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10. HR OVERSIGHT - APRIL 2004 to MARCH 2005 - Mpumalanga - Local Government and Housing
TABLE 10.1 Labour Relations Unit

1 April 2004 to 31 March 2005	
Collective Agreements	2
MISCONDUCT AND DISCIPLINARY HEARINGS	
Corrective Counseling	1
Rehabilitation	2
Final Written Warning	4
Suspension Withdrawn	0
Case Withdrawn	0
TOTAL	7
TYPE OF MISCONDUCT	
Under the influence of Alcohol	2
Abseteeism	2
Insubordination	2
Fraud	0
TOTAL	6
GRIEVANCES LODGED	
Resolved	3
Unresolved	0
TOTAL	3
DISPUTES LODGED	
Upheld	1
Dismissed	0
TOTAL	1

1.3 Information on the Department

The portfolio for Local Government and Housing is responsible for the provision of political leadership and guidance to the Department. In pursuance of this goal, the MEC, J.L. Mahlangu will be submitting the following Bills to the Legislature:

- Mpumalanga Cemeteries, crematoriums & exhumations Bill, 2005,
- Mpumalanga Local Government Laws Repeal Bill, 2005
- Ingoma/Koma Bill , 2005
- Mpumalanga Traditional Leadership Governance Bill ,2005
- Mpumalanga House and Local Houses of Traditional Leaders Bill,2005

In addition to the above, the Office of the MEC oversees the activities of the Mpumalanga Housing Finance Company and the Greater Middleburg Housing Association.

1.4 Mission Statement

Mission

Provision of provincial integrated support and monitoring framework for sustainable local government, human settlements and traditional leadership towards a better life for all.

Vision

Sustainable local governance and better housing for all.

Values

Below are the core values that the Department espouses founded on Batho Pele Principles:

Consultation, Services Standards, Access, Courtesy, Information, Openness and Transparency, Redress, Value for money, Encouraging Innovation and Rewarding Excellence

TABLE 8.3 - Capped Leave for Jan 2004 to Dec 2004

	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2004	Number of Employees	Total number of capped leave available at 31 December 2004	Number of Employees as at 31 December 2004
Lower skilled (Levels 1-2)	60	9	70	7	2324	33
Skilled (Levels 3-5)	61	12	71	5	5511	78
Highly skilled production (Levels 6-8)	197	9	72	21	9036	125
Highly skilled supervision (Levels 9-12)	35	5	81	7	5798	72
Senior management (Levels 13-16)	12	4	53	3	267	5
TOTAL	365	8	73	43	22936	313

TABLE 8.4 - Leave Payouts

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout for 2004/05 due to non-utilisation of leave for the previous cycle	162	17	9529
Capped leave payouts on termination of service for 2004/05	236	22	10727
Current leave payout on termination of service for 2004/05	27	3	9000
TOTAL	425	42	10119

1.6 Legislative Mandate

The legislative framework from which the Department derives its mandate is as follows:

- The Constitution of the Republic of South Africa , 1996 (Act 108 of 1996)
- The Housing Act, 1997 (Act No. 107, 1997)
- The Rental Housing Act
- Housing Consumer Protection measures Act
- Local Government : Municipal structures Act, 1998
- Local government : Municipal Structures Act, 2000
- Local Government : Property Rates Bill
- Local Government : Municipal Finance Management Act
- Local Government : Disaster Management Act,2002
- Other prescripts
- The Public Service Act,1994 (Proclamation No.103 of 1994)
- The Public Finance Management Act,1999 (Act No. 1 of 1999)
- The Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)
- The Promotion of Administrative Justice Act, 2000 (Act No.3 of 2000)
- The Promotion of Equity and Prevention of Unfair discrimination Act, 2000 (Act No.4 of 2000)
- The Preferential Procurement Policy Framework Act,2000 (ActNo.5 of 2000)
- The Labour relations Act, 1995 (Act No.3 of 2000)
- The Skills Development Act, 1998 (Act No.97 of 1998)
- The Employment Equity Act, 1998 (Act No.55 of 1998)
- Traditional Leadership and Governance Draft White Paper;
- The Employment Equity Act,1998 (Act No. 55 of 1998)
- Affirmative Action in the Public Service White Paper;
- Trading and or Public Entities controlled by the Department
- The function of the Mpumalanga Housing Finance Company is to serve as a Government Financier in low cost housing. It is a Section 21 Company established in terms of the Companies Act 61 of 1973.
- The Head of Department sit on the Board of Directors and the MEC or his delegate controls 51% of the total shares of the company. This means that the Department has veto authority in the company.

TABLE 6.4 - Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill
Band A	0	11	0	0	0	0
Band B	0	3	0	0	0	0
Band C	0	1	0	0	0	0
TOTAL	0	15	0	0	0	0

7. HR OVERSIGHT - APRIL 2004 to MARCH 2005 - Mpumalanga - Local Government and Housing

TABLE 7.1 - Foreign Workers by Salary Band

Salary Band	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Lower skilled (Levels 1-2)	6	100	6	100	0	6	6	0
TOTAL	6	100	6	100	0	6	6	0

TABLE 7.2 - Foreign Workers by Major Occupation

Major Occupation	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Other occupations	6	100	6	100	0	6	6	0
TOTAL	6	100	6	100	0	6	6	0

Programme	Sub-programme
6. Housing Performance / Subsidy Programmes	6.1. Subsidy Administration (optional) 6.2. Individual 6.3. Project Linked 6.4. PHP 6.5. Consolidation 6.6. Institutional 6.7. Hostels 6.8. Relocation 6.9. Disaster Management / Emergency Programme 6.10. Rural Housing Sock
7. Urban Renewal and Human Settlement Redevelopment	7.1. Administration 7.2. Urban Renewal 7.3. Human Settlements
8. Housing Asset Management	8.1. Administration (optional) 8.2. Maintenance 8.3. Transfer of Rental stock 8.4. Sale of Rental stock 8.5. Management of Rental stock 8.6. Devolution of Rental Stock 8.7. Rental Tribunal 8.8. Management of Assets 8.9. Land Administration 8.10. Discount Benefit 8.11. Subsidy (4 of 1987)

TABLE 6.3 - Performance Rewards by Critical Occupation

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Administrative related	0	29	0	0	0
All artisans in the building metal machinery etc.	0	1	0	0	0
Building and other property caretakers	0	1	0	0	0
Bus and heavy vehicle drivers	0	1	0	0	0
Civil engineering technicians	0	11	0	0	0
Cleaners in offices workshops hospitals etc.	0	22	0	0	0
Client inform clerks(switchb receipt inform clerks)	0	4	0	0	0
Communication and information related	0	1	0	0	0
Engineers and related professionals	0	3	0	0	0
Farm hands and labourers	0	1	0	0	0
Finance and economics related	0	2	0	0	0
Financial and related professionals	0	7	0	0	0
Financial clerks and credit controllers	0	29	0	0	0
General legal administration & rel. professionals	0	1	0	0	0
Head of department/chief executive officer	0	1	0	0	0
Human resources & organisat developm & relate prof	0	5	0	0	0
Human resources clerks	0	11	0	0	0
Human resources related	0	2	0	0	0
Language practitioners	0	1	0	0	0

2.6 Strategic overview and key policy developments for the 2004/05 financial year

The Department is in the process of rationalizing the old order legislation in the form of ordinances through the Mpumalanga Local Government Laws Repeal Bill, 2005. The following are the ordinances:

- Municipal Corporations Ordinance, 1903 (Ordinance 58 of 1903)
- Local Authorities roads Ordinance, 1904 (Ordinance 44 of 1904)
- Licensing and Control of Dogs Ordinance ,1933 (Ordinance 18 of 1933)
- Continuation of Local Authorities By-Laws and Regulations Ordinance , 1948 (Ordinance 19 of 1948)
- Municipal Consolidated Loans Fund Ordinance , 1952 (Ordinance 9 of 1952)
- Local Government Control Ordinance , 1958 (Ordinance 21 of 1958)
- Drive in Theatres Ordinance , 1960 (Ordinance 22 of 1960)
- Local Government (Administration and Elections) Ordinance , 1960 (Ordinance 21 of 1960).
- Regulations for the Administration and Control of Townships in Black Areas , 1962 (Proclamation R.293 of 1962)
- Local Government (Extension of Powers) Ordinance ,1962 (Ordinance 22 of 1962)
- Regulations for the Control of the Residence on and Occupation of Privately-or Tribally –owned Land in Black Areas. (Proclamation R.192 of 1967)
- Betterment Areas Proclamation , 1967 (Proclamation R. 192 of 1967)
- Municipal Elections Ordinance , 1967 (Ordinance 16 of 1970)
- Civil Defence Ordinance , 1977 (Ordinance 20 of 1977)
- Extra Territorial Assistance Ordinance , 1978 (8 of 1978)
- Local Authorities Capital Development Fund Ordinance , 1978 (9 of 1978)
- Village Council of Komatipoort Ordinance , 1981 (Ordinance 9 of 1981)
- Promotion of Local Government Affairs Act, 1983 (Act 91 of 1981)
- Promotion of Local Government Act, 1984 (Act 24 of 1984)
- Kangwane Local Authorities Act, 1988 (Act 9 of 1988)
- Lebowa Civil Protection Act, 1988 (Act 10 1988)
- Lebowa Local Authorities Act, 1988. (Act of 1988).

The Department did not promulgate any new legislation during the financial year. However, discussion document already prepared in the form of Bills are the following:

- Mpumalanga Cemeteries, crematoriums & exhumations Bill,2005,
- Mpumalanga Local Government Laws Repeal Bill, 2005
- Ingoma/Koma Bill, 2005
- Mpumalanga Traditional Leadership Governance Bill,2005,
- Mpumalanga House and Local Houses of Traditional Leaders Bill,2005

The Intergovernmental Relations Framework Bill, 2005 which make provision of District-based and Provincial coordination, advisory and consultative structures was provided a platform for revisiting our intergovernmental structures. To this end the Municipal managers and HOD (Muniman) the Municipalities and MEC (Munimec) and the Premier's coordinating forum was established.

2.7 Departmental receipts

Departmental Revenue	Actual Collection 2003/04	Budgeted Collection 2004/05	Actual Collection 2004/05	% Deviation from target
Current Revenue				
Non Tax Revenue	1,607	1,146	2,615	128%
Departmental revenue	1,607	1,146	2,615	128%

2.8 Departmental payments.

Programmes	Voted for 2004/05	Roll-overs and adjustments	Virement	Total voted	Actual Expenditure	% Deviation
Administration	62,114	(7837)	4,948	59,225	59,225	0%
Local Governance	58,469	71,115	(7,832)	121,749	98,292	19%
Housing	347,438	20,098	2,884	370,420	361,280	2.47%
Total	468,021	83,373	-	551,394	518,797	6%

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
workers, junior management, supervisors, foremen, Permanent	11	0	0	11	0	16	0	0	16	1	28
Semi-skilled and discretionary decision making, Permanent	5	0	0	5	0	16	0	0	16	0	21
Unskilled and defined decision making, Permanent	54	0	0	54	4	61	1	0	62	8	128
TOTAL											

TABLE 5.5 - Terminations

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Professionally qualified and experienced specialists and mid-management, Permanent	2	0	0	2	1	0	0	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	3	0	0	3	0	1	0	0	1	0	4
Semi-skilled and discretionary decision making, Permanent	2	0	0	2	0	2	0	0	2	2	6
Unskilled and defined decision making, Permanent	2	0	0	2	0	0	0	0	0	0	2
TOTAL	9	0	0	9	1	3	0	0	3	2	15

ADMINISTRATION	Measurable Objective	Performance Measure	Actual Outputs 2003/04	Target Outputs 2004/05	Actual Outputs 2004/05	Deviation from Target	
						Units	%
1.4 TRANSVERSAL ISSUES	Coordinate departmental transversal issues	Number of transversal policies formulated	N/A	3	2	1	33.3%
	Awareness campaigns / workshops on transversal issues	Number of awareness campaigns / workshops on transversal issues conducted	N/A	4	4	-	-
1.5 SECURITY MANAGEMENT	Render security management services to the department	Awareness campaigns / workshops on security management issues	N/A	4	4	-	-
	Development of security Management policies	Number of security Management policies developed	N/A	1	1	-	-

TABLE 5.2 - Total number of Employees (incl. Employees with disabilities) per Occupational Bands

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	0	0	0	0	0	1	0	0	1	0	1
Senior Management, Permanent	10	0	1	11	2	1	0	0	1	0	14
Professionally qualified and experienced specialists and mid-management, Permanent	65	0	2	67	7	32	0	0	32	2	108
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	84	2	0	86	5	61	2	0	63	13	167
Semi-skilled and discretionary decision making, Permanent	63	0	0	63	0	64	0	0	64	2	129
Unskilled and defined decision making, Permanent	7	0	0	7	0	8	0	0	8	0	15
TOTAL	229	2	3	234	14	167	2	0	169	17	434

MUNICIPAL INFRASTRUCTURE

Measurable Objective	Performance Measure	Actual Outputs 2003/04	Target Outputs 2004/05	Actual Outputs 2004/05	Deviation from Target	
					Units	%
To build capacity to implement MIG projects in the Province	Number of capacity building programmes implemented	3	-	-	-	-
Facilitate the implementation of MIG projects in the Province	Number of Municipalities supported to implement MIG projects	7	8	8	-	-
Eradication of bucket toilet systems at Gert Sibande District	Percentage progress on project	N/A	3531	40%	-	-

CHALLENGES AND RESPONSES

Challenge 1:

Late appointment of Municipal Support Teams by Municipalities to roll out MIG Projects

Response to Challenge 1

The late appointment of Support Teams was discussed and rectified with Municipalities.

Challenge 2:

Late submission of monthly Expenditure Report on the MIG Programme by Municipalities.

Challenge 3:

The full amount of funds was only received during the Adjustment appropriation in October 2004.

Legal related	1	0	0	0	0	0
Library mail and related clerks	2	1	50	2	100	0
Material-recording and transport clerks	1	0	0	0	0	0
Messengers porters and deliverers	3	0	0	3	100	0
Motor vehicle drivers	1	0	0	1	100	0
Other administrat & related clerks and	23	0	0	23	100	0
Other administrative policy and related						
Other occupations	20	1	5	6	30	0
Rank: Unknown	122	16	13.1	16	13.1	0
Secretaries & other keyboard operating	2	0	0	0	0	0
Security guards	15	0	0	9	60	0
Senior managers	7	0	0	0	0	0
TOTAL	310	27	8.7	100	32.3	0

TABLE 4.5 - Promotions by Salary Band

Salary Band	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Lower skilled (Levels 1-2), Permanent	26	0	0	21	80.8
Skilled (Levels 3-5), Permanent	46	0	0	28	60.9
Highly skilled production (Levels 6-8), Permanent	140	19	13.6	42	30
Highly skilled supervision (Levels 9-12), Permanent	85	8	9.4	7	8.2
Senior management (Levels 13-16), Permanent	13	0	0	2	15.4
TOTAL	310	27	8.7	100	32.3

3.2 Strategic goal: Integrated Development Planning (IDP) and Performance Management System (PMS).

Strategic objectives:

- To promote effective and efficient integrated development planning
- To facilitate the alignment of IDPs with Sector Plans, Provincial Growth and Development Strategy (PGDS) and National Spatial Development Perspective (NSDP).
- To support and monitor the Municipalities with the development, implementation of Performance Management Systems and co-ordination of Municipal Performance Excellence Awards (Vuna Awards).
- To co-ordinate Intergovernmental Relations (IGR) structures on developmental planning including Municipal IDP Fora.

IDPs	Measurable Objective	Performance Measure	Actual Outputs 2003/04	Target Outputs 2004/05	Actual Outputs 2004/05	Deviation from Target	
						Units	%
2.3.4	To support, monitor and assess Municipalities on the Integrated Development Plans.	The number of Municipalities assessed including cross border municipalities	24	24	23	1	-
		Number of simplified IDP formats developed	-	1	1	-	-
2.3.5	To co-ordinate IGR structures on IDPs in the Province.	Number of PIMSS Interprovincial Fora held.	-	2	2	-	-
		Number of Municipalities assisted with co-ordination of IDP Fora.	14	14	14	-	-
2.3.6	Facilitate the alignment of IDPs/ PGDS and NSDP	Number of workshops held	1	3	3	-	-
2.3.7	To support Municipalities with credible PMS and co-ordination of Vuna Awards.	Number of Municipalities supported	23	20	20	-	-

Challenge 1: Participation of Sector Departments in the Municipal IDP Fora.

Participation of sectors in Municipal IDP Fora was unsatisfactory and resulted in sector plans not in line with the Municipal priorities.

Response to Challenge 1

Departments were requested to appoint Strategic Planners who will be able to participate and assist Municipalities with sector plans.

Introduction of the IDP Nerve Centre for networking IDP related Information and Monitoring & Evaluation.

Challenge 2: Quality of the IDPs

The technical assessment and engagement with sector departments and other stakeholders revealed that most IDPs were not user friendly and not of good quality.

Response to Challenge 2

The Department introduced a simplified IDP format to be implemented in 2006-07 IDP. The format was introduced in January 2005, launched on the 25 April 2005 and workshopped on the 13 June 2005, for Municipal Inputs. Some Municipalities have already started with the format on their 2005-06 IDPs.

Messengers porters and deliverers, Permanent	3		0	0	0
Motor vehicle drivers, Permanent	1		1	0	0
Nursing assistants, Permanent	0		0	1	0
Other administrat & related clerks and organisers, Permanent	23		0	1	4.3
Other administrative policy and related officers, Permanent	20		0	0	0
Other occupations, Permanent	122		22	6	4.9
Rank: Unknown, Permanent	2		0	0	0
Secretaries & other keyboard operating clerks, Permanent	15		3	2	13.3
Security guards, Permanent	2		0	1	50
Senior managers, Permanent	7		0	2	28.6
TOTAL	310		31	18	5.8

TABLE 4.3 - Reasons why staff are leaving the department

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
Death, Permanent	4	22.2	1.3	18	310
Resignation, Permanent	8	44.4	2.6	18	310
Dismissal-inefficiency, Permanent	1	5.6	0.3	18	310
Retirement, Permanent	5	27.8	1.6	18	310
TOTAL	18	100	5.8	18	310

Resignations as % of Employment

5.8

Specific challenges and responses

Challenge 1: (give it a name)

Resources: Due to the fact that the implementation of the provision of the new Bills/Acts was still at promulgation, they were not budgeted for.

Response to Challenge 1

Submissions have been made both through budget pressures and through ordinary budget for 2006.

Challenge 2: (give it a name)

Management of traditional land rights: The finalisation of an implementation plan by the national Department of Agriculture and Land Affairs.

Programme 3: HOUSING PLANNING AND RESEARCH

3.1 Strategic objectives:

- To provide a regulatory framework for housing delivery
- To develop provincial multi-year housing delivery plans
- To conduct housing research
- To provide capacity and support to municipalities with regard to housing delivery in line with the Housing Act

Housing Planning	Measurable Objective	Performance Measure	Actual Outputs 2003/04	Target Outputs 2004/05	Actual Outputs 2004/05	Deviation from Target	
						Unit	%
3.1.1	To develop provincial multi-year housing plans in accordance in line with National Housing Policy by October each year	Housing Development Plan in place	1	1	1	-	-
3.1.2	To conduct research on demand for housing	Number of research projects conducted and nature of projects	-	2	1	1	50%
3.1.3	To enhance capacity and provide support to municipalities in the provision of housing delivery	Number of training sessions provided to municipalities	-	-	5	-	-

3. HR OVERSIGHT - APRIL 2004 to MARCH 2005 - Mpumalanga - Local Government and Housing

TABLE 3.1 - Job Evaluation

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	104	0	0	45	0	0	0
Skilled (Levels 3-5)	219	0	0	86	0	0	0
Highly skilled production (Levels 6-8)	375	0	0	84	0	0	0
Highly skilled supervision (Levels 9-12)	166	0	0	25	0	0	0
Senior Management Service Band A	15	0	0	4	0	0	0
Senior Management Service Band B	3	0	0	0	0	0	0
Senior Management Service Band C	1	0	0	1	0	0	0
TOTAL	883	0	0	245	0	0	0

4. HR OVERSIGHT - APRIL 2004 to MARCH 2005 - Mpumalanga - Local Government and Housing

TABLE 4.1 - Annual Turnover Rates by Salary Band

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2), Permanent	26	0	4	15.4
Skilled (Levels 3-5), Permanent	46	19	6	13
Highly skilled production (Levels 6-8), Permanent	140	10	4	2.9
Highly skilled supervision (Levels 9-12), Permanent	85	2	3	3.5
Senior Management Service Band A, Permanent	11	0	0	0
Senior Management Service Band B, Permanent	1	0	1	100
Senior Management Service Band C, Permanent	1	0	0	0
TOTAL	310	31	18	5.8

Technical Services	Measurable Objective	Performance Measure	Actual Outputs 2003/04	Target Outputs 2004/05	Actual Outputs 2004/05	Deviation from Target	
						Unit	%
3.2.9	Upgrade and installation of bulk sanitation projects	Number of bulk sanitation projects upgraded and installed	9	11	8	(3)	(27)
	Conduct inspection on housing projects.	Number of projects inspected.	614	700	915	+215	131%

Challenge 1:

The quantum approved for PHP at the time could not match the escalation of prices.

Challenge 2:

Facilitation process of Hostel redevelopment was delayed longer than anticipated.

Challenge 3:

Emerging contractors experienced difficulties in accessing financial assistance and credit and the acquisition of building materials.

TABLE 1.3 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost (R'000)
Housing subsidy programmes	7792	61.7	96	0.8	101	0.8	560	4.4	12620
Member of executive council curr	9536	68.1	162	1.2	126	0.9	688	4.9	14002
Planning and subsidy administration	6489	45.6	28	0.2	79	0.6	460	3.2	14221
Pr1: administration	8648	66.9	106	0.8	156	1.2	696	5.4	12925
Pr2: housing	5958	60.4	26	0.3	91	0.9	508	5.1	9870
Pr3: land administration	687	61.9	0	0	8	0.7	53	4.8	1110
Unknown	0	0	0	0	0	0	0	0	56
TOTAL	39110	60.4	418	0.6	561	0.9	2965	4.6	64804

TABLE 1.4 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band

Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost (R'000)
Lower skilled (Levels 1-2)	1987	24.5	6	0.1	27	0.3	259	3.2	8099
Skilled (Levels 3-5)	3909	69.1	15	0.3	77	1.4	464	8.2	5653
Highly skilled production (Levels 6-8)	16631	67.5	253	1	286	1.2	1285	5.2	24643
Highly skilled supervision (Levels 9-12)	12822	65.9	144	0.7	172	0.9	734	3.8	19469
Senior management (Levels 13-16)	3761	54.2	0	0	0	0	224	3.2	6941
TOTAL	39110	60.4	418	0.6	562	0.9	2966	4.6	64805

C. Report of the Audit Committee

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING

We are pleased to present our Report in terms of our obligations according to Treasury Regulation 3.1.12, the Audit Committee reports as follows on certain events as well as actions and findings in respect of the financial year ended 31 March 2005.

1. Appointment of Audit Committee Members and Attendance.

The Department established a unitary shared Audit Committee for four small to medium sized provincial departments (cluster) in accordance with the requirements of Sections 38(1)(a)(ii) and 77 of the Public Finance Management Act. This committee consisted of three members of which two members were external, while one internal member was appointed from the ranks of top management within the cluster department grouping. Since 4 May 2004 however, the relevant internal member, because of a pending investigation and subsequent suspension, was excluded from attendance of the committee meetings and was released from the Public Service at a later stage (15 December 2005). However, notwithstanding discussion of this vacancy at successive committee meetings, the Department remained on course with the intention to fill this position from new senior appointments that were in process. Subsequently in respect of composition, the Audit Committee did not function as is legally prescribed in respect of 2004/2005, and that is still the case at date of this report. The Auditor -General has pointed the relevant legal deviation out in the 2004/2005 -audit report.

Except for ad hoc meetings, the committee held four meetings during the year under review and attendance was as follows:

Name	Meetings
* E. Cousins (Chairperson)	4
* K. Cloete	4
* R. Charles	0

2. Audit Committee Responsibility

The Audit Committee has performed its functions in accordance with Section 38 (1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee has adopted appropriate formal terms of reference by way of the Audit Committee Charter and the Internal Audit Charter. It has regulated its affairs in compliance with these charters and discharged all of its responsibilities as contained therein. Note must however be taken of the situation referred to under paragraph 1.

3. The effectiveness of Internal Control

The Internal Audit reports for the financial year have indicated that there are serious shortcomings with the control, verification and regularity of various housing projects. The Audit Committee is extremely perturbed with this situation as findings indicate that various projects were fully paid for under conditions where;

- Houses were not built
- Houses were not complete
- Houses were not built according to technical and other specifications

This information is extremely perturbing, for it also, affects the attainment of strategic objectives and subsequently, the in -year management by the Department. The Office of the Auditor-General is currently conducting a forensic audit to evaluate/substantiate these findings. Given the materiality of these findings, the Audit Committee cannot express satisfaction with the quality of internal control.

Evidence to the fact that the Department itself has also initiated verification/investigation of such irregularities and the charging of officials involved, were submitted to the Chairperson of the Audit Committee on the 26th August 2005.

The effective and efficient safekeeping and archiving of records and documentation is another aspect that needs focussed attention

4. The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act

Although the administration of monthly- / quarterly reports submitted in terms of the PFMA and Division of Revenue Act was satisfactory according to information supplied by the Department, the situation stated under paragraph 3 causes grounds for serious concern about supervision and management of sensitive and costly projects. The pervasive nature of the situation therefore prevents the Audit Committee from expressing satisfaction with the effective management of certain sections of the Department.

5. Evaluation of Financial Statements

The Audit Committee has

- Reviewed and discussed the audited financial statements to be included in the annual report with the Auditor-General and the Accounting Officer;
- Reviewed the Auditor-General's management letter (s) and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the conclusion(s) of the Auditor-General on the financial statements and is of the opinion that the financial statements can be accepted when read together with the report of the Auditor-General.

Chairperson of the Audit Committee
2005-08-23

*Department of Local Government and Housing
Annual Report 2004/5
Vote 4*

F. Human Resource Management

Strategic Objectives:

1. Render Human Resource Management Services
2. Render Human Resource Development Services
3. Render Human Resource Planning Services
4. Render Labour Relations Services
5. Render Auxiliary Services

STRATEGIC OBJECTIVES	MEASURABLE OBJECTIVES	PERFORMANCE INDICATOR	TARGET 2003/04	TARGET 2004/05
Render human resources and support services to the Department.	Provide Human Resource Management Services for the department	Draft policies on short listing, interviews, In-service training and bereaving	4	4
	Human Resource Administration	New recruits	13	31
	Provide Human Resource Development Function	Number training Workshops	13	25
		ABET	31	31
		Number of bursaries given	18	51
		Learnership	6	60
	Conduct Workshops on Labour Relations	Number training Workshops	7	6
	Provide PMDS training to the staff	Number of officials trained	270	450

**REPORT OF THE AUDITOR-GENERAL TO THE MPUMALANGA PROVINCIAL LEGISLATURE ON THE
FINANCIAL STATEMENTS OF VOTE 4 – DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING FOR THE
YEAR ENDED 31 MARCH 2005**

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 31 to 59, for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

I believe that the audit provides a reasonable basis for my opinion.

MPUMALANGA HOUSING FUND

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005- Old And New Business

	<u>2005</u>	<u>2004</u>
	<u>R</u>	<u>R</u>
7. CASH GENERATED FROM OPERATIONS		
OLD BUSINESS		
Net surplus	0	5,664,167
Operating profit before working capital changes	<u>0</u>	<u>5,664,167</u>
Changes in working capital:		
(Increase)/decrease in trade and other receivables	<u>0</u>	<u>0</u>
Cash generated from operations	<u>0</u>	<u>5,664,167</u>
NEW BUSINESS		
Net surplus / (shortfall)	(78,822,789)	(120,230,466)
Adjustments for:		
Finance income	(799,458)	(5,854,060)
Operating profit before working capital changes	(79,622,248)	(126,084,526)
Changes in working capital:		
(Increase)/decrease in trade and other receivables	45,291,577	37,915,757
Increase/(decrease) in trade payables	<u>29,221,251</u>	<u>(312,671)</u>
Cash generated from operations	<u>(5,109,419)</u>	<u>(88,481,440)</u>
Total cash generated from operations	<u><u>(5,109,419)</u></u>	<u><u>(82,817,272)</u></u>

8. GOING CONCERN

As indicated on the income statement the Fund incurred a net shortfall of R78,822,789. The total liabilities exceeded the total assets by R17,690,260.

This shortfall will be prioritized and financed in the next financial year's budget of R321,123,000.

4.2 Computerised information systems environment

A disaster recovery plan (DRP) and business continuity plan (BCP) existed for the province, but no formal adoption of the plans by the department could be produced for audit purposes. Without a comprehensive and tested DRP and BCP, the department would not be able to resume operations in the event of a disaster.

4.3 Special audits

The following special audit and investigation were in progress at the time of reporting:

4.3.1 Government employees and their spouses who are members or directors of private organisations

A special audit was conducted at the Mpumalanga Provincial Administration on government employees who are directors or spouses of directors of private organisations, some of which are doing business with the provincial administration. This special audit will be reported on separately.

4.3.2 Irregularities in the housing projects

A special investigation into irregularities in the housing projects was in progress at the time of compiling this report. The outcome of this investigation will be reported on separately.

5. APPRECIATION

The assistance rendered by the staff of the department during the audit is sincerely appreciated.



ND Maphiri for Auditor-General

Nelspruit

12 September 2005



MPUMALANGA HOUSING FUND

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005- Old And New Business

	<u>2005</u>	<u>2004</u>
	<u>R</u>	<u>R</u>
2. PROPERTY		
OLD BUSINESS		
Gross carrying amount cost / municipal values	1,406,219	3,850,529
Disposals	<u>(690,063)</u>	<u>(2,444,310)</u>
Gross carrying amount at the end of year	<u><u>716,156</u></u>	<u><u>1,406,219</u></u>
3. TRADE AND OTHER RECEIVABLES		
OLD BUSINESS		
Rental debtors	108,648	109,570
Loans to individuals	0	29,039
Instalment sale debtors	0	0
Provision for doubtful debts	<u>(108,648)</u>	<u>(138,609)</u>
NEW BUSINESS		
Cash held by conveyances	77,277	181,760
Individual debtors	1,240	14,836
NHFC trust money	928,429	12,571,877
Interest receivable	148,990	148,346
Provincial Treasury	0	4,276,451
PHP Trust Money	9,691,621	38,945,864
	<u>10,847,557</u>	<u>56,139,134</u>
Total trade and other receivables	<u><u>10,847,557</u></u>	<u><u>56,139,134</u></u>

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 04

REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005

Report by the Accounting Officer to the Executive Authority and the Provincial Legislature of Mpumalanga Government.

1. General review of the state of financial affairs

- The Department of Local Government and Housing has come about through the amalgamation of the Local Government component of the previous Department of Local Government, Traffic Control and Traffic Safety and the Housing component of the previous Department of Housing and Land Administration.
- This amalgamation process commenced in April 2004 after the announcement by the Premier in his State of the Province address. Later the administration of the Traditional Leadership and Institution from the Office of the Premier was transferred to the newly created Department of Local Government and Housing.

The Department strives to achieve the following through its programmes:

- To ensure the development of capacity of staff to provide effective and efficient services in the Department;
- Strengthening the capacity of Municipalities to enable them to fulfil their constitutional and other mandate and render effective and efficient support to the traditional administration and institutions of Traditional Leadership; and
- The provision of quality houses to all qualifying beneficiaries and ensures the development of sustainable human settlements.

The Department's spending is within the allocated budget for the year. The Department spent 94% of the budget. The unspent funds are basically for capital projects that are overlapping to the next financial year. An application for rollover will be made to the Provincial Treasury.

2. Service rendered by the department

- The Department's mandate is to strengthening the capacity of Municipalities to enable them to fulfil their constitutional and other mandate and to render effective and efficient support to the traditional administration and institutions of Traditional Leadership; and
- The provision of quality houses to all qualifying beneficiaries and ensures the development of sustainable human settlements.

2.1 Tariff Policy

No tariffs are charged by the department.

2.2 Services Free

- Free water at pension points; and
- Free 6 000 litres of water per connection per month for domestic use

2.3 Inventories

Inventories on hand at year end	Costing method used	R'000
Stores	Average	
		624
The value of inventory on hand disclosed is for all stores.		

MPUMALANGA HOUSING FUND

**CASH FLOW STATEMENT
for the year ended 31 MARCH 2005**

		<u>2005</u>	<u>2004</u>
		<u>R</u>	<u>R</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
		(4,309,961)	(76,963,212)
Cash receipts from the National Department of Housing		296,457,000	275,408,000
Cash paid to suppliers		(301,566,419)	(358,225,272)
Cash generated from/(utilised in) operations	7	(5,109,419)	(82,817,272)
Finance income		799,458	5,854,060
Net cash inflow/(outflow) from operating activities		(4,309,961)	(76,963,212)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from disposal of fixed property	2	690,063	2,444,310
Net cash inflow from investing activities		690,063	2,444,310
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from treasury reserves		(690,063)	(8,460,661)
Net cash inflow/(outflow) from financing activities		(690,063)	(8,460,661)
Net increase / (decrease) in cash and cash equivalents		(4,309,961)	(82,979,563)
Cash and cash equivalents at beginning of year		4,621,180	87,600,742
Cash and cash equivalents at end of year	4	<u>311,219</u>	<u>4,621,180</u>

REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005

7.4 Other Government Structures

The Department has set up the following structures to ensure compliance to legislative requirements, policies and procedures:

- The Departmental five-year strategic plan. This document provides the overarching objectives that are to be achieved over the strategic plan period;
- The operational and expenditure plan. This documents details the outputs to be achieved on during the current financial year and the budgeted funds to achieve output. This document form the basis for performance agreements with officials at all levels;
- The bid adjudication Committee;
- The Bursary Committee, that recommends the allocation of bursaries;
- The Transport Committee, effects controls on the approval of subsidised vehicles and the usage of Government vehicles;
- Regular audits by he external auditors;
- Performance monitoring by managers.

8. Discontinued activities/activities to be discontinued

I would like to report that after the announcement by the Premier of the restructuring of the Departments in the beginning the financial year. The Department of Local Government, Traffic Control and Traffic Safety and the Department of Housing and Land Administration seized to exist. The Local Government component was merged with the Hosing component to form the Department of Local Government and Housing.

The agreement between the Department and NORAD has expired on the 31 March 2005. This therefore capacity building programme funded by the Norwegians has been finalised. I would like to take this opportunity to thank the Norwegians for investing in the building of capacity in our Province.

9. New/proposed activities

We are excited with the new Government service enhancement program: Project Consolidate, new strategy in the delivery of houses: Breaking New Ground and the approval of the Traditional Leadership Bill by the Executive Council that the Bill be referred to the Provincial Legislature. This Bill seeks to bring Traditional Leaders in the forefront of service delivery.

While our attention will be on the above-mentioned programmes. We will also focus on the following areas:

- The eradication of the bucket system;
- The establishment of a Provincial Disaster Management centre;
- The rollout of the Community Development Workers Programme (CDW);
- Infrastructure to provide basic services;
- The training of ward committees; and
- The implementation of the simplified format of the Integrated Development Plans.

MPUMALANGA HOUSING FUND

INCOME STATEMENT for the year ended 31 MARCH 2005

	<u>2005</u> R	<u>2004</u> R
Old Business		
Income	0	5,664,167
	<hr/>	<hr/>
Net surplus for the year	<u>0</u>	<u>5,664,167</u>
 New Business		
Funds received from National Department of Housing	296,457,000	275,408,000
Administrative expenses	(798,815)	(8,117,644)
Other operating expenses	<u>(375,280,433)</u>	<u>(393,374,882)</u>
Operating (shortfall) / surplus	(79,622,248)	(126,084,526)
Finance income	<u>799,458</u>	<u>5,854,060</u>
Net (shortfall) / surplus for the year	<u>(78,822,790)</u>	<u>(120,230,466)</u>

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 04

REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005

11.2 Resolutions on the 8th Committee report of the former Department of Housing and Land Administration (Vote 12)

Auditor General Report 2001/2002

Recommendations by Committee	Subject	Progress
Policies be finalised as a matter of urgency	Documentation of business processes and procedures	Previous Department policies were finalised. Some of current Department policies still in draft, will be finalised shortly.
A training programme be developed and implemented for all Departments.	Asset management and stores	The Provincial and National Treasury are rolling out a training programme during 2005/06.

Auditor General Report 2002/2003

Recommendations by Committee	Subject	Progress
Fleet management function to be elevated and accorded its rightful status	Vehicle fleet management	The transport officer's post has now been upgraded to assistant manager.
Lack of adequate Departmental policy on debtors	Staff debtors	The Department has a debtor's policy.

Approval

The Annual Financial Statements set out on pages 31 to 59 have been approved by the Accounting Officer.



.....
MS. G.N. SIBEKO
HEAD OF DEPARTMENT

MPUMALANGA HOUSING FUND

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Mpumalanga Housing Fund and all other information presented in this report are the responsibility of the Accounting Officer. The Accounting Officer discharges this responsibility primarily by ensuring the establishment and maintenance of accounting systems and practices adequately supported by internal accounting controls. These controls, which are implemented and executed by the Fund, provide assurance that the Fund's assets are reasonably safeguarded, that transactions are properly authorized and executed and that the financial records are reliable. These financial statements have been prepared in accordance with generally accepted accounting practice, as applicable to the Housing Act and the Housing Code.

The financial statements as set out on pages 67 to 75 were approved by the Deputy Director General of the Department of Local Government & Housing and the Chief Financial Officer designate and were certified by them to the best of their knowledge to be true and fair.



Chief Financial Officer

31 May 2005



Deputy Director General

31 May 2005

ACCOUNTING POLICY NOTES
for the year ended 31 March 2005

Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the statement of financial performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

Local and foreign aid assistance

Local and foreign aid assistance is recognised in the statement of financial performance on receipt of funds. Where amounts are expensed before funds are received, a receivable is raised. Where amounts have been inappropriately expensed using Local and Foreign aid assistance, a payable is raised. In the situation where the department is allowed to retain surplus funds, these funds are shown as a reserve.

3. Expenditure

Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system. The expenditure is classified as capital where the employees were involved, on a full time basis, on capital projects during the financial year. All other payments are classified as current expense.

Social contributions include the entities' contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

Short-term employee benefits

The cost of short-term employee benefits is expensed in the Statement of Financial Performance in the reporting period when the final authorisation for payment is effected on the system. Short-term employee benefits, that give rise to a present legal or constructive obligation are disclosed as a disclosure note to the Annual Financial Statements and are not recognised in the Statement of Financial Performance.

Long-term employee benefits and other post employment benefits

Termination benefits

Termination benefits are recognised and expensed only when the final authorisation for payment is effected on the system.

Medical benefits

The department provides medical benefits for its employees through defined benefit plans. Employer contributions to the fund are incurred when the final authorisation for payment is effected on the system. No provision is made for medical benefits in the Annual Financial Statements of the department.

Post employment retirement benefits

The department provides retirement benefits for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the final authorisation for payment to the fund is effected on the system. No provision is made for retirement benefits in the Annual Financial Statements of the department. Any potential liabilities are disclosed in the Annual Financial Statements of the National/Provincial Revenue Fund and not in the Annual Financial Statements of the employer department.

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Mpumalanga Housing Development Fund at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice.

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

4.1 Non-compliance with laws and regulation

4.1.1 Closure of the fund's bank account

Section 16(3) of the Mpumalanga Housing Act, 1998 (Act No. 15 of 1998) requires the Mpumalanga Housing Development Fund to have a separate bank account. During the current financial year the fund ceased utilising its account and processed all transactions through the bank account of the Department of Local Government and Housing (department). Accordingly the fund did not comply with the act in this regard. An amount of R311 219 shown in the balance sheet as cash and cash equivalents should have been classified as a "loan account" with the department. I was unable to obtain all the information and explanations considered necessary to satisfy myself as to the completeness, existence and accuracy of the loan account (cash and cash equivalents) and disclosure of interest paid.

4.2 Submission of audit report

The submission of crucial and critical audit evidence resulted in a delay in the completion of the audit process. The evidence was required to enable the appropriate audit opinion to be expressed. The completion of the audit process and the submission of the audit report to the department therefore only took place on 12 September 2005; and not by 31 July 2005, as stipulated by Auditor-General Directive No. 1 of 2005.

ACCOUNTING POLICY NOTES
for the year ended 31 March 2005

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure, is defined as:

expenditure that was made in vain and would have been avoided had reasonable care been exercised, therefore

- it must be recovered from a responsible official (a debtor account should be raised), or
- the vote. (If responsibility cannot be determined.)

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is recovered from the responsible official or written off as irrecoverable.

4. Transfers and subsidies

Transfers and subsidies include all irrecoverable payments made by the entity. Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system.

5. Expenditure for capital assets

Capital assets are assets that can be used repeatedly and continuously in production for more than one year. Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

6. Investments

Investments include; Investments in Associates; Joint ventures; Investments in controlled entities and Other investments.

Investments are shown at cost. On disposal of an investment, the surplus/(deficit) is recognised as revenue in the Statement of Financial Performance.

7. Receivables

Receivables are not normally recognised under the modified cash basis of accounting. However, receivables included in the Statement of Financial Position arise from cash payments that are recoverable from another party, when the payments are made.

Receivables for services delivered are not recognised in the Statement of Financial Position as a current asset or as income in the Statement of Financial Performance, as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the Annual Financial Statements.

8. Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with banks, short term investments in money market instruments and demand deposits. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Payables

Payables are not normally recognised under the modified cash basis of accounting. However, payables included in the Statement of Financial Position arise from advances received that are due to the Provincial/National Revenue Fund or another party.

REPORT

OF THE

AUDITOR-GENERAL

TO THE

MPUMALANGA PROVINCIAL LEGISLATURE

ON THE

**FINANCIAL STATEMENTS OF THE
MPUMALANGA HOUSING DEVELOPMENT FUND**

FOR

THE YEAR ENDED 31 MARCH 2005

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 04**

**APPROPRIATION STATEMENT
for the year ended 31 March 2005**

Appropriation per programme									
	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Programme 1									
Administration									
Current payment	49,317		4,948	54,265	54,413	-148	100.2%	82,626	75,161
Transfers and subsidies	145	-	-	145	145			-	-
Payment for capital assets	4,204	-	-	4,204	4,204		100%	1,200	1,842
2. Programme 2									
Local Governance									
Current payment	34,027		-5,432	28,595	14,916	13,679	52.2%	14,104	25,169
Transfers and subsidies	43,593		-2,400	41,193	51,104	-10,372	125.2%	-	-
Payment for capital assets	51,961	-	-	51,961	32,272	19,689	62.1%	66,629	53,181
3. Programme 3									
Housing									
Current payment	20,065		2,000	22,065	22,092	-27	100.1%	27,020	26,806
Transfers and subsidies	347,471		884	348,355	339,188	9,167	97.4%	322,406	297,910
Payment for capital assets	-		-	-	-	-	0.0%	-	-
.....									
Subtotal	550,783	-	-	550,783	518,335	31,988	94.2%	513,985	480,069
Statutory Appropriation									
Current payment	611			611	463	148	75.8%	577	547
Transfers and subsidies									
Payment for capital assets									
TOTAL	551,394	-	-	551,394	518,798	32,136	94.2%	514,562	480,616
Reconciliation with Statement of Financial Performance									
Prior year unauthorised expenditure approved with funding				-					
Departmental revenue received				2,615				1,607	
Local and foreign aid assistance received				-					
Actual amounts per Statements of Financial Performance (Total revenue)				554,009				516,169	
Investments acquired and capitalised during the current financial year, but expensed for appropriation purposes									
Other payments in Appropriation Statement, not accounted for in Statement of Financial Performance									
Local and foreign aid assistance									
Prior year unauthorised expenditure approved									
Prior year fruitless and wasteful expenditure condoned									
Actual amounts per Statements of Financial Performance (Total expenditure)					518,798				480,616

MPUMALANGA HOUSING FUND
FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005

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DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 04

DETAIL PER PROGRAMME 1
for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Corporate Service									
Current payment	49,928		4,948	54,876	54,876		100%	83,203	76,255
Transfers and subsidies	145	-		145	145		100%	-	-
Payment for capital assets	4,204	-	-	4,204	4,204		100%	1,200	1,842
Total	54,277		4,948	59,225	59,225		100%	84,403	78,097

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	29,135			29,135	31,591	-2,456	108,4%	72,868	37,683
Goods and services	20,793		4,948	25,741	25,563	178	99,3%	10,335	33,955
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies to:									
Provinces and municipalities	145			145		145	0.0%		
Departmental agencies and accounts									
Universities and technikons									
Foreign governments and international organisations									
Public corporations and private enterprises									
Non-profit institutions									
Households									
Gifts and donations									
Payment for capital assets									
Buildings and other fixed structures	40			40		40	0.0%		
Machinery and equipment	4,164			4,164	2,066	2,098	48.6%	1,200	6,398
Biological or cultivated assets									
Software and other intangible assets					5	-5			61
Land and subsoil assets									
Total	53,666		4,948	59,225	59,225	-	100%	84,403	78,097

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 3

PHYSICAL ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005

	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers in R'000	Transfers out R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES		31,372	-	-	-	
Other structures (Infrastructure assets)		31,372	-	-	-	
MACHINERY AND EQUIPMENT		2,966	489	-	-	
Computer equipment		222	-	-	-	
Furniture and office equipment		56	-	-	-	
Other machinery and equipment		-	-	-	-	-
Specialised military assets	-	-	-	-	-	-
Transport assets		2,688	489	-	-	
		34,338	489	-	-	

PHYSICAL ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2004

	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers in R'000	Transfers out R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	25,337	-	-	-	
Other structures (Infrastructure assets)	-	25,337	-	-	-	
MACHINERY AND EQUIPMENT		6,398	-	-	-	
Furniture and office equipment		3,918	-	-	-	
Transport assets		2,480	-	-	-	
		31,735	-	-	-	

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 04**

**DETAIL PER PROGRAMME 3
for the year ended 31 March 2005**

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Housing Planning and Research									
Current payment	20,065		2,000	22,065	22,092	-27	100.1%	27,020	26,806
Transfers and subsidies	28,572		884	29,456	29,429	27	99.9%	18,116	12,297
Payment for capital assets						17	100.0%	288,600	276,377
3.2 Housing Performance/Subsidy programmes	305,011			305,011	304,994				
Transfers and subsidies	13,888			13,888	4,765	9,123	34.3%	15,690	9,236
3.3 Human Settlement Redevelopment programme									
Transfers and subsidies									
Total	367,536		2,884	370,420	361,280	9,140	97.5%	349,426	324,716

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	15,233			15,233	18,768	-3,535	123.2%	12,044	12,667
Goods and services	8,113		2,884	10,997	3,282	7,715	29.8%	2,976	2,140
Transfers and subsidies to: Provinces and municipalities	1,000			1,000	80	920	8.0%		
Departmental agencies and accounts									
Public corporations and private enterprises	16,000			16,000	16,000		100%	12,000	12,000
Non-profit institutions	26,460			26,460	18,156	8,304	68.6%	33,806	21,532
Households	300,730			300,730	304,994	-4,264	101.4%	288,600	276,377
Gifts and donations									
Payment for capital assets									
Buildings and other fixed structures									
Biological or cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total	367,536		2,884	370,420	361,280	9,140	97.5%	349,426	324,716

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 1C
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION			TRANSFER			2003/04 Total Available		
	Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred		Capital	Current
Public Corporations	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
MHFCo.	16,000			16,000	16,000	100 %		16,000	12,000
TOTAL	16,000	-	-	16,000	16,000		-	16,000	12,000

ANNEXURE 1D
STATEMENT OF TRANSFERS TO NON-PROFIT ORGANISATIONS

NON-PROFIT ORGANISATIONS	TRANSFER ALLOCATION			TRANSFER		2003/04 Appropriation
	Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	
Transfers	R'000	R'000	R'000	R'000	R'000	R'000
Non-profit institutions	28,207	6,468	-	34,675	31,985	92.2%
Total	28,207	6,468	-	34,675	31,985	47,513

ANNEXURE 1E
STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION			EXPENDITURE		2003/04 Final Appropriation Act
	Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	
	R'000	R'000	R'000	R'000	R'000	R'000
Subsidies	296,457	8,544	-	305,011	304,994	100.0%
Total	296,457	8,544	-	305,011	304,994	275,408

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
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**STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2005**

	<i>Note</i>	2004/05 R'000	2003/04 R'000
REVENUE			
Annual appropriation	1	550,783	513,985
Statutory appropriation	2	611	577
Appropriation for unauthorised expenditure approved		-	-
Departmental revenue	3	2,615	1,607
TOTAL REVENUE		554,009	516,169
EXPENDITURE			
Current expenditure			
Compensation of employees	4	70,029	63,779
Goods and services	5	35,871	47,882
Total current expenditure		105,900	111,661
Transfers and subsidies	8	378,555	337,159
Expenditure for capital assets			
Buildings and other fixed structures	9	31,372	25,337
Machinery and Equipment	9	2,966	6,398
Software and other intangible assets	9	5	61
Total expenditure for capital assets		34,343	31,796
TOTAL EXPENDITURE		518,798	480,616
NET SURPLUS/(DEFICIT)			
Add back unauthorised expenditure	6	35,529	35,553
Add back fruitless and wasteful expenditure	7	-	7,857
		318	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		35,529	43,410
	<i>Note</i>	2004/05 R'000	2003/04 R'000
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds to be surrendered to the Revenue Fund/unutilised	12	32,914	41,803
Departmental receipts to be surrendered to the Revenue Fund	13	2,615	1,607
NET SURPLUS/(DEFICIT) FOR THE YEAR		35,529	43,410

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 1A
STATEMENT OF CONDITIONAL GRANTS RECEIVED

LOCAL GOVERNMENT AND HOUSING	GRANT ALLOCATION				SPENT			2003/04	
	Division of Revenue Act	Roll Overs	DORA Adjustments	Total Available	Amount received by department	Amount spent by department	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Housing Fund	296,457	8,554	-	305,011	290,000	304,994	100.0%	288,600	276,377
Human settlement	7,420	6,468	-	13,888	6,765	4,764	34.3%	15,690	9,208
MIG	2,238	,168	-	3,424	3,424	1,266	37.0%	2,868	1,682
Municipal Support Programme	22,050	3,780	-	25,830	25,830	25,576	199.0%	12,450	9,821
Disaster Fund	-	857	-	857	857	857	100.0%	12,133	8,341
	328,165	20,458	-	349,010	326,876	337,457		331,741	305,429

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STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2005

	<i>Note</i>	2004/05 R'000	2003/04 R'000
Recoverable revenue			
Opening balance		59	140
Debts raised		442	59
Prior year adjustment		-59	-140
Closing balance		<u>442</u>	<u>59</u>
TOTAL		<u>442</u>	<u>59</u>

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 04**

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

17. Contingent liabilities	<i>Note</i>	2004/05 R'000	2003/04 R'000
Liable to	Nature		
Motor vehicle guarantees	Employees	61	61
Housing loan guarantees	Employees	2,411	1,943
Claims		2,709	-
Capped leave commitments		9,866	-
		<u>15,047</u>	<u>2,004</u>
		2004/05	2003/04
18. Commitments per programme		R'000	R'000
Current expenditure			
Approved and contracted		2,252	-
		<u>2,252</u>	<u>-</u>
Capital expenditure			
Approved and contracted		29,484	592,786
Approved but not yet contracted		-	144,588
		<u>29,284</u>	<u>737,374</u>
Total Commitments		<u>31,536</u>	<u>737,374</u>
19. Accruals		2004/05	2003/04
Listed by economic classification		R'000	R'000
	30 Days	30+ Days	Total
Compensation of employees	-	-	4
Goods and services	356	-	941
Interest and rent on land	-	-	-
Transfers and subsidies	-	-	-
Buildings and other fixed structures	-	-	-
Machinery and equipment	-	-	1,578
Biological or cultivated assets	-	-	-
Software and other intangible assets	-	-	-
Land and subsoil assets	-	-	-
		<u>356</u>	<u>2,523</u>
Listed by programme level			
Administration		356	1,904
Planning and Subsidy Administration			61
Housing and Subsidy Programmes			556
Land Administration			2
		<u>356</u>	<u>2,523</u>

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

1. Annual Appropriation

1.1 Included are funds appropriated in terms of the Appropriation Act for Provincial Departments (Equitable Share):**

	Final Appropriation	Actual Funds Received	Variance over/(under)	Total Appropriation 2003/04
	R'000	R'000	R'000	R'000
Administration	58,614	58,614		83,826
Local Governance	121,749	121,749		80,733
Housing	370,420	370,420		349,426
Total	<u>550,783</u>	<u>550,783</u>		<u>513,985</u>

Note 1: An amount of R20,967 was received after year end on 1 April 2005.

1.2 Conditional grants		2004/05	2003/04
	Note	R'000	R'000
Total grants received	<i>Annexure 1A</i>	<u>326,876</u>	<u>331,741</u>

(** It should be noted that the Conditional grants are included in the amounts per the Total Appropriation in Note 1.1.)

2. Statutory Appropriation

	2004/05	2003/04
Member of executive committee/parliamentary officers	611	577
	<u>611</u>	<u>577</u>

**3. Departmental revenue to be surrendered to revenue fund
Description**

	Notes	2004/05	2003/04
Tax revenue		-	-
Sales of goods and services other than capital assets		80	60
Fines, penalties and forfeits		-	-
Interest, dividends and rent on land		1,983	1,544
Sales of capital assets		489	-
Financial transactions in assets and liabilities	3.1	63	3
Departmental revenue collected		<u>2,615</u>	<u>1,607</u>
3.1 Financial transactions in assets and liabilities Nature of loss recovered		2004/05	2003/04
Cheques written back			3
Other		63	
		<u>63</u>	<u>3</u>

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

11. Receivables

		Less than one year	One to three years	Older than three years	2004/05 R'000 Total	2003/04 R'000 Total
Amounts owing by other entities	<i>Annex 5</i>	-	7	116	123	123
Staff debtors	<i>11.1</i>	280	41	-	321	49
Other debtors	<i>11.2</i>	8	14	-	22	381
		288	62	116	466	553

Amounts of R 178 included above may not be recoverable, but have not been written off in the Statement of financial performance

11.1 Staff debtors

Staff debtors	321	49
	321	49

11.2 Other debtors

Africon	2	1
MHFCo.	2	2
Khulani Trading	-	13
Public Serve Medical Aid	4	4
Other debtors	-	361
	8	381

12. Voted funds to be surrendered to the Revenue Fund

Opening balance	38,042	36,074
Transfer from Statement of Financial Performance	32,914	41,803
Paid during the year	-38,041	-39,835
Closing balance	32,915	38,042

**2004/05
R'000** **2003/04
R'000**

13. Departmental receipts to be surrendered to the Revenue Fund

Opening balance	130	37
Transfer from Statement of Financial Performance	2,615	1,607
Paid during the year	-2,172	-1,514
Closing balance	573	130

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 04

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

	2004/05 R'000	2003/04 R'000
5.1 External audit fees		
Regularity audits	2,947	3,040
Performance audits	221	-
Total external audit fees	<u><u>3,168</u></u>	<u><u>3,040</u></u>
	2004/05 R'000	2003/04 R'000
5.2 Inventory (purchased during the year)		
Domestic consumables	240	177
Learning and teaching support material	98	-
Food and Food supplies	267	668
Fuel, oil and gas	92	-
Parts and other maintenance material	70	-
Stationery and printing	1,793	3,673
Medical supplies	2	-
	<u><u>2,562</u></u>	<u><u>4,518</u></u>
	2004/05 R'000	2003/04 R'000
5.3 Travel and subsistence		
Local	10,544	7,643
Foreign	163	31
Total travel and subsistence	<u><u>10,707</u></u>	<u><u>7,674</u></u>
	2004/05 R'000	2003/04 R'000
6 Unauthorised expenditure		
6.1. Reconciliation of unauthorised expenditure		
Opening balance	23,096	15,239
Unauthorised expenditure – current year	-	7,857
Unauthorised expenditure awaiting authorisation	<u><u>23,096</u></u>	<u><u>23,096</u></u>
7 Fruitless and wasteful expenditure		
7.1 Reconciliation of fruitless and wasteful expenditure		
Opening balance	261	
Fruitless and wasteful expenditure – current year	318	
Fruitless and wasteful expenditure awaiting condonement	<u><u>579</u></u>	
7.2 Fruitless and wasteful expenditure		
Incident	Disciplinary steps taken/criminal proceedings	
Fraudulent payment of salary arrears and bonuses	Disciplinary hearings are being held and criminal cases were opened with the SAPS.	