behalf of the WCHDF.

10. Prepayments and Advances

Travel and subsistence	16	116
Total	<u>16</u>	<u>116</u>

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11. Receivables

	Note	Less than one year R'000	2010/11 One to three years R'000	Older than three years R'000	Total R'000	2009/10 R'000
Claims recoverable	11.1	15,499	5,243	-	20,742	5,525
Recoverable expenditure	11.2	230	271	-	501	868
Staff debt	11.3	300	156	107	563	429
Other debtors	11.4	2	214	-	216	215
Total		16,031	5,884	107	22,022	7,037

	Note	2010/11 R'000	2009/10 R'000
11.1 Claims recoverable	11		
National departments	ANNEXURE 3	-	22
Provincial departments	ANNEXURE 3	3,224	238
Private enterprises		17,518	5,265
Total		20,742	5,525

The amount in respect of private enterprises mainly relates to the fraudulent use of PHP subsidies which were held in trust by an Accounts Administrator.

11.2 Recoverable expenditure (disallowance accounts)	11		
Disallowance account: Damages and losses		501	863
Disallowance account: Dishonoured cheques		-	5
Total		501	868

11.3 Staff debt	11		
Breach of contract: Study bursaries		78	85
Salary related debt		155	184
Transport and subsistence		28	27
Private telephone		48	42
Irregular expenditure not condoned		221	69
Lost cameras		33	22
Total		563	429

11.4 Other debtors	11		
Salary clearing account: SARS		2	1
Trust account: IDP learnerships		214	214
Total		216	215

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	Note	2010/11 R'000	2009/10 R'000
12. Voted Funds to be Surrendered to the Revenue Fund			
Opening balance		84,870	179
Transfer from statement of financial performance		27,275	84,870
Paid during the year		(84,870)	(179)
Closing balance		<u>27,275</u>	<u>84,870</u>
13. Departmental revenue to be surrendered to the Revenue Fund			
Opening balance		39,070	4,667
Transfer from Statement of Financial Performance		1,330	46,484
Own revenue included in appropriation		60,000	50,845
Paid during the year		(99,536)	(62,926)
Closing balance		<u>864</u>	<u>39,070</u>
14. Bank Overdraft			
Consolidated Paymaster General Account		19,320	30,906
Total		<u>19,320</u>	<u>30,906</u>
15. Payables - current			
Clearing accounts	15.1	2	26
Other payables	15.2	39,246	42,358
Total		<u>39,248</u>	<u>42,384</u>
15.1 Clearing accounts	15		
PERSAL clearing accounts		2	26
Total		<u>2</u>	<u>26</u>
15.2 Other payables	15		
Western Cape Housing Development Fund		39,163	42,355
Over-payment of claims		7	-
Department of Human Settlements		76	-
EC: Department of Education		-	3
Total		<u>39,246</u>	<u>42,358</u>

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	2010/11 R'000	2009/10 R'000
Note		
16. Net cash flow available from operating activities		
Net surplus as per Statement of Financial Performance	28,605	131,354
Add back non cash/cash movements not deemed operating activities	(139,757)	(15,356)
(Increase)/decrease in receivables – current	(14,985)	(544)
(Increase)/decrease in prepayments and advances	100	13
Increase/(decrease) in payables – current	(3,136)	(5,407)
Proceeds from sale of capital assets	-	(7)
Expenditure on capital assets	2,670	2,849
Surrenders to Revenue Fund	(184,406)	(63,105)
Own revenue included in appropriation	60,000	50,845
Net cash flow generated by operating activities	<u>(111,152)</u>	<u>115,998</u>
17. Reconciliation of cash and cash equivalents for cash flow purposes		
Consolidated Paymaster General account	(19,320)	(30,906)
Cash with commercial banks (Local)	73,000	190,303
Total	<u>53,680</u>	<u>159,397</u>

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

	Note	2010/11 R'000	2009/10 R'000
18. Contingent liabilities and contingent assets			
18.1 Contingent liabilities			
Liable to	Nature		
Housing loan guarantees	Employees	Annex 2A -	21
Claims against the department		Annex 2B -	150
Other departments (interdepartmental unconfirmed balances)		Annex 4 2,016	2,003
Other		Annex 2B 154,105	332
Total		<u><u>156,121</u></u>	<u><u>2,506</u></u>
18.2 Contingent assets			
Nature of contingent asset			
Possible recovery of funds from the City of Cape Town for the upgrading of the Jakkalsvlei Canal: Joe Slovo: Langa. (In terms of the agreement with the City of Cape Town, the Department is to engage with the City of Cape Town to investigate the possibility of the City providing for the amount in their next budget to re-imburse the funding to the Department).		-	27,000
Total		<u><u>-</u></u>	<u><u>27,000</u></u>
19. Commitments			
19.1 Current Expenditure			
Approved and contracted		12,948	4,671
Approved but not yet contracted		35	14
		12,983	4,685
19.2 Capital Expenditure (including transfers)			
Approved and contracted		2,164,638	1,606,878
		2,164,638	1,606,878
Total Commitments		<u><u>2,177,621</u></u>	<u><u>1,611,563</u></u>

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	2010/11 R'000	2009/10 R'000
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20. Accruals

Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	1,308	574	1,882	4,488
Transfers and subsidies	26,335	13,592	39,927	92,178
Capital assets-	54	54		54
Total	27,643	14,220	41,863	96,720

Listed by programme level

Programme 1: Administration	833	977
Programme 2: Housing needs, research & planning	35	20
Programme 3: Housing development	32,989	94,564
Programme 4: Housing asset management, property management	8,006	1,100
Programme 3: Local Government (Former Dept. Local Government and Housing)	-	59
Total	41,863	96,720

Accruals are based on the invoice date. Invoices are paid within 30 days of receipt, but with Housing subsidies, payment is affected within 30 days of certification of the claim by the Department's inspectors as per the agreements with the municipalities. Therefore, with subsidies, the 30 days starts running after certification of the claims.

Confirmed balances with departments	Annex 4	67	-
Total		67	-

21. Employee benefits

Leave entitlement	1,836	3,693
Service bonus (Thirteenth cheque)	2,371	4,131
Performance awards	1,752	2,749
Capped leave commitments	4,825	6,596
Total	10,784	17,169

Included in the amount for leave entitlement are leave credit balances amounting to R448 091 in total.

22. Lease Commitments

22.1 Operating leases expenditure

2010/11	Specialised military assets R'000	Land R'000	Buildings & other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	3,926	3,926
Later than 1 year and not later than 5 years	-	-	-	10,883	10,883
Later than five years	-	-	-	2,376	2,376
Total lease commitments	-	-	-	17,185	17,185

2009/10

Not later than 1 year	-	-	-	3,228	3,228
Later than 1 year and not later than 5 years	-	-	-	6,225	6,225
Later than five years	-	-	-	172	172
Total lease commitments	-	-	-	9,625	9,625

22.2 Finance leases expenditure

2010/11

Not later than 1 year	-	-	-	116	116
Later than 1 year and not later than 5 years	-	-	-	45	45
Total lease commitments	-	-	-	161	161
LESS: finance costs	-	-	-	12	12
Total present value of lease liabilities	-	-	-	149	149

2009/10

Not later than 1 year	-	-	-	649	649
Later than 1 year and not later than 5 years	-	-	-	57	57
Total lease commitments	-	-	-	706	706
LESS: finance costs	-	-	-	31	31
Total present value of lease liabilities	-	-	-	675	675

The Department has leased assets (cellphone & datacard agreements) under finance leases amounting to R311,100 (2009/10: R2,007,600)

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	2010/11 R'000	2009/10 R'000
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23. Receivables for departmental revenue

Transactions in financial assets and liabilities	19,855	15,795
Total	19,855	15,795

23.1 Analysis of receivables for departmental revenue

Opening balance	15,795	12,392
Less: Amounts received	3,322	2,166
Add: Amounts recognised	7,382	5,569
Less: Amounts written-off/reversed as irrecoverable		
Closing balance	19,855	15,795

Included in the above are irregular subsidies allocated to non-qualifying beneficiaries which are being recovered by the Special Investigating Unit (SIU). A total amount of R6,358,078 was claimed by the SIU, of which R518,136 and R630,347 were received by the Department in 2009/10 and 2010/11, respectively. (In 2008/09 an amount of R459,825 was paid into the National Revenue Fund by the SIU.) This is further discussed under paragraph 17 of the Accounting Officer's Report dealing with investigations.

24. Irregular expenditure

24.1 Reconciliation of irregular expenditure

Opening balance

Add: Irregular expenditure - relating to prior year	1,051	987
Add: Irregular expenditure - relating to current year	989	2,628
Less: Amounts condoned	(1,051)	(3,290)
Less: Amounts recoverable (not condoned)	-	(325)
Irregular expenditure awaiting condonation	989	-

Analysis of irregular expenditure awaiting condonation per age classification

Current year	989	-
Total	989	-

Irregular expenditure relating to the prior year resulted from the non-compliance of the Accounting Officer's System. Disciplinary process still to be finalized.

2010/11
R'000

24.2 Details of irregular expenditure - current year

Incident	Disciplinary steps taken/criminal proceedings	
Deviation from Treasury	To be investigated	671
Minimum 3 quotes not obtained	To be investigated	190
Housing subsidies approved without valid ID numbers	To be investigated	128
		<u>989</u>

24.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	
Non-compliance to the Accounting Officer	Accounting Officer's System	1,051
		<u>1,051</u>

2010/11
R'000

2009/10
R'000

25. Fruitless and wasteful expenditure

25.1 Reconciliation of fruitless and wasteful expenditure

Fruitless and wasteful expenditure – relating to prior year	11	-
Less: Amounts transferred to receivables for recovery	(11)	-
Fruitless and wasteful expenditure awaiting condonement	<u>-</u>	<u>-</u>

2010/11
R'000

25.2 Analysis of Current Year's Fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	
Irregularities relating to the Tender procedures followed in respect of printing services	Disciplinary steps still to be finalised	11
		<u>11</u>

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2010/11	2009/10
R'000	R'000

26. Related party transactions

Payments made

Goods and services	8,070	7,542
Total	8,070	7,542

The Department occupies a building (27 Wale Street building) free of charge. This building is the property of the WC: Department of Transport and Public Works.

All maintenance costs, municipal rates and taxes, municipal services as well as cleaning and security services in respect of the building are paid for by the WC: Department of Transport and Public Works.

The Department received corporate services from the Corporate Services Centre of the Department of the Premier: WC with effect from 1 April 2010 in respect of the following service areas: Information and communication technology, Organisation development, Provincial training (transversal), Human resource management, Enterprise risk management, Internal audit, Forensic investigations, Legal services and Corporate Communication.

The Department rendered a free agency service iro financial and support functions to the Department of Local government. Furthermore, a total amount of R106,000,000 was incurred from Voted funds for the operational cost of the Western Cape Housing Development Fund which is dormant.

The Department makes use of 103 GG vehicles (88 in 2009/10) of Government Motor Transport based on daily and kilometre tariffs as approved by the Provincial Treasury.

No. of Individuals	2010/11 R'000	2009/10 R'000
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27. Key management personnel

Political office bearers (provide detail below)	1	1,492	1,336
Officials:			
Level 15 to 16	1	1,082	3,801
Level 14 (incl CFO if at a lower level)	3	2,816	3,322
Total		5,390	8,459

Included in total remuneration for 2010/11 are performance bonuses of R125,767 paid to SMS members.

No related party transactions were concluded with key management personnel or family members of key management personnel.

2010/11	2009/10
R'000	R'000

28. Impairment and other provisions

Other provisions

Households (Out of service staff debtors)	418	253
Private enterprises	5,234	4,967
Staff debtors	122	106
Other debtors (Disallowance: damages & losses)	501	602
Total	6,275	5,928

29. Moveable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance R'000	Current Year Adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
HERITAGE ASSETS	-	60	-	-	60
Heritage assets-		60	-	-	60
MACHINERY AND EQUIPMENT	24,866	(60)	2,515	1,007	26,314
Transport assets	31	-	636	636	31
Computer equipment	20,528	-	1,544	371	21,701
Furniture and office equipment	2,526	-	227	-	2,753
Other machinery and equipment	1,781	(60)	108	-	1,829
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	24,866	-	2,515	1,007	26,374

29.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Cash R'000	Non-cash R'000	(Capital work- in-progress current costs and finance lease payments) R'000	Received not paid (Paid current year, received prior year R'000)	Total R'000
MACHINERY AND EQUIPMENT	2,670	-	(155)	-	2,515
Transport assets	636	-	-	-	636
Computer equipment	1,544	-	-	-	1,544
Furniture and office equipment	382	-	(155)	-	227
Other machinery and equipment	108	-	-	-	108
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	2,670	-	(155)	-	2,515

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29.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash received Actual R'000
MACHINERY AND EQUIPMENT	-	1,007	1,007	-
Transport assets	-	636	636	-
Computer equipment	-	371	371	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	1,007	1,007	-

Movement for 2009/10

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	22,502	2,763	399	24,866
Transport assets	31	-	-	31
Computer equipment	18,481	2,415	368	20,528
Furniture and office equipment	2,337	189	-	2,526
Other machinery and equipment	1,653	159	31	1,781
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	22,502	2,763	399	24,866

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29.3 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Specialised military assests	Intangible assets R'000	Heritage assets R'000	Machine & equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	1,321	86	10,464	-	11,871
Additions	-	-	-	505	-	505
Disposals	-	-	-	56	-	56
TOTAL MINOR ASSETS	-	1,321	86	10,913	-	12,320
Number of R1 minor assets	-	-	1	10	-	11
Number of minor assets at cost	-	523	87	8,951	-	9,561
TOTAL NUMBER OF MINOR ASSETS	-	523	88	8,961	-	9,572

29.4 MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2010

Minor Assets	-	1,321	86	10,464	-	11,871
TOTAL	-	1,321	86	10,464	-	11,871
Number of R1 minor assets	-	-	1	10	-	11
Number of minor assets at cost	-	524	87	9,742	-	10,353
TOTAL	-	524	88	9,752	-	10,364

30. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance R'000	Current Year Adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
COMPUTER SOFTWARE	487	-	9	-	496
TOTAL INTANGIBLE CAPITAL ASSETS	487	-	9	-	496

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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30.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Cash R'000	Non-cash R'000	(Development work-in- progress current cost) R'000	Received current, not paid (Paid current year received prior year) R'000	Total R'000
COMPUTER SOFTWARE	-	9	-	-	9
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	-	9	-	-	9

30.2 Movement for 2009/10

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
COMPUTER SOFTWARE	487	-	9	496
TOTAL INTANGIBLE CAPITAL ASSETS	487	-	9	496

31. Statement of Conditional Grants Received

NAME OF DEPARTMENT	GRANT ALLOCATION						SPENT		2009/10	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjust- ments	Other Adjust- ments	Total Available	Amount received by department	Amount spent by department	% of available funds spent by dept	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Department of Human Settlements (Housing subsidies)	1,868,843	83,878	-	-	1,952,721	1,952,721	1,940,037	99	1,581,425	1,497,437
Expanded Public Works Incentive grant	500	-	-	-	500	500	500	100	-	-
	1,868,343	83,878	-	-	1,953,221	1,953,221	1,940,537		1,581,425	1,497,437

WESTERN CAPE PROVINCE
DEPARTMENT OF HUMAN SETTLEMENTS
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 1A

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT			2009/10
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by Municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Settlement assistance:										
Mun: City of Cape Town	1,000	-	-	1,000	1,000	100	1,000	1,000	100	1,000
Bulk water and waste water infrastructure planning grant:										
Cape Winelands district municipality	1,000	-	-	1,000	1,000	100	1,000	1,000	100	1,000
Central Karoo district municipality	500	-	-	500	500	100	500	500	100	1,000
Eden district municipality	-	-	-	-	-	-	-	-	-	1,000
Overberg district municipality	500	-	-	500	500	100	500	500	100	1,000
West Coast district municipality	500	-	-	500	500	100	500	500	100	1,500
Accreditation assistance:										
Mun: City of Cape Town	10,000	-	-	10,000	10,000	100	10,000	10,000	100	-
Provincial housing acceleration grant:										
City of Cape Town	8,000	-	-	8,000	8,000	100	8,000	8,000	100	-
Mun: George	5,000	-	-	5,000	5,000	100	5,000	5,000	100	-
Mun: Swartland	17,000	-	-	17,000	17,000	100	17,000	17,000	100	-
Municipal rates and taxes:										
Mun: City of Cape Town	13,000	-	19,066	32,066	32,066	100	32,066	32,066	100	19,429
Mun: Breede Valley	-	-	41	41	41	100	41	41	100	141
Mun: Cederberg	-	-	3	3	3	100	3	3	100	-
Mun: Drakenstein	-	-	159	159	159	100	159	159	100	-
Mun: Langeberg	-	-	10	10	10	100	10	10	100	-
Mun: Matzikama	-	-	1	1	1	100	1	1	100	-
Mun: Overstrand	-	-	37	37	37	100	37	37	100	-
Mun: Saldanha bay	-	-	111	111	111	100	111	111	100	18
Mun: Stellenbosch	-	-	47	47	47	100	47	47	100	83
Mun: Swartland	-	-	1	1	1	100	1	1	100	-
Mun: Witzenberg	-	-	21	21	21	100	21	21	100	-
Vehicle licences:										
City of Cape Town	-	-	1	1	1	100	1	1	100	-

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**ANNEXURE 1A
STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES (Cont.)**

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT			2009/10
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by Municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Housing Consumer										
Education grant:										
Cape Winelands district municipality	-	-	-	-	-	-	-	-	-	35
Eden district municipality	-	-	-	-	-	-	-	-	-	50
Mun: Beaufort-West	-	-	-	-	-	-	-	-	-	100
Mun: Bergriver	-	-	-	-	-	-	-	-	-	50
Mun: Bitou	-	-	-	-	-	-	-	-	-	50
Mun: Breede valley	-	-	-	-	-	-	-	-	-	43
Mun: Cederberg	-	-	-	-	-	-	-	-	-	50
Mun: Drakenstein	-	-	-	-	-	-	-	-	-	43
Mun: George	-	-	-	-	-	-	-	-	-	200
Mun: Hessequa	-	-	-	-	-	-	-	-	-	50
Mun: Kannaland	-	-	-	-	-	-	-	-	-	30
Mun: Knysna	-	-	-	-	-	-	-	-	-	50
Mun: Langeberg	-	-	-	-	-	-	-	-	-	43
Mun: Matzikama	-	-	-	-	-	-	-	-	-	30
Mun: Mossel bay	-	-	-	-	-	-	-	-	-	50
Mun: Overstrand	-	-	-	-	-	-	-	-	-	150
Mun: Oudtshoorn	-	-	-	-	-	-	-	-	-	50
Mun: Saldanha Bay	-	-	-	-	-	-	-	-	-	150
Mun: Stellenbosch	-	-	-	-	-	-	-	-	-	43
Mun: Swartland	-	-	-	-	-	-	-	-	-	50
Mun: Witzenberg	-	-	-	-	-	-	-	-	-	43
Research: Sustainable low cost housing										
Mun: City of Cape Town	-	-	-	-	-	-	-	-	-	2,500
Housing research grant:										
Mun: Knysna	-	-	-	-	-	-	-	-	-	1,000
CDW Operational cost grant										
Central Karoo district municipality	-	-	-	-	-	-	-	-	-	96
West Coast district municipality	-	-	-	-	-	-	-	-	-	96
Mun: Beaufort-West	-	-	-	-	-	-	-	-	-	264
Mun: Berg river	-	-	-	-	-	-	-	-	-	48

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**ANNEXURE 1A
STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES (Cont.)**

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANS-FER			SPENT			2009/10
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Avail-able funds Transferred	Amount received by Municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Mun: Bitou	-	-	-	-	-	-	-	-	-	72
Mun: Breede Valley	-	-	-	-	-	-	-	-	-	216
Mun: Cape Agulhas	-	-	-	-	-	-	-	-	-	48
Mun: Cederberg	-	-	-	-	-	-	-	-	-	216
Mun: Drakenstein	-	-	-	-	-	-	-	-	-	168
Mun: George	-	-	-	-	-	-	-	-	-	96
Mun: Hessequa	-	-	-	-	-	-	-	-	-	48
Mun: Kannaland	-	-	-	-	-	-	-	-	-	168
Mun: Knysna	-	-	-	-	-	-	-	-	-	48
Mun: Laingsburg	-	-	-	-	-	-	-	-	-	120
Mun: Langeberg	-	-	-	-	-	-	-	-	-	48
Mun: Matzikama	-	-	-	-	-	-	-	-	-	192
Mun: Mossel Bay	-	-	-	-	-	-	-	-	-	120
Mun: Oudtshoorn	-	-	-	-	-	-	-	-	-	72
Mun: Overstrand	-	-	-	-	-	-	-	-	-	96
Mun: Prince Albert	-	-	-	-	-	-	-	-	-	96
Mun: Saldanha Bay	-	-	-	-	-	-	-	-	-	72
Mun: Stellenbosch	-	-	-	-	-	-	-	-	-	120
Mun: Swartland	-	-	-	-	-	-	-	-	-	72
Mun: Swellendam	-	-	-	-	-	-	-	-	-	96
Mun: Theewaterkloof	-	-	-	-	-	-	-	-	-	216
Mun: Witzenberg	-	-	-	-	-	-	-	-	-	216
Mun: Cederberg	-	-	-	-	-	-	-	-	-	180
West Coast district municipality	-	-	-	-	-	-	-	-	-	250
Mun: Swartland	-	-	-	-	-	-	-	-	-	250
Mun: Breede valley	-	-	-	-	-	-	-	-	-	454
Mun Hessequa	-	-	-	-	-	-	-	-	-	230
Mun: Mossel bay	-	-	-	-	-	-	-	-	-	250
Mun: Bitou	-	-	-	-	-	-	-	-	-	325
Mun: Knysna	-	-	-	-	-	-	-	-	-	350

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**ANNEXURE 1A
STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES (Cont.)**

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT			2009/10
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by Municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Masterplanning:										
(Mun. infrastructure)										
Cape Wineland district municipality	-	-	-	-	-	-	-	-	-	350
Mun: Cape Agulhas	-	-	-	-	-	-	-	-	-	100
Mun: Cederberg	-	-	-	-	-	-	-	-	-	200
Mun: Hessequa	-	-	-	-	-	-	-	-	-	200
Mun: Matzikama	-	-	-	-	-	-	-	-	-	50
Mun: Stellenbosch	-	-	-	-	-	-	-	-	-	100
Mun: Swartland	-	-	-	-	-	-	-	-	-	150
Mun: Swellendam	-	-	-	-	-	-	-	-	-	100
Mun: Theewaterskloof	-	-	-	-	-	-	-	-	-	250
Aerial Fire-fighting assistance:										
Mun: City Cape Town	-	-	-	-	-	-	-	-	-	500
Cape Winelands district municipality	-	-	-	-	-	-	-	-	-	280
Central Karoo district municipality	-	-	-	-	-	-	-	-	-	280
Eden district municipality	-	-	-	-	-	-	-	-	-	280
Overberg district municipality	-	-	-	-	-	-	-	-	-	280
West Coast district municipality	-	-	-	-	-	-	-	-	-	280
Total	56,500	-	19,498	75,998	75,998		75,998	75,998		39,840

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ANNEXURE 1B
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY ACCOUNT	TRANSFER ALLOCATION				Transfer		2009/10
	Adjusted appropria- tion	Roll Overs	Adjust- ments	Total Available	Actual Transfer	% of Available funds	Appropriation funds
	R'000	R'000	R'000	R'000	R'000	%	R'000
National Sea Rescue Institute (NSRI)	-	-	-	-	-	-	375
SA Local Government Association (SALGA)	-	-	-	-	-	-	500
Total	-	-	-	-	-	-	875

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ANNEXURE 1C
STATEMENT OF TRANSFERS TO UNIVERSITIES AND TECHNIKONS

UNIVERSITY/ TECHNIKON	TRANSFER ALLOCATION				Transfer		2009/10	
	Adjusted appropria- tion	Roll Overs	Adjust- ments	Total Available	Actual Transfer	Amount not traferred	% of Available funds	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
University of Cape Town	1,500	-	-	1,500	1,500	-	100	1,500
Total	1,500	-	-	1,500	1,500	-	100	1,500

WESTERN CAPE PROVINCE
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ANNEXURE 1D
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION				Expenditure				2009/10
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000

Public Corporations
Transfers

Yethu Civils	-	-	-	-	-	-	-	-	1,201
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>1,201</u>

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ANNEXURE 1E
STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				Expenditure		2009/10
	Adjusted appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds	Appropriation funds
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Lifesaving SA	-	-	-	-	-		375
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u><u>375</u></u>

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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**ANNEXURE 1F
STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				Expenditure		2009/10
	Adjusted appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Bursaries (non-employees)	220	-	(171)	49	49	100	214
Employee soc. benefits - Injury on duty	-	-	42	42	42	100	1
Employee soc. benefits - Leave gratuity	517	-	15	532	532	100	263
Post retirement benefits	80	-	72	152	152	100	181
Claims against the State	-	-	142	142	142	100	-
	817	-	100	917	917		659
Subsidies							
Human settlement development grant	1,896,656	-	(7,470)	1,889,186	1,876,502	99	1,533,982
Provincial housing accelerating grant	-	-	-	-	-		20,553
	1,896,656	-	(7,470)	1,889,186	1,876,502		1,554,535
Total	1,897,473	-	(7,370)	1,890,103	1,877,419		1,555,194

Amounts transferred to municipalities, but not yet spent as per note 7, refer to transfers to municipalities from the Human settlement development grant.

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 1G

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2010/11	2009/10
	R'000	R'000
Paid in cash		
SA Housing Foundation (Sponsorship for international conference)	100	100
FinMark Trust (Sponsorship for research into RDP housing assets - Performance of subsidised housing)	100	-
Laingsburg municipality: Donation/sponsorship for the 2009 Karoo ultra marathon	-	10
Khayelitsha Development Forum (KDF)	-	60
Subtotal	200	170
Made in kind		
Sympathy flowers & fruit baskets	7	8
Easter eggs for church charity	-	1
Trophies for poetry competition: Fire and flood awareness campaign at schools	-	1
Subtotal	7	10
Remissions, refunds and payments made as an act of grace		
Reimbursement of traveling costs for attendance of Rental Housing Tribunal hearing	3	-
Subtotal	3	-
Total	210	180

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2011

ANNEXURE 2A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2011 - LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	Original guar- anteed capital amount	Opening balance 1 April 2010	Guar- antees draw downs during the year	Guaran- teed re- payments/ cancelled/ reduced/ released during the year	Revalu- ations	Closing balance 31 March 2011	Guaran- teed inter- est for year ended 31 March 2011	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Housing								
First National Bank		98	19	-	19	-	-	-	-
ABSA		655	2	-	2	-	-	-	-
	Total	753	21	-	21	-	-	-	-

WESTERN CAPE PROVINCE
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**ANNEXURE 2B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2011**

Nature of liability	Opening balance 1 April 2010	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recover- able (Provide details hereunder)	Closing balance 31 March 2011
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
JC de Jongh/GPSSBC & Department of Local Government and Housing	150	-	150	-	-
Sub-total	150	-	150	-	-
Other					
Minister of Local Government and Housing: Western Cape/ Occupants of Joe Slovo informal settlement	126	-	126	-	-
Minister of Local Government and Housing: Western Cape/ Various illegal occupiers (Mandela Park)	56	-	56	-	-
Minister of Local Government and Housing: Western Cape/ Ithemba farmers	150	-	150	-	-
Hawston Seafarms Foundation v. Premier and the MEC for Dept. Human Settlements	-	87,158	-	-	87,158
Dirkale Investments v. Thubelisha Homes & others	-	3,092	-	-	3,092
Eureka Brick and Blocks v. The Department of Human Settlements	-	466	-	-	466
Mr. Rudolph Orton t/a Roma Construction & Civils v. The Department of Human Settlements	-	1,647	-	-	1,647
Sobambisana mediation (N2 Gateway)	-	61,742	-	-	61,742
Sub-total	332	154,105	332	-	154,105
Total	482	154,105	482	-	154,105

WESTERN CAPE PROVINCE
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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**ANNEXURE 3
CLAIMS RECOVERABLE**

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Provincial Government						
Western Cape						
Dept of Health	1	-	-	-	1	-
Dept of Transport and Public Works	-	-	-	1	-	1
Dept of Local Government	3,192	-	18	-	3,210	-
National Departments						
National Department:						
Human Settlements	-	-	-	22	-	22
Other Departments						
Prov. Government KwaZulu Natal (Dept. of Traditional Affairs and Local Government)	-	-	-	190	-	190
Province of the Eastern Cape: Health	-	-	-	10	-	10
Province of the Eastern Cape: Education	-	-	13	13	13	13
Mpumalanga Provincial Government: Housing	-	-	-	2	-	2
Limpopo Provincial Government: Local Government and Housing	-	-	-	7	-	7
North West Provincial Government: Local Government and Housing	-	-	-	3	-	3
Statistics SA	-	-	-	11	-	11
Total	3,193	-	31	259	3,224	259

WESTERN CAPE PROVINCE
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for the year ended 31 March 2011

**ANNEXURE 4
INTER-GOVERNMENT PAYABLES**

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000

DEPARTMENTS

Current

**Amounts not included
in Statement**

of Financial Position:

Provincial Government

Western Cape:

Department of the Premier	-	-	314	1	314	1
Department of Transport & Public Works	-	-	357	1,798	357	1,798
Department of Health	-	-	-	67	-	67
Department of Transport & Public Works (GMT)	-	-	1,345	-	1,345	-

National Departments:

Department of Justice and Constitutional Development	67	-	-	103	67	103
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Other Departments & institutions:

Department of Human Settlements: KZN	-	-	-	2	-	2
PALAMA	-	-	-	32	-	32

Total	67	-	2,016	2,003	2,083	2,003
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WESTERN CAPE PROVINCE
DEPARTMENT OF HUMAN SETTLEMENTS
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2011

**ANNEXURE 5
INVENTORY**

Note	2010/11		2009/10	
	Quantity	R'000	Quantity	R'000
Inventory				
Opening balance	19,612	276	20,306	651
Add/(Less): Adjustments to prior year balances	-	-	(1,250)	(37)
Add: Additions/Purchases - Cash	72,423	1,490	52,048	1,957
Add: Additions - Non-cash	9	2	314	4
(Less): Disposals	-	-	(208)	(102)
(Less): Issues	(71,613)	(1,466)	(51,295)	(2,195)
Add/(Less): Adjustments	-	-	(303)	(2)
Closing balance	20,431	302	19,612	276

The inventory mainly consist of stationery and printing supplies. Excluded is expenditure of R296 million iro. infrastructure/housing projects on the N2 Gateway not yet transferred to beneficiaries. The number of sites developed by the Department other than the N2 Gateway but not yet transferred, is 3 165 sites at an approximate value of R73 million. This is also excluded from the above.