

PART E

FINANCIALS



NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS VOTE 31
REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2014

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Department of National Department of Human Settlements set out on pages 172 to 248, which comprise the appropriation statements, the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officers responsible for the preparation and fair presentation of these financial statements in accordance with Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999(Act no. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2013(Act no. 2 of 2013)(DoRA) and for such internal control as accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. 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.

4. 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.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National department of Human Settlements as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with the Modified Cash Standard prescribed by the National Treasury and the requirements of PFMA and DoRA.

EMPHASIS OF MATTER PARAGRAPHS

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

Material underspending of the vote

7. As disclosed in the appropriation statement, the department has materially underspent the budget on programme 2. The department spent R12 433 000 of its allocation of R 87 773 000 in respect of Programme Implementation Facility. As a consequence, the department's objectives of supporting human settlements projects were not achieved.

8. The department spent R108 589 000 of its allocation of R133 649 000 pertaining to implementation of the Rural Household Infrastructure Grant. The department was also allocated an amount of R106 721 000 to be transferred to municipalities; however these transfers were only transferred in March 2014 and a significant portion of these grants were unspent at 31 March 2014. As a consequence the department may not achieve its objectives of providing sanitation services to the rural communities.

Restatement of corresponding figures

9. As disclosed in note 18 to the financial statements, the corresponding figures for commitments have been restated as a result of an error discovered during 2014 in the financial statements of the National department of Human Settlements at, and for the year ended, 31 March 2014.

Additional matter

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

Unaudited supplementary schedules

10. The supplementary information set out on pages 246 to 248 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2014:

- Programme 2: Human Settlements Policy, Research and Monitoring on pages 56 to 82
- Programme 3: Programme Delivery Support on pages 83 to 88
- Programme 4: Housing Development Finance on pages 88 to 95

13. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

14. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).

15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. The material findings in respect of the selected programmes are as follows:

Changes to objectives, indicators and targets not approved

17. Treasury Regulation 5.1.1 requires the executive authority to approve the strategic and annual performance plan. Therefore, if this plan is changed in the year due to significant policy or mandate changes, the executive authority must also approve the updated plan. Material changes were made to indicators and targets reported in the annual performance report without these changes being approved. This was due to management's lack of understanding of their approval requirements of Treasury Regulation 5.1.

Programme 2: Human settlements policy, research and monitoring

Consistency of indicators and targets

18. Treasury Regulation 5.2.4 requires the strategic plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 28% of the reported indicators and 29% of reported targets were not consistent with those in the approved annual performance plan. This was due to management's lack of understanding of their reporting requirements during the strategic planning phase.

Measurability of indicators targets

19. The FMPPI requires the following:

- Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 26% of the targets were not specific.
- Performance targets must be measurable. We could not measure the required performance for 26% of the targets.

20. This was because management did not adhere to the requirements of the FMPPI due to a lack of proper systems and processes and technical indicator descriptions

Reliability of reported performance information

21. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Significantly important targets were not reliable when compared to the source information or evidence provided. This was due to a lack of documented standard operating procedures for the accurate recording of actual achievements and technical indicator descriptions for the accurate measurement, recording and monitoring of performance.

Programme 3: Programme delivery support

Measurability of indicators and/or targets

22. The FMPPI requires the following:

- Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 58% of the targets were not specific.
- Performance targets must be measurable. We could not measure the required performance for 58% of the targets.

23. This was because management did not adhere to the requirements of the FMPPI due to a lack of proper systems and processes and technical indicator descriptions

Reliability of reported performance information

24. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.

Significantly important targets were not reliable when compared to the source information or evidence provided. This was due to a lack of documented standard operating procedures for the accurate recording of actual achievements and technical indicator descriptions for the accurate measurement, recording and monitoring of performance.

Programme 4: Housing development finance

Consistency of indicators and targets

25. Treasury Regulation 5.2.4 requires the strategic plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 33% of the reported indicators and 34% of reported targets were not consistent with those in the approved annual performance plan. This was due to management's lack of understanding of their reporting requirements during the strategic planning phase.

Reliability of reported performance information

26. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Significantly important targets were not reliable when compared to the source information or evidence provided. This was due to a lack of documented standard operating procedures for the accurate recording of actual achievements and technical indicator descriptions for the accurate measurement, recording and monitoring of performance.

Additional matters

27. I draw attention to the following matter:

Achievement of planned targets

28. Refer to the annual performance report on pages 47 to 55; 71 to 80; 85 to 87; 91 to 94 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected programmes reported in paragraphs 17 to 29 of this report.

Compliance with laws and regulations

29. I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation as set out in the General Notice issued in terms of the PAA are as follows:

Strategic planning and performance management

30. Effective, efficient and transparent systems of risk management and internal control with respect to performance information and management was not in maintained as required by section 38(1)(a)(i) of the PFMA.

Annual financial statements, performance and annual reports

31. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1) (b) of the Public Finance Management Act.

32. Material misstatements of disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Human resource management and compensation

33. Funded vacant posts were not filled within 12 months as required by Public Service Regulation 1/VII/C.1A.2.

34. A human resource plan was not in place as required by Public Service Regulation 1/III/B.2(d).

Asset management and liability management

35. Proper control systems to safeguard and maintain assets were not implemented, as required by section 38(1)(d) of the Public Finance Management Act and Treasury Regulation 10.1.1(a).

Internal control

36. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below under limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on non-compliance with legislation included in this report.

Leadership

37. Leadership did not exercise effective oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.

38. Leadership did not implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is adequately monitored.

39. Leadership did not effectively monitor the implementation of action plans to address internal control deficiencies.

Financial and performance management

40. Proper record keeping was not always implemented in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support financial reporting.

41. Regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information were not prepared throughout the period.

42. The reviewing and monitoring of compliance with applicable laws and regulations were ineffective.

OTHER REPORTS

43. The Office of the Auditor-General was requested on 29 November 2012 by the previous minister to conduct a special audit into the procurement, implementation and performance of the Rural Household Infrastructure Grant (RHIG). The report has been finalised and significant concerns with regard to overall management of the programme, monthly processes, oversight over service providers and quality of structures have been communicated to management on 18 February 2014.

Auditor-General

Pretoria
31 July 2014



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
APPROPRIATION STATEMENT
for the year ended 31 March 2014

| Appropriation per programme | | | | | | | | | | | |
|---|------------------------|-------------------|----------|---------------------|--------------------|----------|---|---------------------|--------------------|-------|-------|
| | 2013/14 | | | | | | 2012/13 | | | | |
| | 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 | R'000 | R'000 |
| 1. ADMINISTRATION | | | | | | | | | | | |
| Current payment | 415,337 | (4,023) | (19,100) | 392,214 | 291,930 | 100,284 | 74.4% | 381,723 | 299,219 | | |
| Transfers and subsidies | 24 | 203 | - | 227 | 175 | 52 | 77.1% | 104 | 74 | | |
| Payment for capital assets | 7038 | 4996 | - | 12034 | 7,226 | 4,808 | 60.0% | 15,453 | 3,572 | | |
| Payment for financial assets | 0 | 124 | - | 124 | 117 | 7 | 94.4% | 55 | 54 | | |
| | 422,399 | (1,300) | (19,100) | 404,599 | 299,448 | 105,151 | | 397,335 | 302,919 | | |
| 2. HUMAN SETTLEMENTS POLICY, RESEARCH AND MONITORING | | | | | | | | | | | |
| Current payment | 82,110 | 4,264 | (3,000) | 83,374 | 71,572 | 11,802 | 85.8% | 76,493 | 60,953 | | |
| Transfers and subsidies | 1,050 | 125 | - | 1,175 | 1,148 | 27 | 97.7% | 1,835 | 1,807 | | |
| Payment for capital assets | 895 | 763 | - | 1,658 | 575 | 1,083 | 34.7% | 1,357 | 425 | | |
| Payment for financial assets | - | 38 | - | 38 | 32 | 6 | 84.2% | 27 | 15 | | |
| | 84,055 | 5,190 | (3,000) | 86,245 | 73,327 | 12,918 | | 79,712 | 63,200 | | |
| 3. PROGRAMME DELIVERY SUPPORT | | | | | | | | | | | |
| Current payment | 196,327 | (7,313) | (6,000) | 183,014 | 81,360 | 101,654 | 44.5% | 160,279 | 91,846 | | |
| Transfers and subsidies | 7,969 | 250 | - | 8,219 | 8,543 | (324) | 103.9% | 16,910 | 16,910 | | |

| Appropriation per programme | | | | | | | | | | |
|---------------------------------------|------------------------|-------------------|----------|---------------------|--------------------|----------------|---|---------------------|--------------------|-------|
| 2013/14 | | 2012/13 | | | | | | | | |
| | 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 | R'000 |
| Payment for capital assets | 1,406 | 495 | - | 1,901 | 828 | 1,073 | 43.6% | 2,246 | 723 | |
| Payment for financial assets | - | 68 | - | 68 | 66 | 2 | 97.1% | 58 | 56 | |
| | 205,702 | (6,500) | (6,000) | 193,202 | 90,797 | 102,405 | | 179,493 | 109,535 | |
| 4. HOUSING DEVELOPMENT FINANCE | | | | | | | | | | |
| Current payment | 79,093 | (471) | (5,010) | 73,612 | 53,520 | 20,092 | 72.7% | 107,892 | 81,568 | |
| Transfers and subsidies | 27,362,744 | - | - | 27,362,744 | 27,076,601 | 286,143 | 99.0% | 24,031,055 | 23,700,094 | |
| Payment for capital assets | 101,463 | 475 | 33,110 | 135,048 | 109,290 | 25,758 | 80.9% | 342,313 | 205,954 | |
| Payment for financial assets | - | 6 | - | 6 | 5 | 1 | 83.3% | 5 | 1 | |
| | 27,543,300 | 10 | 28,100 | 27,571,410 | 27,239,416 | 331,994 | | 24,481,265 | 23,987,617 | |
| Subtotal | 28,255,456 | - | - | 28,255,456 | 27,702,988 | 552,468 | | 25,137,805 | 24,463,271 | |
| TOTAL | 28,255,456 | - | - | 28,255,456 | 27,702,988 | 552,468 | 98.0% | 25,137,805 | 24,463,271 | |

| | 2013/14 | | 2012/13 | |
|---|---------------------|--------------------|---------------------|--------------------|
| | Final Appropriation | Actual Expenditure | Final Appropriation | Actual Expenditure |
| TOTAL (brought forward) | | | | |
| Reconciliation with statement of financial performance | | | | |
| ADD | | | | |
| Departmental receipts | 763 | | 1,039 | |
| Actual amounts per statement of financial performance (total revenue) | 28,256,219 | | 25,138,844 | |
| Actual amounts per statement of financial performance (total expenditure) | | 27,702,988 | | 24,463,271 |

| Appropriation per economic classification | | | | | | | | | |
|---|------------------------|-------------------|----------|---------------------|--------------------|----------|---|---------------------|--------------------|
| | 2013/14 | | | | | 2012/13 | | | |
| | 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 | 363,934 | (24,715) | (33,100) | 306,119 | 267,622 | 38,497 | 87.4% | 289,941 | 249,834 |
| Goods and services | 408,933 | 17,162 | - | 426,095 | 230,748 | 195,335 | 54.2% | 436,446 | 283,752 |
| Interest and rent on land | - | 36 | - | 36 | 36 | - | 100% | - | - |
| Transfers and subsidies | | | | | | | | | |
| Provinces and municipalities | 26,211,953 | - | - | 26,211,953 | 26,211,953 | - | 100.0% | 23,118,165 | 22,787,238 |
| Departmental agencies and accounts | 1,150,751 | - | - | 1,150,751 | 864,648 | 286,103 | 75.1% | 912,808 | 912,808 |
| Higher education institutions | 3,749 | 200 | - | 3,949 | 3,949 | - | 100.0% | 3,090 | 3,090 |
| Foreign governments and international organisations | 1,050 | 50 | - | 1,100 | 1,075 | 25 | 97.7% | 1,280 | 1,279 |
| Public corporations and private enterprises | - | - | - | - | - | - | - | 400 | 400 |
| Households | 4,284 | 328 | - | 4,612 | 4,842 | (230) | 105.0% | 14,161 | 14,069 |
| Gifts and donations | - | - | - | - | - | - | - | - | - |
| Payments for capital assets | | | | | | | | | |
| Buildings and other fixed structures | 100,539 | - | 33,110 | 133,649 | 108,589 | 25,060 | 81.2% | 340,625 | 205,566 |
| Machinery and equipment | 9,781 | 6,085 | - | 15,866 | 8,633 | 7,233 | 54.4% | 16,178 | 5,079 |
| Intangible assets | 482 | 644 | - | 1,126 | 697 | 429 | 61.9% | 4,566 | 30 |

| Appropriation per economic classification | | | | | | | | | | |
|---|------------------------|-------------------|-----------|---------------------|--------------------|----------------|---|---------------------|--------------------|---------|
| 2013/14 | | | | | | | | | | 2012/13 |
| | 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 | R'000 |
| Payments for financial assets | - | 236 | - | 236 | 220 | 16 | 93.2% | 145 | 126 | |
| Total | 28,255,456 | (10) | 10 | 28,255,456 | 27,702,988 | 552,468 | 98.0% | 25,137,805 | 24,463,271 | |

Detail per programme 1 - ADMINISTRATION

| Detail per sub-programme | 2012/13 | | | | | | | | | |
|------------------------------------|------------------------|-------------------|----------|---------------------|--------------------|----------|---|---------------------|--------------------|-------|
| | 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 | R'000 |
| 1.1 MINISTRY | | | | | | | | | | |
| Current payment | 30,129 | (387) | | 29,742 | 27,228 | 2,514 | 91.5% | 35,114 | 30,192 | |
| Transfers and subsidies | - | 39 | | 39 | 39 | - | 100.0% | 26 | - | |
| Payment for capital assets | 1,680 | 271 | | 1,951 | 1,401 | 550 | 71.8% | 1,144 | 113 | |
| Payment for financial assets | - | 77 | | 77 | 71 | 6 | 92.2% | 49 | 48 | |
| 1.2 DEPARTMENTAL MANAGEMENT | | | | | | | | | | |
| Current payment | 108,109 | (4,810) | (13,100) | 90,199 | 54,360 | 35,839 | 60.3% | 77,722 | 63,320 | |
| Transfers and subsidies | - | - | | - | - | - | | 10 | 7 | |
| Payment for capital assets | 684 | 904 | | 1,588 | 791 | 797 | 49.8% | 2,411 | 581 | |
| Payment for financial assets | - | 6 | | 6 | 5 | 1 | 83.3% | 4 | 4 | |
| 1.3 CORPORATE SERVICES | | | | | | | | | | |
| Current payment | 201,782 | 1,248 | | 203,030 | 146,756 | 56,274 | 72.3% | 188,853 | 151,979 | |
| Transfers and subsidies | 24 | 140 | | 164 | 112 | 52 | 68.3% | 68 | 67 | |
| Payment for capital assets | 4,062 | 3791 | | 7,853 | 4,653 | 3,200 | 59.3% | 11,356 | 2,481 | |
| Payment for financial assets | - | 21 | | 21 | 21 | - | 100.0% | 2 | 2 | |
| 1.4 PROPERTY MANAGEMENT | | | | | | | | | | |
| Current payment | 34,403 | - | (5,000) | 29,403 | 24,699 | 4,704 | 84.0% | 38,156 | 20,403 | |
| 1.5 FINANCIAL MANAGEMENT | | | | | | | | | | |
| Current payment | 40,914 | (74) | (1,000) | 39,840 | 38,887 | 953 | 97.6% | 41,878 | 33,325 | |

| 2013/14 | 2012/13 | | | | | | | | | |
|------------------------------|--------------------------|------------------------|-------------------|----------------|---------------------|--------------------|--------------|---|---------------------|--------------------|
| | Detail per sub-programme | 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 | R'000 |
| Transfers and subsidies | - | 24 | | 24 | 24 | - | 100.0% | - | - | - |
| Payment for capital assets | 612 | 30 | | 642 | 381 | 261 | 59.3% | 542 | 397 | |
| Payment for financial assets | - | 20 | | 20 | 20 | - | 100.0% | - | - | - |
| Total | 422,399 | 1300 | (19,100) | 404,599 | 299,448 | 105,151 | 74.0% | 397,335 | 302,919 | |

| 2013/14 | 2012/13 | | | | | | | | | |
|--------------------------------------|---|------------------------|-------------------|----------------|---------------------|--------------------|--------------|---|---------------------|--------------------|
| | Programme 1 per Economic classification | 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 | R'000 |
| Current payments | | | | | | | | | | |
| Compensation of employees | 179,369 | (5068) | (19100) | 155,201 | 141,976 | 13,225 | 91.5% | 156,479 | 135,845 | |
| Goods and services | 235,968 | 1,009 | - | 237,013 | 149,953 | 87,060 | 63.3% | 225,244 | 163,374 | |
| Interest and rent on land | - | 36 | - | 36 | 36 | - | 100% | - | - | |
| Transfers and subsidies to: | | | | | | | | | | |
| Households | 24 | 203 | | 227 | 175 | 52 | 77.1% | 104 | 73 | |
| Payment for capital assets | | | | | | | | | | |
| Buildings and other fixed structures | | | | | | | | | | |
| Machinery and equipment | 6,603 | 4,470 | | 11,073 | 6,645 | 4,428 | 60.0% | 10,913 | 3,543 | |
| Intangible assets | 435 | 526 | | 961 | 581 | 380 | 60.5% | 4,540 | 30 | |
| Payments for financial assets | - | 124 | | 124 | 117 | 7 | 94.4% | 55 | 54 | |
| Total | 422,399 | 1,300 | (19100) | 404,599 | 299,448 | 105,151 | 74.0% | 397,335 | 302,919 | |

Detail Per programme 2-HUMAN SETTLEMENT POLICY, RESEARCH AND MONITORING

| Detail per sub-programme | 2013/14 | | | | | | | 2012/13 | |
|---|------------------------|-------------------|----------------|---------------------|--------------------|---------------|---|---------------------|--------------------|
| | 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 MAN FOR POLICY, STR & PLANNING | | | | | | | | | |
| Current payment | 5,778 | (513) | | 5,265 | 3,475 | 1,790 | 66.0% | 2,430 | 2,123 |
| Transfers and subsidies | - | 62 | | 62 | 61 | 1 | 98.4% | - | - |
| Payment for capital assets | 37 | 188 | | 225 | 32 | 193 | 14.2% | 71 | 37 |
| 2.2 HUMAN SETTLEMENT POLICY FRAMEWORK | | | | | | | | | |
| Current payment | 27,541 | (94) | | 26,272 | 27,447 | - | 100% | 34,591 | 27,539 |
| Transfers and subsidies | - | 13 | | 13 | 12 | 1 | 92.3% | 127 | 103 |
| Payment for capital assets | 277 | 205 | | 482 | 297 | 185 | 61.6% | 620 | 109 |
| Payment for financial assets | - | 4 | | 4 | - | 4 | | 26 | 14 |
| 2.3 HUMAN SETTLEMENT STRATEGY & PLANNING | | | | | | | | | |
| Current payment | 48,791 | 4,871 | (3,000) | 50,662 | 40,650 | 10,012 | 80.2% | 39,472 | 31,291 |
| Transfers and subsidies | 1,050 | 50 | | 1,100 | 1,075 | 25 | 97.7% | 1,708 | 1,704 |
| Payment for capital assets | 581 | 370 | | 951 | 246 | 705 | 25.9% | 666 | 279 |
| Payment for financial assets | - | 34 | | 34 | 32 | 2 | 94.1% | 1 | 1 |
| Total | 84,055 | 5,190 | (3,000) | 86,245 | 73,327 | 12,918 | 85.0% | 79,712 | 63,200 |

| Programme 2 per Economic classification | 2013/14 | | | | | | 2012/13 | | |
|---|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
| | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of final appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| Current payments | | | | | | | | | |
| Compensation of employees | 58,201 | (11,422) | (3,000) | 43,779 | 38,322 | 5,457 | 87.5% | 41,051 | 33,283 |
| Goods and services | 23,909 | 15,686 | | 39,595 | 33,250 | 6,345 | 84.0% | 35,442 | 27,670 |
| Interest and rent on land | | | | | | | | | |
| Transfers and subsidies to: | | | | | | | | | |
| Foreign governments and international organisations | 1,050 | 50 | | 1,100 | 1,075 | 25 | 97.7% | 1,280 | 1,279 |
| Non-profit institutions | | | | | | | | | |
| Households | | 75 | | 75 | 73 | 2 | 97.3% | 400 | 400 |
| Gifts and donations | | | | | | | | 155 | 128 |
| Payment for capital assets | | | | | | | | | |
| Buildings and other fixed structures | | | | | | | | | |
| Machinery and equipment | 895 | 763 | | 1,658 | 575 | 1,083 | 34.7% | 1,357 | 425 |
| Payments for financial assets | | 38 | | 38 | 32 | 6 | 84.2% | 27 | 15 |
| Total | 84,055 | 5,190 | (3,000) | 86,245 | 73,327 | 12,918 | 85.0% | 79,712 | 63,200 |

Detail per programme 3-PROGRAMME DELIVERY SUPPORT

| Detail per sub-programme | 2013/14 | | | | | 2012/13 | | | |
|---|------------------------|-------------------|----------|---------------------|--------------------|----------|---|---------------------|--------------------|
| | 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 MANAGEMENT FOR PRO-GRAMME DELIVERY SUPPORT | | | | | | | | | |
| Current payment | 3,203 | (90) | | 3,113 | 2,381 | 732 | 76.5% | 2,724 | 713 |
| Transfers and subsidies | - | - | | - | - | - | - | - | - |
| Payment for capital assets | 327 | 90 | | 417 | 41 | 376 | 9.8% | 163 | 66 |
| 3.2 PROGRAMME IMPLEMENTATION FACILITY | | | | | | | | | |
| Current payment | 90,918 | (3,145) | | 87,773 | 12,433 | 75,340 | 14.2% | 66,102 | 8,803 |
| Transfers and subsidies | - | 50 | | 50 | 41 | 9 | 82.0% | - | - |
| Payment for capital assets | 138 | - | | 138 | 65 | 73 | 47.1% | 63 | - |
| 3.3 TECHNICAL CAPACITY DEVELOPMENT | | | | | | | | | |
| Current payment | 16,218 | 2,740 | | 18,958 | 18,668 | 290 | 98.5% | 18,506 | 18,342 |
| Transfers and subsidies | 7,969 | 200 | | 8,169 | 8,502 | (333) | 104.1% | 16,910 | 16,910 |
| Payment for capital assets | 162 | 155 | | 317 | 217 | 100 | 68.5% | 180 | 102 |
| Payment for financial assets | - | 2 | | 2 | 1 | 1 | 50.0% | 17 | 16 |
| 3.4 PROGRAMME & PROJECT PLANNING SUPPORT | | | | | | | | | |
| Current payment | 13,869 | (1,502) | (3,000) | 9,367 | 4,036 | 5,331 | 43.1% | 8,456 | 3,698 |
| Payment for capital assets | 130 | - | | 130 | 45 | 85 | 34.6% | 274 | 62 |

| Detail per sub-programme | 2013/14 | | | | | | 2012/13 | | |
|--------------------------------|------------------------|-------------------|----------------|---------------------|--------------------|----------------|---|---------------------|--------------------|
| | 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 |
| 3.5 SANITATION SERVICES | | | | | | | | | |
| Current payment | 72,119 | (5,316) | (3,000) | 63,803 | 43,842 | 19,961 | 68.7% | 64,491 | 60,290 |
| Payment for capital assets | 649 | 250 | | 899 | 460 | 439 | 51.2% | 1,566 | 493 |
| Payment for financial assets | - | 66 | | 66 | 65 | 1 | 98.5% | 41 | 40 |
| Total | 205,702 | (6,500) | (6,000) | 193,202 | 90,797 | 102,405 | 47.0% | 179,493 | 109,535 |

| Programme 3 per Economic classification | 2013/14 | | | | | | 2012/13 | | |
|---|------------------------|-------------------|----------------|---------------------|--------------------|----------------|---|---------------------|--------------------|
| | 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 | 70,023 | (4,102) | (6,000) | 59,921 | 49,012 | 10,909 | 81.8% | 52,424 | 45,493 |
| Goods and services | 126,304 | (3,211) | | 123,093 | 32,348 | 90,745 | 26.3% | 107,855 | 46,353 |
| Transfers and subsidies to: | | | | | | | | | |
| Higher education institutions | 3,749 | 200 | | 3,949 | 3,949 | - | 100.0% | 3,090 | 3,090 |
| Households | 4,220 | 50 | | 4,270 | 4,594 | (324) | 107.6% | 13,820 | 13,820 |
| Gifts and donations | | | | | | | | | |
| Payment for capital assets | | | | | | | | | |
| Machinery and equipment | 1,359 | 495 | | 1,854 | 828 | 1,026 | 44.7% | 2,220 | 723 |
| Intangible assets | 47 | - | | 47 | | 47 | - | 26 | - |
| Payments for financial assets | - | 68 | | 68 | 66 | 2 | 97.1% | 58 | 56 |
| Total | 205,702 | (6,500) | (6,000) | 193,202 | 90,797 | 102,405 | 47.0% | 179,493 | 109,535 |

Detail per programme 4 – HOUSING DEVELOPMENT FINANCE

| Detail per sub-programme | 2012/13 | | | | | | | | | |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|--|
| | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of final appropriation % | Final Appropriation R'000 | Actual expenditure R'000 | |
| 4.1 MANAGEMENT FOR HDF | | | | | | | | | | |
| Current payment | 3,100 | 210 | | 3,310 | 1,928 | 1,382 | 58.2% | 2,942 | 1,678 | |
| Payment for capital assets | 75 | - | | 75 | 12 | 63 | 16.0% | 71 | - | |
| 4.2 CHIEF INVESTMENT OFFICER | | | | | | | | | | |
| Current payment | 20,651 | (231) | | 20,420 | 18,859 | 1,561 | 92.4% | 22,428 | 17,715 | |
| Transfers and subsidies | - | - | | - | - | - | | 7 | 7 | |
| Payment for capital assets | 229 | 20 | | 249 | 163 | 86 | 65.5% | 610 | 74 | |
| 4.3 REGULATORY COMPLIANCE SERVICES | | | | | | | | | | |
| Current payment | 25,570 | (394) | (2,010) | 23,166 | 16,624 | 6,542 | 71.8% | 59,374 | 50,009 | |
| Transfers and subsidies | 40 | - | | 40 | - | 40 | | 25 | 25 | |
| Payment for capital assets | 203 | 405 | | 608 | 181 | 427 | 29.8% | 380 | 139 | |
| 4.4 HUMAN SETTLEMENTS DEVELOPMENT GRANT | | | | | | | | | | |
| Transfers and subsidies | 17,028,326 | - | | 17,028,326 | 17,028,326 | - | 100.0% | 15,725,959 | 15,395,032 | |
| 4.5 CONTRIBUTIONS | | | | | | | | | | |
| Transfers and subsidies | 1,150,751 | - | | 1,150,751 | 864,648 | 286,103 | 75.1% | 912,808 | 912,808 | |

| 2013/14 | | 2012/13 | | | | | | | |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
| Detail per sub-programme | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of final appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| 4.6 RURAL HOUSEHOLDS INFRASTRUCTURE GRANT | | | | | | | | | |
| Transfers and subsidies | 106,721 | - | | 106,721 | 106,721 | - | 100.0% | | |
| Payment for capital assets | 100,539 | - | 33110 | 133,649 | 108,589 | 25,060 | 81.3% | 340,625 | 205,566 |
| 4.7 URBAN SETTLEMENTS DEVELOPMENT GRANT | | | | | | | | | |
| Transfers and subsidies | 9,076,906 | - | | 9,076,906 | 9,076,909 | - | 100.0% | 7,392,206 | 7,392,206 |
| 4.8 PROGRAMME MONITORING & EVALUATION | | | | | | | | | |
| Current payment | 29,772 | (56) | (3,000) | 26,716 | 16,109 | 10,607 | 60.3% | 23,148 | 12,166 |
| Transfers and subsidies | - | - | | - | - | - | - | 50 | 16 |
| Payment for capital assets | 417 | 50 | | 467 | 345 | 122 | 73.9% | 627 | 175 |
| Payment for financial assets | - | 6 | | 6 | 5 | 1 | 83.3% | 5 | 1 |
| Total | 27,543,300 | 10 | 28,100 | 27,571,410 | 27,239,416 | 331,994 | 98.8% | 24,481,265 | 23,987,617 |

| 2013/14 | 2012/13 | | | | | | | | | |
|--------------------------------------|---|------------------------|-------------------|-------------------|---------------------|--------------------|--------------|---|---------------------|--------------------|
| | Programme 4 per Economic classification | 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 | R'000 |
| Current payments | | | | | | | | | | |
| Compensation of employees | 56,341 | (4,123) | (5,000) | 47,218 | 38,323 | 8,895 | 81.2% | 39,987 | 35,213 | |
| Goods and services | 22,752 | 3,642 | | 26,394 | 15,197 | 11,197 | 57.6% | 67,905 | 46,355 | |
| Transfers and subsidies to: | | | | | | | | | | |
| Provinces and municipalities | 26,211,953 | | | 26,211,953 | 26,211,953 | - | 100.0% | 23,118,165 | 22,787,238 | |
| Departmental agencies and accounts | 1,150,751 | | | 1,150,751 | 864,648 | 286,103 | 75.1% | 912,808 | 912,808 | |
| Households | 40 | | | 40 | - | 40 | | 82 | 48 | |
| Payment for capital assets | | | | | | | | | | |
| Buildings and other fixed structures | 100,539 | - | 33,110 | 133,649 | 108,589 | 25,060 | 81.2% | 340,625 | 205,566 | |
| Machinery and equipment | 924 | 357 | | 1,281 | 585 | 696 | 45.7% | 1,688 | 388 | |
| Intangible assets | | 118 | | 118 | 116 | 2 | 98.3% | | | |
| Payments for financial assets | | 6 | | 6 | 5 | 1 | 83.3% | 5 | 1 | |
| Total | 27,543,300 | - | 28,110 | 27,571,410 | 27,239,416 | 331,994 | 98.8% | 24,481,265 | 23,987,617 | |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
STATEMENT OF FINANCIAL PERFORMANCE

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

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

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

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

3. Detail on payments for financial assets:

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

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

| 4.1 Per programme | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Variance as a % of Final Appropriation |
|--------------------------------|---------------------------|--------------------------|----------------|--|
| Administration | | | | |
| Current payment | 392,214 | 291,911 | 100,303 | 26% |
| Transfers and Subsidies | 227 | 174 | 53 | 23% |
| Expenditure for capital assets | 12,034 | 7,227 | 4,807 | 40% |

Underspending can be attributed to the following:

- Personnel and personnel related costs due to delay in filling of vacancies. Some of these were before year end while other were filled in the new year.
- Funds provided for the Special Investigation Unit (SIU) have not been fully utilised. The SIU could not provide the Department with supporting documentation on work performed and invoiced.
- Funds provided for the leasing of additional office accommodation have not been fully utilised.
- The unspent portion of the Property Management portfolio is in respect of leasing of a building which could not be occupied as it still had to undergo refurbishment. Delays in the migration from Novel to Microsoft also resulted in under expenditure on the Information Technology budget. This however was addressed and the project procurement process started in the new year.

| | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Variance as a % of Final Appropriation |
|--|---------------------------|--------------------------|----------------|--|
| Human Settlements Policy, Strategy and Planning | | | | |
| Current payment | 83,374 | 71,574 | 11,800 | 14% |
| Expenditure for capital assets | 1,658 | 575 | 1,083 | 65% |

Underspending can be attributed to the following:

- Personnel and personnel related costs due to delay in filling of vacancies. Some of these vacancies were before year end while other were filled in the New Year.
- Another contributing factor is that a project on the evaluation of the Urban Settlements Development grant had not been finalised at year end as originally planned.

| | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Variance as a % of Final Appropriation |
|-----------------------------------|---------------------------|--------------------------|----------------|--|
| Programme Delivery Support | | | | |
| Current payment | 183,014 | 81,357 | 101,657 | 56% |
| Expenditure for capital assets | 1,901 | 828 | 1,073 | 56% |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
STATEMENT OF FINANCIAL PERFORMANCE

Underspending can be attributed to the following:

- Personnel and personnel related costs due to delay in filling of vacancies.
- Delays in the implementation of the National Upgrading Support Programme (NUSP) Impacted negatively on spending patterns of this program.

| | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Variance as a % of Final Appropriation |
|------------------------------------|---------------------------|--------------------------|----------------|--|
| Housing Development Finance | | | | |
| Current payment | 73,612 | 53,520 | 20,092 | 27% |
| Expenditure for capital assets | 135,048 | 109,313 | 25,735 | 19% |

Underspending can be attributed to the following:

- Personnel and personnel related costs due to delay in filling of vacancies.
- Funds provided for the initial operational budget of the Community Scheme Ombuds Service (CSOS) was not utilised, due to delay in the appointment of Chief Executive and Chief Financial Officer of the CSOS.
- An amount of R286 million was not transferred to SHRA as the institution due to concerns about financial management and the control environment of the entity, following an investigation by the Accountant-General.
- An amount of R24 million of the Rural Household Infrastructure grant was not utilised as the appointed contractors failed to implement the programme due to the rock in the affected municipal areas.

| 4.2 Per economic classification | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Variance as a % of Final Appropriation R'000 |
|---|---------------------------|--------------------------|----------------|--|
| Current payments | | | | |
| Compensation of employees | 306,119 | 267,624 | 38,495 | 13% |
| Goods and services | 426,095 | 230,738 | 195,357 | 46% |
| Interest and rent on land | | | | |
| Unauthorised expenditure approved | | | | |
| Transfers and subsidies | | | | |
| Provinces and municipalities | 26,211,953 | 26,211,953 | - | 0% |
| Departmental agencies and accounts | 1,150,751 | 864,648 | 286,103 | 25% |
| Higher education institutions | 3,949 | 3,949 | - | 0% |
| Public corporations and private enterprises | 1,100 | 1,075 | 25 | 2% |
| Foreign governments and international organisations | - | - | - | - |
| Non-profit institutions | - | - | - | - |
| Households | 4,612 | 4,841 | (229) | 5% |
| Gifts and donations | | | | |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
STATEMENT OF FINANCIAL PERFORMANCE

| Payments for capital assets | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Variance as a % of Final Appropriation |
|--------------------------------------|---------------------------|--------------------------|----------------|--|
| Buildings and other fixed structures | 133,649 | 108,612 | 24,221 | 18% |
| Machinery and equipment | 15,866 | 8,634 | 7,232 | 46% |
| Heritage assets | - | - | - | - |
| Specialised military assets | 1,126 | 697 | 429 | 38% |
| Biological assets | - | - | - | - |
| Land and subsoil assets | - | - | - | - |
| Intangible assets | 236 | 221 | 15 | 6% |
| Payments for financial assets | 236 | 221 | 15 | 6% |

Underspending can be attributed to the following:

- Personnel and personnel related costs due to delay in filling of vacancies. Some of these were before year end while other were filled in the new year.
- Funds provided for the Special Investigation Unit (SIU) have not been fully utilised. The SIU could not provide the Department with supporting documentation on work performed and invoiced.
- Funds provided for the leasing of additional office accommodation have not been fully utilised. The unspent portion of the Property Management portfolio is in respect of leasing of a building which could not be occupied as it still had to undergo refurbishment. Delays in the migration from Novel to Microsoft also resulted in under expenditure on the Information Technology budget. This however was addressed and the project procurement process started in the new year.
- The migration from Novel to Microsoft was delayed resulting in under expenditure on the Information Technology budget. The evaluation of the Urban Settlements Development grant could not be finalised by year end.
- Delay in the implementation of the National Upgrading Support Programme (NUSP)

Transfers and subsidies

Underspending can be attributed to the following:

- An amount of R286 million was not transferred to SHRA due to concerns about financial management and the internal control environment of the entity, following an investigation by the Accountant-General.

Payments for capital assets

Underspending can be attributed to the following:

- An amount of R24 million of the Rural Household Infrastructure Grant was not utilised as contractors contract terms ended, before new work could be started.

| 4.3 Per conditional grant | Final Appropriation | Actual Expenditure | Variance | Variance as a % of Final Appropriation |
|-----------------------------|---------------------|--------------------|----------|--|
| | R'000 | R'000 | R'000 | R'000 |
| Human Settlements | | | | |
| Human Settlements Dev Grant | 17,028,326 | 17,028,326 | - | 0% |
| Urban Settlements Dev Grant | 9,076,906 | 9,076,906 | - | 0% |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
STATEMENT OF FINANCIAL PERFORMANCE

| | Note | 2013/14 | 2012/13 |
|---|------|-------------------|-------------------|
| | | R'000 | R'000 |
| REVENUE | | | |
| Annual appropriation | 1 | 28,255,456 | 25,137,805 |
| Departmental revenue | 2 | 763 | 1,039 |
| TOTAL REVENUE | | 28,256,219 | 25,138,844 |
| EXPENDITURE | | | |
| Current expenditure | | | |
| Compensation of employees | 3 | 267,622 | 249,834 |
| Goods and services | 4 | 230,724 | 283,752 |
| Interest and rent on land | | 36 | - |
| Total current expenditure | | 498,382 | 533,586 |
| Transfers and subsidies | | | |
| Transfers and subsidies | 6 | 27,086,467 | 23,718,884 |
| Total transfers and subsidies | | 27,086,467 | 23,718,884 |
| Expenditure for capital assets | | | |
| Tangible assets | 7 | 117,222 | 210,645 |
| Intangible assets | 7 | 697 | 30 |
| Total expenditure for capital assets | | 117,919 | 210,675 |
| Payments for financial assets | 5 | 220 | 126 |
| TOTAL EXPENDITURE | | 27,702,988 | 24,463,271 |
| SURPLUS/(DEFICIT) FOR THE YEAR | | 553,231 | 675,573 |

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
STATEMENT OF FINANCIAL PERFORMANCE**

| Reconciliation of Net Surplus/(Deficit) for the year | | | |
|--|----|----------------|----------------|
| Voted funds | | 552,468 | 674,534 |
| Departmental revenue and NRF Receipts | 13 | 763 | 1,039 |
| SURPLUS/(DEFICIT) FOR THE YEAR | | 553,231 | 675,573 |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
STATEMENT OF FINANCIAL POSITION

| | Note | 2013/14 | 2012/13 |
|---|------|------------------|------------------|
| | | R'000 | R'000 |
| ASSETS | | | |
| Current assets | | 1,418,218 | 675,185 |
| Cash and cash equivalents | 8 | 1,406,317 | 623,562 |
| Prepayments and advances | 9 | 8,940 | 48,149 |
| Receivables | 10 | 2,961 | 3,474 |
| Non-current assets | | 880,604 | 880,604 |
| Investments | 11 | 880,604 | 880,604 |
| TOTAL ASSETS | | 2,298,822 | 1,555,789 |
| LIABILITIES | | | |
| Current liabilities | | 1,417,897 | 674,988 |
| Voted funds to be surrendered to the Revenue Fund | 12 | 552,468 | 674,535 |
| Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund | 13 | 37 | 164 |
| Payables | 14 | 865,392 | 289 |
| Non-current liabilities | | | |
| TOTAL LIABILITIES | | 1,417,897 | 674,988 |
| NET ASSETS | | 880,925 | 880,801 |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
STATEMENT OF FINANCIAL POSITION

| | Note | 2013/14 | 2012/13 |
|------------------------|------|----------------|----------------|
| | | R'000 | R'000 |
| Represented by: | | | |
| Capitalisation reserve | | 880,604 | 880,604 |
| Recoverable revenue | | 321 | 197 |
| TOTAL | | 880,925 | 880,801 |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
STATEMENT OF CHANGES IN NET ASSETS

| | Note | 2013/14 | 2012/13 |
|---|------|-----------------------|-----------------------|
| | | R'000 | R'000 |
| Capitalisation Reserves | | | |
| Opening balance | | 880,604 | 880,604 |
| Closing balance | | <u>880,604</u> | <u>880,604</u> |
| Recoverable revenue | | | |
| Opening balance | | 197 | 172 |
| Transfers: | | 124 | 25 |
| Debts recovered (included in departmental receipts) | | 124 | 25 |
| Closing balance | | 321 | <u>197</u> |
| TOTAL | | <u>880,925</u> | <u>880,801</u> |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
CASH FLOW STATEMENT

| | Note | 2013/14 | 2012/13 |
|--|------|------------------|----------------|
| | | R'000 | R'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | 28,256,219 | 25,138,844 |
| Annual appropriated funds received | 1.1 | 28,255,456 | 25,137,805 |
| Departmental revenue received | 2 | 700 | 949 |
| Interest received | 2.2 | 63 | 90 |
| Net (increase)/decrease in working capital | | 904,825 | (44,330) |
| Surrendered to Revenue Fund | | (675,425) | (227,507) |
| Current payments | | (498,346) | (533,586) |
| Interest paid | | (36) | - |
| Payments for financial assets | | (220) | (126) |
| Transfers and subsidies paid | | (27,086,467) | (23,718,884) |
| Net cash flow available from operating activities | 15 | 900,550 | 614,411 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for capital assets | 5 | (117,919) | (210,675) |
| Net cash flows from investing activities | | (117,919) | (210,675) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Increase/(decrease) in net assets | | 124 | 25 |
| Net cash flows from financing activities | | 124 | 25 |
| Net increase/(decrease) in cash and cash equivalents | | 782,755 | 403,761 |
| Cash and cash equivalents at beginning of period | | 623,562 | 219,801 |
| Cash and cash equivalents at end of period | 16 | 1,406,317 | 623,562 |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
ACCOUNTING POLICIES

Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.

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

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

| | |
|-------|---|
| 1 | <p>Basis of preparation The financial statements have been prepared in accordance with the Modified Cash Standard.</p> |
| 2 | <p>Going concern The financial statements have been prepared on a going concern basis.</p> |
| 3 | <p>Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p> |
| 4 | <p>Rounding Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).</p> |
| 5 | <p>Foreign currency translation Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment / receipt.</p> |
| 6 | <p>Current year comparison with budget A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p> |
| 7 | Revenue |
| 7.1 | <p>Appropriated funds Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.</p> |
| 7.2 | <p>Departmental revenue Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p> |
| 7.3 | <p>Accrued departmental revenue Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and the amount of revenue can be measured reliably. The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p> |
| 8 | Expenditure |
| 8.1 | Compensation of employees |
| 8.1.1 | <p>Salaries and wages Salaries and wages are recognised in the statement of financial performance on the date of payment.</p> |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
ACCOUNTING POLICIES

| | |
|-------|---|
| 8.1.2 | <p>Social contributions Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment. Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p> |
| 8.2 | <p>Other expenditure Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p> |
| 8.3 | <p>Accrued expenditure payable Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department. Accrued expenditure payable is measured at cost.</p> |
| 8.4 | Leases |
| 8.4.1 | <p>Operating leases Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. The operating lease commitments are recorded in the notes to the financial statements.</p> |
| 8.4.2 | <p>Finance leases Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions. Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of: cost, being the fair value of the asset; or the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</p> |
| 9 | Aid Assistance |
| 9.1 | <p>Aid assistance received Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value. Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p> |
| 9.2 | <p>Aid assistance paid Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p> |
| 10 | <p>Cash and cash equivalents Cash and cash equivalents are stated at cost in the statement of financial position. Bank overdrafts are shown separately on the face of the statement of financial position. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p> |
| 11 | <p>Prepayments and advances Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost. <i><Indicate when prepayments are expensed and under what circumstances.></i></p> |
| 12 | <p>Loans and receivables Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p> |
| 13 | <p>Investments Investments are recognised in the statement of financial position at cost.</p> |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
ACCOUNTING POLICIES

| | |
|------|---|
| 14 | <p>Impairment of financial assets Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p> |
| 15 | <p>Payables Loans and receivables are recognised in the statement of financial position at cost.</p> |
| 16 | <p>Capital Assets</p> |
| 16.1 | <p>Immovable capital assets Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1. Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.</p> |
| 16.2 | <p>Movable capital assets Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined accurately, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p> |
| 16.3 | <p>Intangible assets Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p> |
| 17 | <p>Provisions and Contingents</p> |
| 17.1 | <p>Provisions Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p> |
| 17.2 | <p>Contingent liabilities Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably</p> |
| 17.3 | <p>Contingent assets Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department</p> |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
ACCOUNTING POLICIES
for the year ended 31 March 2014

| | |
|------|---|
| 17.4 | <p>Commitments Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash</p> |
| 18 | <p>Unauthorised expenditure Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either: approved by Parliament or the Provincial Legislature with funding and the related funds are received; or approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or transferred to receivables for recovery. Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p> |
| 19 | <p>Fruitless and wasteful expenditure Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred. Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery. Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p> |
| 20 | <p>Irregular expenditure Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable. Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p> |
| 21 | <p>Changes in accounting estimates There were no changes in the accounting estimates.</p> |
| 22 | <p>Prior period errors <i>There were no prior year errors corrected.</i></p> |
| 23 | <p>Non-adjusting events after the reporting date <i>[Insert the nature of the event and an estimate of its financial effect (or a statement to that effect where such estimate cannot be made) for each material category of non-adjusting event after the reporting date and refer to the relevant note to the financial statements.]</i></p> |
| 24 | <p>Agent-Principal arrangements During the year under review the Mvula Trust and the Independent Development Trust were the department's implementing agents of the Rural Household Infrastructure Grant. This grant is intended to address sanitation and water services backlogs in the Rural areas. In implementing this programme they worked closely with local municipalities and the rural communities.</p> |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

1. Annual Appropriation

1.1 Annual Appropriation

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

| | 2013/14 | | | 2012/13 |
|--|---------------------|-----------------------|--------------------------------------|------------------------|
| | Final Appropriation | Actual Funds Received | Funds not requested/ not received | Appropriation received |
| | R'000 | R'000 | R'000 | R'000 |
| ADMINISTRATION | 404,599 | 404,599 | - | 397,335 |
| HOUSING POLICY AND RESEACH, MONITORING | 86,245 | 86,245 | - | 79,712 |
| PROGRAMME DELIVERY SUPPORT | 193,202 | 193,202 | - | 179,493 |
| HOUSING DEVELOPMENT FINANCE | 27,571,410 | 27,571,410 | - | 24,481,265 |
| | 28,255,456 | 28,255,456 | - | 25,137,805 |

The drawings were amended during the year after funds were already requested, received through the bank and adjustments made later on funds requisition.

2. Departmental revenue

| | Note | 2013/14 | 2012/13 |
|---|------|---------|---------|
| | | R'000 | R'000 |
| Tax revenue | | | |
| Sales of goods and services other than capital assets | 2.1 | 193 | 170 |
| Interest, dividends and rent on land | 2.2 | 63 | 90 |
| Transactions in financial assets and liabilities | 2.3 | 507 | 799 |
| Total revenue collected | | 763 | 1,039 |
| Less: Own revenue included in appropriation | | | |
| Departmental revenue collected | | 763 | 1,039 |

2.1 Sales of goods and services other than capital assets

| | Note | 2013/14 | 2012/13 |
|--|------|------------|------------|
| | | R'000 | R'000 |
| Sales of goods and services produced by the department | | 190 | 167 |
| Sales by market establishment | | 52 | 47 |
| Administrative fees | | 1 | - |
| Other sales | | 137 | 120 |
| Sales of scrap, waste and other used current goods | | 3 | 3 |
| Total | | 193 | 170 |

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2.2 Interest, dividends and rent on land

| | Note | 2013/14 | 2012/13 |
|--------------|------|-----------|-----------|
| | 2 | R'000 | R'000 |
| Interest | | 63 | 90 |
| Total | | 63 | 90 |

2.3 Transactions in financial assets and liabilities

| | Note | 2013/14 | 2012/13 |
|--|------|------------|------------|
| | 2 | R'000 | R'000 |
| Other Receipts including Recoverable Revenue | | 507 | 779 |
| Total | | 507 | 779 |

3. Compensation of employees

3.1 Salaries and Wages

| | Note | 2013/14 | 2012/13 |
|----------------------------------|------|----------------|----------------|
| | | R'000 | R'000 |
| Basic salary | | 184,321 | 169,318 |
| Performance award | | 3,985 | 4,516 |
| Service Based | | 13,253 | 938 |
| Compensative/circumstantial | | 10,402 | 4,935 |
| Other non-pensionable allowances | | 25,068 | 41,755 |
| Total | | 237,029 | 221,462 |

3.2 Social contributions

| | Note | 2013/14 | 2012/13 |
|---------------------------------|------|---------------|---------------|
| | | R'000 | R'000 |
| Employer contributions | | | |
| Pension | | 22,040 | 19,728 |
| Medical | | 8,515 | 8,610 |
| Bargaining council | | 38 | 34 |
| Total | | 30,593 | 28,372 |
| | | | |
| Total compensation of employees | | 267,634 | 249,834 |
| | | | |
| Average number of employees | | 712 | 655 |

4. Goods and services

| | Note | 2013/14 | 2012/13 |
|-----------------------|------|---------|---------|
| | | R'000 | R'000 |
| Administrative fees | | 583 | 299 |
| Advertising | | 23,263 | 21,111 |
| Minor assets | 4.1 | 691 | 764 |
| Bursaries (employees) | | 935 | 996 |
| Catering | | 6,226 | 7,363 |
| Communication | | 8,258 | 8,327 |
| Computer services | 4.2 | 26,811 | 32,517 |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
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| | | | |
|---|------------|----------------|----------------|
| Consultants, contractors and agency/outsourced services | <u>4.3</u> | 42,871 | 102,196 |
| Entertainment | | 168 | 168 |
| Audit cost – external | <u>4.4</u> | 8,689 | 7,018 |
| Fleet services | | 1,243 | 688 |
| Inventory | <u>4.5</u> | 234 | 6,392 |
| Consumables | 4.6 | 15,353 | - |
| Operating leases | | 21,405 | 16,789 |
| Property payments | <u>4.7</u> | 3,424 | 5,928 |
| Rental and hiring | | 8 | - |
| Travel and subsistence | <u>4.8</u> | 49,104 | 57,447 |
| Venues and facilities | | 12,949 | 10,816 |
| Training and development | | 1,855 | 2,628 |
| Other operating expenditure | <u>4.9</u> | 6,667 | 2,305 |
| Total | | 230,737 | 283,752 |

The absence of comparatives in note 6.5 and 6.6 for 2012/13 and 2013/14, is due to the re-classification of items according to Standard Chart of Accounts, introduced by National Treasury at the beginning of the year under review.

4.1 Minor assets

| | Note | 2013/14 | 2012/13 |
|-------------------------|----------|------------|------------|
| | <u>4</u> | R'000 | R'000 |
| Tangible assets | | 691 | 764 |
| Machinery and equipment | | 691 | 764 |
| Total | | 691 | 764 |

4.2 Computer services

| | Note | 2013/14 | 2012/13 |
|-------------------------------------|----------|---------------|---------------|
| | <u>4</u> | R'000 | R'000 |
| SITA computer services | | 23,192 | 24,592 |
| External computer service providers | | 3,619 | 7,925 |
| Total | | 26,811 | 32,517 |

4.3 Consultants, contractors and agency/outsourced services

| | Note | 2013/14 | 2012/13 |
|--|----------|---------------|----------------|
| | <u>4</u> | R'000 | R'000 |
| Business and advisory services | | 38,315 | 98,959 |
| Legal costs | | 2,210 | 1,082 |
| Contractors | | 1,036 | 1,148 |
| Agency and support/outsourced services | | 1,310 | 1007 |
| Total | | 42,871 | 102,196 |

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4.4 Audit cost – External

| | Note | 2013/14 | 2012/13 |
|-------------------|------|--------------|--------------|
| | 4 | R'000 | R'000 |
| Regularity audits | | 8,689 | 7,018 |
| Total | | 8,689 | 7,018 |

4.5 Inventory

| | Note | 2013/14 | 2012/13 |
|--|------|------------|--------------|
| | 4 | R'000 | R'000 |
| Clothing material and accessories | | 128 | - |
| Food and food supplies | | - | 17 |
| Fuel, Oil and gas | | - | 8 |
| Learning and teaching support material | | - | 5,572 |
| Materials and supplies | | 106 | 63 |
| Medical supplies | | - | 1 |
| Other supplies | | - | 731 |
| Total | | 234 | 6,392 |

4.5.1 Other supplies

| | Note | 2013/14 | 2012/13 |
|----------------------------------|------|----------|------------|
| | 4.5 | R'000 | R'000 |
| Ammunition and security supplies | | | |
| Assets for distribution | | | |
| Other | | - | 731 |
| Total | | - | 731 |

4.6 Consumables

| | Note | 2013/14 | 2012/13 |
|--|------|---------------|----------|
| | 4 | R'000 | R'000 |
| Consumable supplies | | 10,967 | - |
| Uniform and clothing | | 383 | |
| Household supplies | | 252 | |
| Building material and supplies | | - | |
| Communication accessories | | 37 | |
| IT consumables | | 55 | |
| Other consumables | | 10,240 | |
| Stationery, printing and office supplies | | 4,386 | |
| Total | | 15,353 | - |

The absence of comparatives in note 6.5 and 6.6 for 2012/13 and 2013/14, is due to the re-classification of items according to Standard Chart of Accounts, introduced by National Treasury at the beginning of the year under review.

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4.7 Property payments

| | Note | 2013/14 | 2012/13 |
|----------------------------------|------|--------------|--------------|
| | 4 | R'000 | R'000 |
| Municipal services | | 2,212 | 4,436 |
| Property management fees | | - | - |
| Property maintenance and repairs | | - | - |
| Other | | 1,212 | 1,492 |
| Total | | 3,424 | 5,928 |

4.8 Travel and subsistence

| | Note | 2013/14 | 2012/13 |
|--------------|------|---------------|---------------|
| | 4 | R'000 | R'000 |
| Local | | 45,954 | 50,665 |
| Foreign | | 3,150 | 6,782 |
| Total | | 49,104 | 57,447 |

4.9 Other operating expenditure

| | Note | 2013/14 | 2012/13 |
|---|------|--------------|--------------|
| | 4 | R'000 | R'000 |
| Professional bodies, membership and subscription fees | | 76 | 225 |
| Resettlement costs | | 936 | 70 |
| Other | | 5,655 | 1,957 |
| Total | | 6,667 | 2,305 |

5. Interest and rent on land

| | Note | 2013/14 | 2012/13 |
|---------------|------|-----------|----------|
| | | R'000 | R'000 |
| Interest paid | | 36 | - |
| Total | | 36 | - |

Payments for financial assets

| | Note | 2013/14 | 2012/13 |
|-----------------------------------|------|------------|------------|
| | | R'000 | R'000 |
| Purchase of equity | | - | - |
| Other material losses written off | 5.1 | 215 | - |
| Debts written off | 5.2 | 5 | 126 |
| Total | | 220 | 126 |

a. Other material losses written off

| | Note | 2013/14 | 2012/13 |
|------------------|------|------------|------------|
| | 5 | R'000 | R'000 |
| Nature of losses | | - | - |
| No Shows | | 20 | 13 |
| Damage Vehicles | | 195 | 110 |
| Total | | 215 | 123 |

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b. Debts written off

| | Note | 2013/14 | 2012/13 |
|-------------------------------|------|----------|----------|
| | 5 | R'000 | R'000 |
| Other debt written off | | | |
| Bad Debts | | 5 | 3 |
| Total | | 5 | 3 |
| Total debt written off | | 5 | 3 |

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7. Transfers and subsidies

| | | 2013/14 | 2012/13 |
|---|-------------------------------|-------------------|-------------------|
| | | R'000 | R'000 |
| | <i>Note</i> | | |
| Provinces and municipalities | <i>34, Annex 1A, Annex 1B</i> | 26,211,953 | 22,787,238 |
| Departmental agencies and accounts | <i>Annex 1C</i> | 864,648 | 912,808 |
| Higher education institutions | <i>Annex 1D</i> | 3,949 | 3,090 |
| Foreign governments and international organisations | <i>Annex 1E</i> | 1,075 | 1,279 |
| Public corporations and private enterprises | <i>Annex 1G</i> | - | 400 |
| Households | <i>Annex 1H</i> | 4,842 | 14,069 |
| Gifts, donations and sponsorships made | <i>Annex 1K</i> | - | - |
| Total | | 27,086,467 | 23,718,884 |

Unspent funds transferred to the above beneficiaries

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8. Expenditure for capital assets

| | Note | 2013/14 | 2012/13 |
|--------------------------------------|------|----------------|----------------|
| | | R'000 | R'000 |
| Tangible assets | | 117,222 | 210,645 |
| Buildings and other fixed structures | 32 | 108,589 | 205,566 |
| Machinery and equipment | 30 | 8,633 | 5,079 |
| Intangible assets | | 697 | 30 |
| Software | 31 | 697 | 30 |
| Total | | 117,919 | 210,675 |

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a. Analysis of funds utilised to acquire capital assets – 2013/14

| | Voted funds | Aid assistance | Total |
|--------------------------------------|----------------|----------------|----------------|
| | R'000 | R'000 | R'000 |
| Tangible assets | 117,222 | - | 117,222 |
| Buildings and other fixed structures | 108,589 | - | 108,589 |
| Machinery and equipment | 8,633 | - | 8,633 |
| Intangible assets | 697 | - | 697 |
| Software | 697 | - | 697 |
| Total | 117,919 | - | 117,919 |

b. Analysis of funds utilised to acquire capital assets – 2012/13

| | Voted funds | Aid assistance | Total |
|--------------------------------------|----------------|----------------|----------------|
| | R'000 | R'000 | R'000 |
| Tangible assets | 210,645 | - | 210,645 |
| Buildings and other fixed structures | 205,566 | - | 205,566 |
| Machinery and equipment | 5,079 | - | 5,079 |
| Intangible assets | 30 | - | 30 |
| Software | 30 | - | 30 |
| Total | 210,675 | - | 210,675 |

9. Cash and cash equivalents

| | Note | 2013/14 | 2012/13 |
|--|------|------------------|----------------|
| | | R'000 | R'000 |
| Consolidated Paymaster General Account | | 1,406,202 | 623,507 |
| Cash on hand | | 115 | 55 |
| Total | | 1,406,317 | 623,562 |

The petty cash for the Pretoria and Cape Town offices was increased.

10. Prepayments and advances

| | Note | 2013/14 | 2012/13 |
|------------------------|------|--------------|---------------|
| | | R'000 | R'000 |
| Staff advances | | - | - |
| Travel and subsistence | | 2 | 37 |
| Prepayments | | - | 33,084 |
| Advances paid | 9.1 | 8,938 | 15,028 |
| SOCPEN advances | | - | - |
| Total | | 8,940 | 48,149 |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
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a. Advances paid

| | Note | 2013/14 | 2012/13 |
|----------------------|------|--------------|---------------|
| | 9 | R'000 | R'000 |
| National departments | | 8,938 | 15,028 |
| Total | | 8,938 | 15,028 |

11. Receivables

| | Note | 2013/14 | | | | 2012/13 |
|-------------------------|-------------------------------|--------------------|--------------------|------------------------|--------------|--------------|
| | | R'000 | R'000 | R'000 | R'000 | R'000 |
| | | Less than one year | One to three years | Older than three years | Total | Total |
| Claims recoverable | <u>10.1</u> <i>Annex 4</i> | 135 | 8 | 1 | 144 | 177 |
| Recoverable expenditure | 10.2 | 651 | 348 | 86 | 1,085 | 775 |
| Staff debt | 10.3 | 328 | 90 | 22 | 440 | 247 |
| Other debtors | <u>10.4</u> | 886 | 178 | 228 | 1,292 | 2,275 |
| Total | | 2,000 | 624 | 337 | 2,961 | 3,474 |

11.1 Claims recoverable

| | Note | 2013/14 | 2012/13 |
|----------------------|------|------------|------------|
| | 10 | R'000 | R'000 |
| National departments | | 144 | 177 |
| Total | | 144 | 177 |

11.2 Recoverable expenditure (disallowance accounts)

| | Note | 2013/14 | 2012/13 |
|----------------------------|------|--------------|------------|
| | 10 | R'000 | R'000 |
| Disallowance Miscellaneous | | 34 | - |
| Damage Vehicles | | 1,051 | 775 |
| Total | | 1,085 | 775 |

11.3 Staff debt

| | Note | 2013/14 | 2012/13 |
|-----------------------|------|------------|------------|
| | 10 | R'000 | R'000 |
| Telephone & Cellphone | | - | 2 |
| Study | | 197 | 51 |
| Vehicle | | 44 | 55 |
| No Shows | | 1 | 4 |
| Salaries | | 198 | 124 |
| Losses | | - | 11 |
| Total | | 440 | 247 |

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11.4 Other debtors

| | Note | 2013/14 | 2012/13 |
|--------------|------|--------------|--------------|
| | 10 | R'000 | R'000 |
| Suppliers | | 1,055 | 1,953 |
| Vat Vendors | | 237 | 322 |
| Total | | 1,292 | 2,275 |

Included in 1,055 is an amount of 815 as a suspected fraudulent payment that is under investigation

11.5 Investments

| | Note | 2013/14 | 2012/13 |
|--------------------------------|------|----------------|----------------|
| | | R'000 | R'000 |
| Non-Current | | | |
| Shares and other equity | | | |
| NHFC | | 880,000 | 880,000 |
| SERVCON | | 604 | 604 |
| (List investments at cost) | | | |
| Total | | 880,604 | 880,604 |
| Total non-current | | 880,604 | 880,604 |

| | 2013/14 | 2012/13 |
|-------------------------------------|----------------|----------------|
| | R'000 | R'000 |
| Analysis of non current investments | | |
| Opening balance | 880,604 | 880,604 |
| Additions in cash | | |
| Disposals for cash | | |
| Non-cash movements | | |
| Closing balance | 880,604 | 880,604 |

12. Voted funds to be surrendered to the Revenue Fund

| | Note | 2013/14 | 2012/13 |
|--|------|----------------|----------------|
| | | R'000 | R'000 |
| Opening balance | | 674,535 | 226,621 |
| Prior period error (2012/13) | 18.2 | | |
| As restated | | 674,535 | 226,621 |
| Transfer from statement of financial performance (as restated) | | 552,491 | 674,534 |
| Paid during the year | | (674,535) | (226,620) |
| Closing balance | | 552,491 | 674,535 |

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

| | Note | 2013/14 | 2012/13 |
|--|------|-----------|------------|
| | | R'000 | R'000 |
| Opening balance | | 164 | 12 |
| Prior period error (2012/13) | | | |
| As restated | | 164 | 12 |
| Transfer from Statement of Financial Performance (as restated) | | 763 | 1,039 |
| Paid during the year | | (890) | (887) |
| Closing balance | | 37 | 164 |

14. Payables – current

| | Note | 2013/14 | 2012/13 |
|-------------------|-------------|----------------|------------|
| | | R'000 | R'000 |
| Clearing accounts | <u>14.1</u> | 214 | 289 |
| Other payables | <u>14.2</u> | 865,178 | - |
| Total | | 865,392 | 289 |

14.1 Clearing accounts

| | Note | 2013/14 | 2012/13 |
|-----------------------------------|------|------------|------------|
| Description | 14 | R'000 | R'000 |
| Salary Income Tax :CL | | 199 | 273 |
| Third Party Transport Control Acc | | - | - |
| Pension Fund | | 15 | 16 |
| Medical Ai | | - | - |
| Total | | 214 | 289 |

14.2 Other payables

| | Note | 2013/14 | 2012/13 |
|--|------|----------------|----------|
| Description | 14 | R'000 | R'000 |
| North West Provincial Department of Human Settlements(unspent funds) | | 88, | - |
| South African Housing Fund(to be transferred to CPD) | | 25,229 | - |
| Special Investigation Unit Provincial transfers | | | - |
| Skynet | | 4,814 | - |
| Public Entities(unspent funds for NHFC,SHRA) | | 3 | - |
| | | 835,044 | |
| Total | | 865,178 | - |

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15. Net cash flow available from operating activities

| | Note | 2013/14 | 2012/13 |
|--|------|----------------|----------------|
| | | R'000 | R'000 |
| Net surplus/(deficit) as per Statement of Financial Performance | | 553,231 | 675,573 |
| Add back non cash/cash movements not deemed operating activities | | 347,319 | (61,162) |
| (Increase)/decrease in receivables – current | | 513 | (1,703) |
| (Increase)/decrease in prepayments and advances | | 39,209 | (42,830) |
| Increase/(decrease) in payables – current | | 865,103 | 203 |
| Expenditure on capital assets | | 117,919 | 210,675 |
| Surrenders to Revenue Fund | | (675,425) | (227,507) |
| Net cash flow generated by operating activities | | 900,550 | 614,411 |

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

| | Note | 2013/14 | 2012/13 |
|--|------|------------------|----------------|
| | | R'000 | R'000 |
| Consolidated Paymaster General account | | 1,406,202 | 623,507 |
| Cash on hand | | 115 | 55 |
| Total | | 1,406,317 | 623,562 |

17. Contingent liabilities and contingent assets

17.1 Contingent liabilities

| | Note | 2013/14 | 2012/13 |
|---|----------|--------------|---------------|
| | | R'000 | R'000 |
| Liable to Nature | | | |
| Housing loan guarantees Employees | Annex 3A | 65 | 85 |
| Claims against the department | Annex 3B | 990 | 425 |
| Intergovernmental payables (unconfirmed balances) | Annex 5 | - | 8 |
| Other | Annex 3B | - | 22,413 |
| Total | | 1,055 | 22,931 |

For further information, please refer to Annexure 3B.

18. Commitments

| | Note | 2013/14 | 2012/13 |
|---------------------------------|------|---------------|----------------|
| | | R'000 | R'000 |
| Current expenditure | | | |
| Approved and contracted | | 61,334 | 73,716 |
| Approved but not yet contracted | | 18,531 | 19,931 |
| | | 79,865 | 93,647 |
| Capital expenditure | | | |
| Approved and contracted | | 12,521 | 147,624 |
| Approved but not yet contracted | | - | - |
| | | 12,521 | 147,624 |
| Total Commitments | | 92,386 | 241,271 |

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These commitments are longer than a year.

Programme 1 – R 36 851 528,69- Consulting/cellular phone services/hire and rental of photo copiers

Programme 2 – R 2 196 571,26 - Consulting/cellular phone services/hire and rental of photo copiers

Programme 3 – R 17 581 835,03 - Consulting/cellular phone services/hire and rental of photo copiers

Programme 4 – R 231 126,90 - Consulting/cellular phone services/hire and rental of photo copiers

The corresponding figures for current commitments approved and contracted for, have been adjusted with an amount of R20 500 000 due to an error identified in the current year relating to SITA contracts.

19. Accruals

| | | 2013/14 | | 2012/13 |
|-----------------------------------|---------------|--------------|---------------|---------------|
| | | R'000 | | R'000 |
| Listed by economic classification | | | | |
| | 30 Days | 30+ Days | Total | Total |
| Goods and services | 23,518 | 2,762 | 26,280 | 12,017 |
| Other | - | 5 | 5 | 92 |
| Total | 23,518 | 2,767 | 26,285 | 12,109 |

| | Note | 2013/14 | | 2012/13 |
|---|------|---------------|--|---------------|
| | | R'000 | | R'000 |
| Listed by programme level | | | | |
| Administration | | 13,770 | | 6,002 |
| Housing Policy, Research and Monitoring | | 1,790 | | 671 |
| Housing Planning and Delivery Support | | 10,302 | | 794 |
| Housing Development Finance | | 423 | | 4,642 |
| Total | | 26,285 | | 12,109 |

The substantial increase in accruals is due to the following:

Budget for Technical Capacity was finished before 31 March 2014. Invoices for Special Investigation Unit and Property Management were received late in the year and were only paid after year end.

Inadequate funds on the scholarship programme meant that claims from institutions could be paid in the following year.

20. Employee benefits

| | Note | 2013/14 | | 2012/13 |
|-----------------------------------|------|---------------|--|---------------|
| | | R'000 | | R'000 |
| Leave entitlement | | 12,911 | | 8,335 |
| Service bonus (Thirteenth cheque) | | 6,962 | | 6,005 |
| Performance awards | | 5,490 | | 5,055 |
| Capped leave commitments | | 7,662 | | 7,749 |
| Total | | 33,025 | | 27,144 |

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21. Lease commitments

21.1 Operating leases expenditure

| 2013/14 | Specialised military equipment | Land | Buildings and other fixed structures | Machinery and equipment | Total |
|--|--------------------------------|------|--------------------------------------|-------------------------|----------------|
| Not later than 1 year | - | - | 26,152 | - | 26,152 |
| Later than 1 year and not later than 5 years | - | - | 118,788 | - | 118,788 |
| Total lease commitments | - | - | 144,940 | - | 144,940 |

| 2012/13 | Specialised military equipment | Land | Buildings and other fixed structures | Machinery and equipment | Total |
|--|--------------------------------|------|--------------------------------------|-------------------------|----------------|
| Not later than 1 year | - | - | 27,593 | - | 27,593 |
| Later than 1 year and not later than 5 years | - | - | 147,824 | - | 147,824 |
| Total lease commitments | - | - | 175,417 | - | 175,417 |

21.2 Finance leases expenditure**

| 2013/14 | Specialised military equipment | Land | Buildings and other fixed structures | Machinery and equipment | Total |
|--|--------------------------------|------|--------------------------------------|-------------------------|--------------|
| Not later than 1 year | - | - | - | 1,862 | 1,862 |
| Later than 1 year and not later than 5 years | - | - | - | 653 | 653 |
| Total lease commitments | - | - | - | 2,515 | 2,515 |

| 2012/13 | Specialised military equipment | Land | Buildings and other fixed structures | Machinery and equipment | Total |
|--|--------------------------------|------|--------------------------------------|-------------------------|--------------|
| Not later than 1 year | - | - | - | 2,116 | 2,116 |
| Later than 1 year and not later than 5 years | - | - | - | 1,168 | 1,168 |
| Total lease commitments | - | - | - | 3,284 | 3,284 |

22. Irregular expenditure

22.1 Reconciliation of irregular expenditure

| | Note | 2013/14 | 2012/13 |
|---|------|--------------|--------------|
| | | R'000 | R'000 |
| Opening balance | | | 18,284 |
| Add: Irregular expenditure – relating to current year | | 1,203 | 556 |
| Less: Prior year amount condoned | | - | (2,477) |
| Less: Amounts not recoverable (not condoned) | | - | (9,797) |
| Irregular expenditure awaiting condonation | | 7,769 | 6,566 |

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| Analysis of awaiting condonation per age classification | | | |
|---|--|--------------|--------------|
| Current year | | 1,203 | 214 |
| Prior years | | 6,566 | 6,352 |
| Total | | 7,769 | 6,566 |

22.2 Details of irregular expenditure – current year

| Incident | Disciplinary steps taken/ criminal proceedings | 2013/14 R'000 |
|--|---|------------------|
| Approved payments not in line with financial delegations | Still under investigation | 840 |
| Overseas trip approved after was undertaken | Still under investigation | 335 |
| 15% threshold on extension of contracts exceeded | Still under investigation | 28 |
| Total | | 1,203 |

22.3 Details of irregular expenditure under investigation incident

Amount paid to Independent Development Trust and Mvula for Rural Household Infrastructure Grant are pending outcome of investigation of procurement process for the appointment of their sub-contractors.

23. Fruitless and wasteful expenditure

23.1 Reconciliation of fruitless and wasteful expenditure

| | Note | 2013/14 R'000 | 2012/13 R'000 |
|---|------|------------------|------------------|
| Opening balance | | - | 3 |
| Fruitless and wasteful expenditure – relating to current year | | 36 | - |
| Less: Amounts resolved | | - | (3) |
| Fruitless and wasteful expenditure awaiting resolution | | 36 | - |

| Analysis of awaiting condonation per age classification | | | |
|---|--|-----------|----------|
| Current | | 36 | - |
| Capital | | - | - |
| Transfers and Subsidies | | - | - |
| Total | | 36 | - |

23.2 Analysis of Current year's fruitless and wasteful expenditure

| Incident | Disciplinary steps taken/ criminal proceedings | 2013/14 R'000 |
|--|---|------------------|
| Payment to Telkom – Interest | No disciplinary steps taken | 24 |
| Interest on late payment GEPP - February, 2014 | No disciplinary steps taken | 12 |
| Total | | 36 |

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24. Related party transactions

List related party relationships

- South African Housing Fund
- Servcon
- Social Housing Foundation
- National Urban Reconstruction and Housing Agency
- National Home Builders Registration Council
- National Housing Finance Corporation
- Thubelisha Homes and Rural Housing Loan Fund
- Housing Development Agency
- Social Housing Regulatory Authority
- Estate Agency Affairs Board
- Community Scheme Ombuds Service

25. Key management personnel

| | No. of Individuals | 2013/14 | 2012/13 |
|---|-----------------------|---------------|---------------|
| | | R'000 | R'000 |
| Political office bearers (provide detail below) | 3 | 3,816 | 3,659 |
| Officials: | | | |
| Level 15 to 16 | 11 | 11,791 | 12,126 |
| Level 14 (incl. CFO if at a lower level) | 23 | 19,092 | 17,470 |
| Family members of key management personnel | 1 | 112 | 370 |
| Total | | 34,811 | 33,625 |

26. Impairment: other

| | Note | 2013/14 | 2012/13 |
|--------------|------|------------|------------|
| | | R'000 | R'000 |
| Debtors | | 491 | 234 |
| Total | | 491 | 234 |

27. Provisions

| | Note | 2013/14 | 2012/13 |
|--------------------------------|------|------------|-----------|
| | | R'000 | R'000 |
| Vat Vendors | | 53 | 59 |
| Sbutumi Trading in all aspects | | 815 | |
| Total | | 868 | 59 |

27.1 Reconciliation of movement in provisions – 2013/14

| | Provision 1 | Provision 2 | Provision 3 | Total provisions |
|--|-------------|-------------|-------------|------------------|
| | R'000 | R'000 | R'000 | R'000 |
| Opening balance | 59 | - | - | 59 |
| Provisions raised | - | - | - | 815 |
| Unused amounts reversed | | | | |
| Amounts used | | | | |
| Settlement of provision without cost to the department | | | | |
| Change in provision due to change in estimation inputs | (1) | (5) | - | (6) |
| Closing balance | 58 | (5) | - | 868 |

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28. Movable Tangible Capital Assets

| MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014 | | | | | |
|--|-----------------|---|--------------|------------|-----------------|
| | Opening balance | Curr Year Adjust-ments to prior year balances | Additions | Disposals | Closing Balance |
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| MACHINERY AND EQUIPMENT | 55,820 | 112 | 8,634 | 892 | 63,674 |
| Transport assets | 1,063 | - | 1,093 | - | 2,156 |
| Computer equipment | 26,219 | 101 | 5,035 | 735 | 30,620 |
| Furniture and office equipment | 14,883 | 11 | 270 | 74 | 15,090 |
| Other machinery and equipment | 13,655 | - | 2,236 | 83 | 15,808 |
| TOTAL MOVABLE TANGIBLE CAPITAL ASSETS | 55,820 | 112 | 8,634 | 892 | 63,674 |

28.1 Additions

| ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014 | | | | | |
|---|--------------|------------|---|---|--------------|
| | Cash* | Non-cash** | (Capital Work in Progress current costs and finance lease payments) | Received current, not paid (Paid current year, received prior year) | Total |
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| MACHINERY AND EQUIPMENT | 8,634 | - | - | - | 8,634 |
| Transport assets | 1,093 | - | - | - | 1,093 |
| Computer equipment | 5,035 | - | - | - | 5,035 |
| Furniture and office equipment | 270 | - | - | - | 270 |
| Other machinery and equipment | 2,236 | - | - | - | 2,236 |
| TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS | 8,634 | - | - | - | 8,634 |

28.2 Disposals

| DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014 | | | | | |
|---|---------------|---------------------------------------|-----------------|--|----------------------|
| | Sold for cash | Transfer out or destroyed or scrapped | Total disposals | | Cash Received Actual |
| | R'000 | R'000 | R'000 | | R'000 |
| HERITAGE ASSETS | - | - | - | | - |
| Heritage assets | | | | | |

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DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

| | Sold for cash | Transfer out or destroyed or scrapped | Total disposals | | Cash Received Actual |
|--|---------------|---------------------------------------|-----------------|--|----------------------|
| | R'000 | R'000 | R'000 | | R'000 |
| Computer equipment | - | 735 | 735 | | |
| Furniture and office equipment | - | 74 | 74 | | |
| Other machinery and equipment | - | 83 | 83 | | |
| SPECIALISED MILITARY ASSETS | - | - | - | | |
| Specialised military assets | | | | | |
| BIOLOGICAL ASSETS | - | - | - | | |
| Biological assets | | | | | |
| TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS | - | 892 | 892 | | |

28.3 Movement for 2012/13

| | Opening balance | Curr Year Adjust-ments to prior year balances | Additions | Disposals | Closing Balance |
|--|-----------------|---|--------------|--------------|-----------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| MACHINERY AND EQUIPMENT | 51,883 | - | 5,079 | 1,142 | 55,820 |
| Transport assets | 1,063 | - | - | - | 1,063 |
| Computer equipment | 25,199 | - | 1,856 | 836 | 26,219 |
| Furniture and office equipment | 14,714 | - | 382 | 213 | 14,883 |
| Other machinery and equipment | 10,907 | - | 2,841 | 93 | 13,655 |
| | - | - | - | - | - |
| TOTAL MOVABLE TANGIBLE CAPITAL ASSETS | 51,883 | - | 5,079 | 1,142 | 55,820 |

28.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2014

| | Specialised military assets | Intangible assets | Heritage assets | Machinery and equipment | Biological assets | Total |
|--|-----------------------------|-------------------|-----------------|-------------------------|-------------------|---------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Opening balance | - | 1,105 | - | 15,528 | - | 16,633 |
| Curr Year Adjustments to Prior Year balances | - | - | - | 32 | - | 32 |
| Additions | - | 4 | - | 652 | - | 656 |
| Disposals | - | - | - | 333 | - | 333 |
| TOTAL MINOR ASSETS | - | 1,109 | - | 15,879 | - | 16,988 |

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| | Specialised military assets | Intangible assets | Heritage assets | Machinery and equipment | Biological assets | Total |
|-------------------------------------|-----------------------------|-------------------|-----------------|-------------------------|-------------------|---------------|
| Number of R1 minor assets | - | 5 | - | 310 | - | 315 |
| Number of minor assets at cost | - | 1,031 | - | 12,743 | - | 13,774 |
| TOTAL NUMBER OF MINOR ASSETS | - | 1,036 | - | 13,053 | - | 14,089 |

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2013

| | Specialised military assets | Intangible assets | Heritage assets | Machinery and equipment | Biological assets | Total |
|-------------------------------------|-----------------------------|-------------------|-----------------|-------------------------|-------------------|---------------|
| Number of R1 minor assets | - | 5 | - | 76 | - | 81 |
| Number of minor assets at cost | - | 1,030 | - | 12,636 | - | 13666 |
| TOTAL NUMBER OF MINOR ASSETS | - | 1,035 | - | 12,712 | - | 13,747 |

28.5 Movable assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2014

| | Specialised military assets | Intangible assets | Heritage assets | Machinery and equipment | Biological assets | Total |
|---|-----------------------------|-------------------|-----------------|-------------------------|-------------------|------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Assets written off | - | - | - | 333 | - | 333 |
| TOTAL MOVABLE ASSETS WRITTEN OFF | - | - | - | 333 | - | 333 |

| Specialised military assets | Intangible assets | Heritage assets | Machinery and equipment | Biological assets | Total |
|-----------------------------|-------------------|-----------------|-------------------------|-------------------|-------|
| R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| - | - | - | 315 | - | 315 |
| - | - | - | 315 | - | 315 |

29. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

| | Opening balance | Current Year Adjust-ments to prior year balances | Additions | Disposals | Closing Balance |
|--|-----------------|--|------------|-----------|-----------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| SOFTWARE | 3,611 | - | 697 | - | 4,308 |
| TOTAL INTANGIBLE CAPITAL ASSETS | 3,611 | - | 697 | - | 4,308 |

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29.1 Additions

| ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014 | | | | | |
|---|------------|----------|---|---|------------|
| | Cash | Non-Cash | (Develop- ment work in progress – current costs) | Received current year, not paid (Paid current year, received prior year) | Total |
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| SOFTWARE | 697 | - | - | - | 697 |
| MASTHEADS AND PUBLISHING TITLES | | | | | |
| TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS | 697 | - | - | - | 697 |

29.2 Movement for 2012/13

| MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014 | | | | | |
|--|--------------------|---|-----------|-----------|--------------------|
| | Opening balance | Current Year Adjust-ments to prior year balances | Additions | Disposals | Closing Balance |
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| SOFTWARE | 3,581 | - | 30 | - | 3,611 |
| TOTAL INTANGIBLE CAPITAL ASSETS | 3,581 | - | 30 | - | 3,611 |

30. Immovable Tangible Capital Assets

| MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014 | | | | | |
|--|--------------------|--|----------------|----------------|--------------------|
| | Opening balance | Curr Year Adjust-ments to prior year balances | Additions | Disposals | Closing Balance |
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| BUILDINGS AND OTHER FIXED STRUCTURES | - | - | 137,524 | 137,524 | - |
| Dwellings | - | - | - | - | - |
| Non-residential buildings | - | - | - | - | - |
| Other fixed structures | - | - | 137,524 | 137,524 | - |
| TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS | - | - | 137,524 | 137,524 | - |

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30.1 Additions

| ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014 | | | | | |
|---|----------------|---------------|---|---|----------------|
| | Cash | Non-cash | (Capital Work in Progress current costs and finance lease payments) | Received current, not paid (Paid current year, received prior year) | Total |
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| BUILDING AND OTHER FIXED STRUCTURES | 108,589 | 46,874 | (17,939) | - | 137,524 |
| Dwellings | - | - | - | - | - |
| Non-residential buildings | - | - | - | - | - |
| Other fixed structures | 108,589 | 46,874 | (17,939) | - | 137,524 |
| TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS | 108,589 | 46,874 | (17,939) | - | 137,524 |

An amount of R750 106. 83 was understated on the prior year closing balance.

30.2 Disposals

| DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014 | | | | | |
|---|---------------|---------------------------------------|-----------------|--|----------------------|
| | Sold for cash | Transfer out or destroyed or scrapped | Total disposals | | Cash Received Actual |
| | R'000 | R'000 | R'000 | | R'000 |
| BUILDINGS AND OTHER FIXED STRUCTURES | - | 137,524 | 137,524 | | - |
| Dwellings | - | - | - | | - |
| Non-residential buildings | - | - | - | | - |
| Other fixed structures | - | 137,524 | 137,524 | | - |
| TOTAL DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS | - | 137,524 | 137,524 | | - |

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30.3 Movement for 2012/13

| MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014 | | | | | |
|--|--------------------|--|----------------|----------------|--------------------|
| | Opening balance | Curr Year Adjust-ments to prior year balances | Additions | Disposals | Closing Balance |
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| BUILDINGS AND OTHER FIXED STRUCTURES | - | - | 254,638 | 254,638 | - |
| Dwellings | - | - | - | - | - |
| Non-residential buildings | - | - | - | - | - |
| Other fixed structures | - | - | 254,638 | 254,638 | - |
| TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS | - | - | 254,638 | 254,638 | - |

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31. Transfer of functions

Some assets received from Department of Water Affairs(DWA) were fair valued in January 2014. The asset valuation is R 212,783. These assets had not yet been captured into the department's asset register.

Asset transferred to Defence with the amount of R476, 953, 61 were not acknowledged pending the signature of the Accounting Officer at Defence (PFMA Section 42 paragraph 2). These assets are still appearing on the Asset Register of the Department. They were not removed from Asset Register as the transfer process has not being finalised.

32. STATEMENT OF CONDITIONAL HUMAN SETTLEMENTS DEVELOPMENT GRANT(HSDG) PAID TO THE PROVINCES

| NAME OF PROVINCE / GRANT | GRANT ALLOCATION | | | TRANSFER | | | SPENT | | | 2012/13 | |
|--------------------------|-------------------------|------------|---------------|-------------------|-------------------|----------------|--|-------------------------------|----------------------------|---------|--|
| | Division of Revenue Act | Roll Overs | Adjustments | Total Available | Actual Transfer | Funds Withheld | Re-allocations by National Treasury or National Department | Amount received by department | Amount spent by department | | % of available funds spent by department |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 | | % |
| Eastern Cape | 2,523,803 | - | - | 2,523,803 | 2,523,803 | - | - | 2,523,803 | 2,523,802 | 100% | 2,292,859 |
| Free State | 1,120,936 | - | - | 1,120,936 | 1,350,936 | - | 230,000 | 1,350,936 | 1,350,936 | 100% | 961,619 |
| Gauteng | 4,108,399 | - | - | 4,108,399 | 4,108,399 | - | - | 4,108,399 | 4,095,445 | 100% | 4,003,776 |
| Kwazulu-Natal | 3,235,428 | - | 40,156 | 3,275,584 | 3,332,584 | - | 57,000 | 3,332,584 | 3,333,988 | 44% | 2,915,297 |
| Limpopo | 1,324,742 | - | 1,368 | 1,326,110 | 682,110 | 644,000 | - | 682,110 | 303,449 | 44% | 1,471,617 |
| Mpumalanga | 1,124,332 | - | 1,764 | 1,126,096 | 1,126,096 | - | - | 1,126,096 | 1,013,077 | 90% | 965,127 |
| Northern Cape | 395,724 | - | - | 395,724 | 603,624 | - | 207,900 | 603,624 | 577,450 | 90% | 339,551 |
| North West | 1,224,537 | - | - | 1,224,537 | 1,341,537 | - | 117,000 | 1,341,537 | 1,341,523 | | 1,050,933 |
| Western Cape | 1,925,971 | - | 1,166 | 1,927,137 | 1,959,237 | - | 32,100 | 1,959,237 | 1,959,237 | | 1,725,180 |
| | 16,983,872 | - | 44,454 | 17,028,326 | 17,028,326 | 644,000 | 644,000 | 17,028,326 | 16,498,907 | | 15,725,959 |

10(a)(iii)&10(b) The total amount of R17,028,326 allocated to provinces including the adjustment of R44,454 (b) an amounts of R 644,000,00 was stopped from Limpopo Province (c) R644,000 was reallocated to Free State, KZN, Northern Cape, North West and Western Cape. (d) Funds were transferred into the primary bank account of the provincial departments.(e) The Human Settlements Development Grant(HSDG) was not utilised for other administrative purposes except in terms of Operational Capital Budget (OPSCAP) programme ,which allows the provinces to utilize a certain percentage maximum of 5% of the voted fund allocation (grant) to support the national and provincial housing programmes and priorities.

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS

VOTE 31

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

| NAME OF MUNICIPALITY | GRANT ALLOCATION | | | | TRANSFER | | | | SPENT | | | | 2012/13 Division of Revenue Act R'000 |
|----------------------|-------------------------|----------------|-------------|------------------|------------------|----------------|--|---------------------------------|------------------------------|--|-------------------------|--|---|
| | Division of Revenue Act | Roll Overs | Adjustments | Total Available | Actual Transfer | Funds Withheld | Re-allocations by National Treasury or National Department | Amount received by municipality | Amount spent by municipality | % of available funds spent by municipality | Division of Revenue Act | | |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 | % | R'000 | | |
| Buffalo City | 613,305 | 176,875 | - | 790,180 | 613,305 | - | - | 613,305 | 409,323 | 67% | 499,474 | | |
| Nelson Mandela Bay | 727,986 | - | - | 727,986 | 727,986 | - | - | 727,986 | 341,504 | 47% | 592,870 | | |
| Mangaung | 596,719 | 129,450 | - | 726,169 | 596,719 | - | - | 596,719 | 333,054 | 56% | 485,967 | | |
| Ekurhuleni | 1,584,912 | 69,509 | - | 1,654,421 | 1,584,912 | - | - | 1,584,912 | 906,707 | 57% | 1,212,537 | | |
| City of Johannesburg | 1,488,877 | 70,347 | - | 1,559,224 | 1,488,877 | - | - | 1,488,877 | 607,204 | 41% | 1,290,748 | | |
| City of Tshwane | 1,290,611 | - | - | 1,290,611 | 1,290,611 | - | - | 1,290,611 | 791,087 | 61% | 1,051,070 | | |
| eThekweni | 1,580,999 | - | - | 1,580,999 | 1,580,999 | - | - | 1,580,999 | 1,007,292 | 64% | 1,287,560 | | |
| City of Cape Town | 1,193,497 | 66,276 | - | 1,259,773 | 1,193,497 | - | - | 1,193,497 | 486,797 | 41% | 971,980 | | |
| | 9,076,906 | 512,457 | - | 9,589,363 | 9,076,906 | - | - | 9,076,906 | 4,882,968 | | 7,392,206 | | |

14(1)(a) The total amount of R 9,076,906 was transferred to Municipalities. (b) As at 31 March 2014 an amount of R 4,925,046 has been spent by Municipalities. (c) An amount of R 512,457 was rolled over from the 2012/13 financial year. (d) No amounts were re-allocated. (e) All funds were transferred into the primary bank account of the Municipalities or, where applicable, into the CPD account.

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

ANNEXURE 1B
STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

| NAME OF MUNICIPALITY | GRANT ALLOCATION | | | | TRANSFER | | | | SPENT | | | 2012/13 |
|----------------------|------------------|------------|--------------|-----------------|-----------------|----------------------------------|---------------------------------|------------------------------|--|-----------------|-------|---------|
| | Amount | Roll Overs | Adjust-ments | 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 | R'000 | |
| Amathole | 8,500 | - | - | 8,500 | 8,500 | - | - | - | - | - | - | |
| Chris Hani | 4,511 | - | - | 4,511 | 4,511 | - | - | - | - | - | - | |
| Joe Gqabi | 4,000 | - | - | 4,000 | 4,000 | - | - | - | - | - | - | |
| O.R Tambo | 4,000 | - | - | 4,000 | 4,000 | - | - | - | - | - | - | |
| Alfred Nzo | 4,000 | - | - | 4,000 | 4,000 | - | - | - | - | - | - | |
| Maluti-A Phofung | 4,000 | - | - | 4,000 | 4,000 | - | - | - | - | - | - | |
| Ugu | 4,000 | - | - | 4,000 | 4,000 | - | - | - | - | - | - | |
| Uthukela | 4,000 | - | - | 4,000 | 4,000 | - | - | - | - | - | - | |
| Umninyathi | 4,000 | - | - | 4,000 | 4,000 | - | - | - | - | - | - | |
| Amajuba | 4,000 | - | - | 4,000 | 4,000 | - | - | - | - | - | - | |
| Zululand | 4,500 | - | - | 4,500 | 4,500 | - | - | - | - | - | - | |
| Umkhanyakude | 4,000 | - | - | 4,000 | 4,000 | - | - | - | - | - | - | |
| uMhlatuze | 4,000 | - | - | 4,000 | 4,000 | - | - | - | - | - | - | |
| uThungulu | 4,000 | - | - | 4,000 | 4,000 | - | - | - | - | - | - | |
| iLembe | 4,000 | - | - | 4,000 | 4,000 | - | - | - | - | - | - | |
| Sisonke | 4,000 | - | - | 4,000 | 4,000 | - | - | - | - | - | - | |
| Mopani | 8,500 | - | - | 8,500 | 8,500 | - | - | - | - | - | - | |
| Vhembe | 4,000 | - | - | 4,000 | 4,000 | - | - | - | - | - | - | |
| Capricorn | 4,000 | - | - | 4,000 | 4,000 | - | - | - | - | - | - | |
| Sekhukhune | 4,000 | - | - | 4,000 | 4,000 | - | - | - | - | - | - | |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

| | | | | | | | |
|---------------------------|----------------|----------|----------------|----------------|----------|----------|----------|
| Nkomazi | 4,500 | - | 4,500 | 4,500 | - | - | - |
| Ga Segonyane | 4,210 | - | 4,210 | 4,210 | - | - | - |
| Ngaka Modiri Molema | 4,000 | - | 4,000 | 4,000 | - | - | - |
| Dr Ruth Segomotsi Mompoti | 4,000 | - | 4,000 | 4,000 | 100% | - | - |
| | 106,721 | - | 106,721 | 106,721 | - | - | - |

14(1) (a) The Rural Household Infrastructure Grant (RHIG) was first introduced in 2013/14 financial year as a direct grant from national department to provide specific funding for the reduction of rural sanitation backlogs and to target existing households where bulk-dependent services are not available. The Rural Household Infrastructure Grant was allocated a total of R106 721 in the 2013/2014 financial year and the allocation was transferred fully to municipalities. The RHIG was incorrectly gazetted to municipalities that were not Water Services Authorities (WSA); this resulted in a regazetting of the RHIG to WSA. The regazetting was published in December 2013. (b) No amounts were withheld. (c) No amounts were reallocated. (d) Funds were transferred into the primary bank accounts of the municipalities. e) According to the reports received form municipalities no funds were utilized for administration purposes.

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

ANNEXURE 1C
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

| DEPARTMENT/AGENCY/ACCOUNT | TRANSFER ALLOCATION | | | | | TRANSFER | | 2012/13 |
|-------------------------------------|------------------------|------------|--------------|------------------|-----------------|----------------------------------|-------------------|---------|
| | Adjusted Appropriation | Roll Overs | Adjust-ments | Total Available | Actual Transfer | % of Available funds Transferred | Appropriation Act | |
| | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | |
| Housing Development Agency | 97,497 | - | - | 97,497 | 97,497 | 100% | 92,336 | |
| NURCHA | 100,000 | - | - | 100,000 | 100,000 | 100% | 120,000 | |
| Social Housing Regulatory Authority | 936,254 | - | - | 936,254 | 650,151 | 69% | 668,497 | |
| Rural Housing Loan Fund | - | - | - | - | - | - | 31,975 | |
| Community Schemes Ombuds Service | 17,000 | - | - | 17,000 | 17,000 | 100% | - | |
| | 1,150,751 | - | - | 1,150,751 | 864,648 | | 912,808 | |

**NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014**

**ANNEXURE 1D
STATEMENT OF TRANSFERS TO UNIVERSITIES AND TECHNIKONS**

| NAME OF HIGHER EDUCATION INSTITUTION | TRANSFER ALLOCATION | | | | | TRANSFER | | | 2012/13 | |
|---|---------------------------|---------------|--------------|--------------------|--------------------|---------------------------|---|--------------|---------------------------|--|
| | Adjusted Appropriation | Roll Overs | Adjust-ments | Total Available | Actual Transfer | Amount not transferred | % of Available funds Transferred | R'000 | Appro- priation Act | |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | | | |
| Nelson Mandela Metropolitan University | 3,949 | - | - | 3,949 | 3,949 | - | - | 3,090 | 3,090 | |
| | 3,949 | - | - | 3,949 | 3,949 | - | - | 3,090 | 3,090 | |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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**ANNEXURE 1E
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES**

| NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE | TRANSFER ALLOCATION | | | | EXPENDITURE | | | | 2012/13 | |
|---|----------------------------------|------------------|-------------------|-----------------------|-----------------------|------------------------------------|---------------|---------------|---------|-------------------------|
| | Adjusted Appropriation Act R'000 | Roll Overs R'000 | Adjustments R'000 | Total Available R'000 | Actual Transfer R'000 | % of Available funds Transferred % | Capital R'000 | Current R'000 | | Appropriation Act R'000 |
| Public Corporations | | | | | | | | | | |
| Transfers | | | | | | | | | | |
| Sappi Conference | | | | | | | | | | 400 |
| Total | | | | | | | | | | 400 |
| TOTAL | | | | | | | | | | 400 |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

**ANNEXURE 1F
STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS**

| FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION | TRANSFER ALLOCATION | | | | | EXPENDITURE | | 2013 Appropriation Act R'000 |
|--|----------------------------|------------|--------------|-----------------|-----------------|----------------------------------|--------------|------------------------------------|
| | Adjusted Appropriation Act | Roll overs | Adjust-ments | Total Available | Actual Transfer | % of Available funds Transferred | | |
| | R'000 | R'000 | R'000 | R'000 | R'000 | % | | |
| Transfers | | | | | | | | |
| United Nation Membership Fees | 1,100 | - | - | 1,100 | 1,075 | 98% | 1,279 | |
| | 1,100 | - | - | 1,100 | 1,075 | | 1,279 | |
| Subsidies | | | | | | | | |
| | | | | | | | | |
| Total | 1,100 | - | - | 1,100 | 1,075 | | 1,279 | |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

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

| HOUSEHOLDS | TRANSFER ALLOCATION | | | | EXPENDITURE | | | 2012/13 |
|--------------------------|----------------------------|------------|--------------|-----------------|-----------------|----------------------------------|-------------------|---------|
| | Adjusted Appropriation Act | Roll Overs | Adjust-ments | Total Available | Actual Transfer | % of Available funds Transferred | Appropriation Act | |
| | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | |
| Transfers | | | | | | | | |
| Leave Gratuity | 393 | - | - | 393 | 289 | 74% | 249 | |
| Bursaries (Non-Employee) | 4,220 | - | - | 4,220 | 4,553 | 108% | 13,820 | |
| | 4,613 | - | - | 4,613 | 4,842 | | 14,069 | |
| Subsidies | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| Total | 4,613 | - | - | 4,613 | 4,842 | | 14,069 | |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

ANNEXURE 3A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2014 – LOCAL

| Guarantor institution | Guarantee in respect of | Original guaranteed capital amount | Opening balance 1 April 2013 | Guarantees draw downs during the year | Guarantees repayments/ cancelled/ reduced/ released during the year | Revaluations | Closing balance 31 March 2014 | Guaranteed interest for year ended 31 March 2014 | 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 |
| | Motor vehicles | | | | | | | | |
| | Subtotal | | | | | | | | |
| | Housing | | | | | | | | |
| | Housing | 52 | 52 | - | 20 | - | 32 | - | - |
| | Housing | 11 | 11 | - | - | - | 11 | - | - |
| | Housing | 6 | 6 | - | - | - | 6 | - | - |
| | Housing | 16 | 16 | - | - | - | 16 | - | - |
| | Subtotal | 85 | 85 | - | 20 | - | 65 | - | - |
| | Other | | | | | | | | |
| | Subtotal | | | | | | | | |
| | TOTAL | 85 | 85 | - | 20 | - | 65 | - | - |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

ANNEXURE 3B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2014

| Nature of Liability | Opening Balance 1 April 2013 R'000 | Liabilities incurred during the year R'000 | Liabilities paid/ cancelled/reduced during the year R'000 | Liabilities recoverable (Provide details hereunder) R'000 | Closing Balance 31 March 2014 R'000 |
|--|--|--|--|---|--|
| Claims against the department | 425 | | | | 425 |
| EJ Seeqela v Minister of Human Settlements | | 75 | - | | 75 |
| Pasco Risk Management v EAAB & 3 Others | | 490 | | | 490 |
| Subtotal | 425 | 565 | - | - | 990 |
| Other | | | | | |
| Accommodation charges for a building at 260 Justice Mohammed street in respect of which the Department has not taken occupancy. The Department has not taken occupancy. Invoices were received but could not be paid for as they are considered to be under dispute. | 22,413 | | - | | - |
| Subtotal | 22,413 | | | | |
| TOTAL | 22,838 | | 565 | | 990 |

Legend:
N1

There were no payments made for a Building at 260 Justice Mohamed Street, because the building was not properly handed over to the department by the owner, and the department did not occupy the building. The Department of Public Works was informed of the dispute as they were charging the department for building 240 and 260. The credit note of 24,887,000 was issued to cancel the contingent liability of the department.

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

ANNEXURE 4
CLAIMS RECOVERABLE

| Government Entity | Confirmed balance outstanding | | Unconfirmed balance outstanding | | Total | |
|-------------------------------------|-------------------------------|------------|---------------------------------|------------|------------|------------|
| | 31/03/2014 | 31/03/2013 | 31/03/2014 | 31/03/2013 | 31/03/2014 | 31/03/2013 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Department | | | | | | |
| Department of Arts and Culture | - | 21 | - | - | - | 21 |
| Department of Water Affairs | - | - | - | 43 | - | 43 |
| Department of Justice | - | - | - | 11 | - | 11 |
| South African Police Services | - | - | 9 | 8 | 9 | 8 |
| Gauteng Department of Health | - | - | 60 | - | 60 | - |
| Department of Public Works | - | - | 26 | - | 26 | - |
| Department of Basic Education | - | - | 49 | - | 49 | 53 |
| Department of Correctional services | - | - | - | 53 | - | 41 |
| Department of Trade and Industry | - | - | - | 41 | - | - |
| | - | 21 | 144 | 156 | 144 | 177 |
| TOTAL | - | 21 | 144 | 156 | 144 | 177 |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

ANNEXURE 5
INTER-GOVERNMENT PAYABLES

| GOVERNMENT ENTITY | Confirmed balance outstanding | | Unconfirmed balance outstanding | | TOTAL | |
|-------------------------------|-------------------------------|------------|---------------------------------|------------|------------|------------|
| | 31/03/2014 | 31/03/2013 | 31/03/2014 | 31/03/2013 | 31/03/2014 | 31/03/2013 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| DEPARTMENTS | | | | | | |
| Current | | | | | | |
| South African Police Services | - | - | - | 8 | - | 8 |
| Subtotal | - | - | - | 8 | - | 8 |
| Total | - | - | - | 8 | - | 8 |
| Total | - | - | - | 8 | - | 8 |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

ANNEXURE 6
INVENTORY

| Inventory | Note | Quantity | 2013/14 | Quantity | 2012/13 |
|--|------|----------------|--------------|---------------|------------|
| | | | R'000 | | R'000 |
| Opening balance | | 35,236 | 168 | 26,480 | 135 |
| Add: Additions/Purchases - Cash | | 140,525 | 10,607 | 99,541 | 247,436 |
| Add: Additions - Non-cash | | 39,345 | - | 10,430 | - |
| (Less): Issues | | (99,684) | (5,283) | (101,215) | (247,413) |
| Add/(Less) Weighted Average Price Variance | | - | 2,105 | - | 8 |
| Closing balance | | 115,422 | 7,597 | 35,236 | 166 |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

ANNEXURE 7A
MOVEMENT IN CAPITAL WORK IN PROGRESS

| MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2014 | | | | |
|--|----------------------------|-------------------------------------|-----------------------------|----------------------------|
| | Opening balance | Current Year Capital WIP | Completed Assets | Closing balance |
| | R'000 | R'000 | R'000 | R'000 |
| BUILDINGS AND OTHER FIXED STRUCTURES | 43,682 | 112,697 | 137,524 | 18,855 |
| Dwellings | | | | |
| Non-residential buildings | | | | |
| Other fixed structures | 43,682 | 112,697 | 137,524 | 18,855 |
| TOTAL | 43,682 | 112,697 | 137,524 | 18,855 |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2014

ANNEXURE 8A
INTER-ENTITY ADVANCES PAID (note 14)

| ENTITY | Confirmed balance outstanding | | Unconfirmed balance outstanding | | TOTAL | |
|----------------------|-------------------------------|---------------|---------------------------------|------------|--------------|---------------|
| | 31/03/2014 | 31/03/2013 | 31/03/2014 | 31/03/2013 | 31/03/2014 | 31/03/2013 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| NATIONAL DEPARTMENTS | | | | | | |
| GCIS | - | 15,005 | 761 | - | 761 | 15,005 |
| DIRCO | - | 23 | 8,177 | - | 8,177 | 23 |
| Subtotal | - | 15,028 | 8,938 | - | 8,938 | 15,028 |
| Total | - | 15,028 | 8,938 | - | 8,938 | 15,028 |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2014

| POSITION | Notes | 31 March 2014 | 31 March 2013 |
|-------------------------------------|-------|---------------|---------------|
| | | R'000 | R'000 |
| ASSETS | | | |
| Current Assets | | 32,585 | 32,585 |
| Trade and other receivables | 2 | - | - |
| Cash and Cash Equivalents | 5 | 32,585 | 32,585 |
| TOTAL ASSETS | | 32,585 | 32,585 |
| EQUITY AND LIABILITIES | | | |
| Capital and Reserves | | 31,958 | 31,958 |
| Treasury Reserves | | | |
| Non Distributable Reserves | | | |
| Accumulated profits/(Losses) | | 31,958 | 31,958 |
| Current Liabilities | | 627 | 627 |
| Trade and other payables | 3 | 627 | 627 |
| TOTAL EQUITY AND LIABILITIES | | 32,585 | 32,585 |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
CASH FLOW STATEMENT
for the year ended 31 March 2014

| CASH FLOW | Note | 31 March 2014 | 31 March 2013 |
|---|------|---------------|---------------|
| | | R'000 | R'000 |
| CASH FLOWS FROM FINANCE ACTIVITIES: | | | |
| (Increase)/Decrease in financial instruments | | - | - |
| Net cash inflow/(outflow) from investing activities | | - | - |
| Net increase in cash and cash equivalents | | - | - |
| Cash and cash equivalents at beginning of period | | 32 585 | 32 585 |
| Cash and cash equivalents at end of period | 5 | 32 585 | 32 585 |

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
ACCOUNTING POLICIES
for the year ended 31 March 2014

1. General review of the state of financial affairs

The change in focus in housing delivery to quality housing and a shift to alternative forms of housing tenure have formed the background against which sustainable housing delivery was achieved. As reported in 2003/2004, changes in the financial management legislative environment precipitated a need to review the funds flow mechanisms to provinces. In this regard, MINMEC approved that the process for the disestablishment of the fund be commenced with and draft legislation is in the process of being approved to give effect to that decision. The delisting of the South African Housing Fund was approved with effect from 18 November 2003. The department has commenced a process of developing a green paper. This process will culminate into a Human Settlement Act which will repeal the current Housing Act.

2. Accounting Authority's emoluments

In terms of section 11(5)(a) of the Housing Act (Act No 107 of 1997) the Director-General: Human Settlements is the accounting officer of the South African Housing Fund.

No emoluments were paid to the accounting authority from the funds of the South African Housing Fund since the accounting officer is being remunerated by the Department of Human Settlements (previously Department of Housing).

3. Auditors

In terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1998) read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 11(8) of the Housing Act, 1997 (Act No. 107 of 1997) the Auditor-General has the responsibility to audit the books and statements of account and balance sheet of the South African Housing Fund. The Office of the Auditor-General will continue to perform the statutory audit of the South African Housing Fund.

4. Approval of financial statements

The Annual financial statements for the South African Housing Fund were approved by the accounting officer.

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
ACCOUNTING POLICIES
for the year ended 31 March 2014

The principle accounting policies adopted in the preparation of these financial statements are set out below.

BASIS OF PREPARATION

The financial statements are prepared on the liquidation basis as set out below. Since the entity no longer conduct its function in terms of the National Housing Act and is waiting to be disestablished and the Housing Act to be amended.

1.1 Financial Instruments

Financial instruments carried on the balance sheet include cash and bank balances, receivables and creditors.

Measurement

Financial instruments are initially measured at cost. Subsequent to initial recognition these instruments are measured as set out below.

Trade and other receivables

Trade and other receivables are stated at cost less provision for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents are measured at cost.

Financial liabilities

Financial liabilities are recognised at cost.

1.2 Administration Costs

All administration costs are borne by Department of Human Settlements.

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS
VOTE 31
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

| NO. | | 31 March 2014 | 31 March 2013 |
|-----|--|---------------|---------------|
| | | R'000 | R'000 |
| 2. | TRADE AND OTHER RECEIVABLES | | |
| | Debtors | 421 | 421 |
| | Less: Provision for bad debt | (421) | (421) |
| | | <u>-</u> | <u>-</u> |
| 3. | TRADE AND OTHER PAYABLES | | |
| | Post office account | 627 | 627 |
| | | <u>627</u> | <u>627</u> |
| 4. | Disestablishment of the S A Housing Fund | | |

At the meeting of the MINMEC Committee of 15 August 2003, MINMEC approved the disestablishment of the South African Housing Fund and the Provincial Housing Development funds established in terms of various provincial Housing Acts. A draft Bill has been submitted to the Office of the State Law Adviser and to the National Treasury for consideration and input. The department is also considering repealing the Housing Act and developing a new Human Settlements Act in light of the department's new mandate. The delisting of the South African Housing Fund was approved with effect from 18 November 2003.

| | 31 March 2014 | 31 March 2013 |
|--|---------------|---------------|
| | R'000 | R'000 |

NOTES TO THE CASH FLOW STATEMENT

| | | |
|------------------------------|---------------|---------------|
| 5. Cash and cash equivalents | | |
| Cash on hand | 25,229 | 25,229 |
| Cash with CPD | 7,356 | 7,356 |
| | <u>32,585</u> | <u>32,585</u> |