

**DEPARTMENT OF HUMAN SETTLEMENTS**

**SCOPA BRIEFING**

**DATE: 29 August 2018**

**SCOPA RESOLUTIONS 2016/17**

**Background**

**Pages: 4-12 of the Audit Committee briefing document to the Public Account Committee: "3.5: Internal Controls"**

*The Committee takes cognisance of the fact that the Audit Committee noted major areas for improvement*

*That the Department briefs the Committee on measures put in place to address internal audit areas for improvement during the 2016/17 financial year on:*

Resolution	Report Status	Responsible Person	Departmental Response
<ul style="list-style-type: none"> <li>Title Deed and Asset Management;</li> </ul>	<p><b>Consulting Engagement:</b> The Title Deed Restoration project is an ongoing process</p>	<p>Mr L Esterhuizen</p>	<p><b>OBJECTIVE:</b></p> <ul style="list-style-type: none"> <li>Assist the department in identifying root causes/systematic challenges for not transferring title deeds.</li> <li>Assist the department in devising agreed actions to fast track the transfer of title deeds to beneficiaries, and hereby reducing the backlog by <b>2021, as per the Title Restoration Grant Framework.</b></li> </ul> <p><b>CONSULTING ENGAGEMENT RESULTS:</b></p> <ol style="list-style-type: none"> <li>The department will confirm the accuracy of the backlog figure by doing the following:             <ol style="list-style-type: none"> <li>Identify all projects, including PHP projects in terms of all subsidy houses registered on the Housing Subsidy System (HSS) to ensure that all the affected projects are included in the backlog figure.</li> </ol> </li> </ol> <p>All historic project on the HSS has been traced to a geographic location, a General Plan and a parent Title Deed with unregistered subdivision (erven). The concluded transfers history in each project is known, as well as the properties that may still require primary transfer. Funding were approved on all project with a backlog if the municipality applied for it. Note that people are registered on the HSS and not properties. Once a property is transfers, final property ownership detail is recorded. The property description attached to the beneficiary is not fully reliable, while the current occupancy</p>

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			<p><b>status of the subject property may change over time.</b></p> <p>b) Further identify, per municipality, per project, the final number of subsidy houses build and transferred and the remaining houses to be transferred. <b>There are 33 554 properties remaining to be transferred as identified by its location, ownership, size, GP history and transfer history. We are expecting another 3500+ new erven in older project to be added as a result of incomplete township establishment processes currently being attended to.</b></p> <p>c) Identify per municipality, per project, constraints hampering transfer of title deeds. The result of the study on the extent and constraints to be transfer of ownership and the issuing of title deeds to subsidy housing beneficiaries in the Western Cape will assist in analysing constraints as this report highlights constraints per municipality. A further breakdown per project will be perform to effectively address constraints.</p> <p><b>A Title Restoration Grant Project Readiness Reporting Matrix captures said detail in respect of 548 historic housing development projects with a backlog. The Project Coordinators have a clear understanding and record of blockages and focusses on larger project with substantial backlogs.</b></p>

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			<p>d) Priority projects will be identified based on the above to ensure fast-tracking the resolution of technical issues.</p> <p><b>Pilot projects in Municipalities with a substantial backlog, e.g. in Knysna, Bitou, Oudtshoorn, Kannaland, Witzenberg, Stellenbosch and Drakenstein are being prioritised as far as interventions, institutional support and funding is concerned.</b></p> <p>e) The Title Restoration Project Implementation plan will be updated with project deliverables and due dates to ensure project is concluded as per agreed timeframes.</p> <p><b>The Social Cluster Audit Committee and the National Department of Human Settlements via the National Steering Committee require quarterly title deed transfer Progress Reports as per the Title Restoration Grant Business Plan.</b></p> <p>2. Clear identification and assignment of roles and responsibilities for the project and process:</p> <p>a) Management will define competencies required and this may require the shifting of resources towards addressing the transfer of title deeds backlog.</p> <p><b>A Sub-Directorate with a staff complement of five senior officials has been committed to the TRP.</b></p> <p>b) Furthermore, management will identify candidates who have competencies for the roles and assign clear roles and responsibilities in the Performance</p>

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			<p>Agreements. Officials will be held accountable in line with key result areas as in the performance agreements.  <b>The Department will establish a dedicated Title Deed Office.</b></p> <p>c) In appointing external service providers, where necessary to assist with reducing title deeds backlog (Conveyancers; Professional Service Providers etc.) clear and concise contractual terms and, clearly highlighting responsibilities and timelines for deliverables will be included in the contract.</p> <p><b>The supply chain process to appoint an expanded panel of Professional Service Provider conveyancers has been concluded after 12 months. The first subsequent project specific appointment has been made in terms of the new framework agreement. Pilot projects include Ceres-Nduli, Stellenbosch-Mooiwater, Drakenstein-Saron, Oudshoorn-Nippon East, Bitou-Bossiegif, Knysna-Flenters&amp;Robololo, Kannaland-Nissanville, subject to the Municipalities agreeing thereto.</b></p>
<ul style="list-style-type: none"> <li>Housing Subsidy Administration;</li> </ul>	<p><b>Assurance Audit:</b> All action plans have been implemented.</p>	Mr B Denton	<ul style="list-style-type: none"> <li>The Department has implemented all action plans and has now put controls in place as recommended by Internal Audit to address all control deficiency.</li> </ul>
<ul style="list-style-type: none"> <li>Stakeholder Management;</li> </ul>	<p><b>Assurance Audit:</b></p>	Mr N Adriaanse	<ul style="list-style-type: none"> <li>Total agreed action plans for the sub-directorate were 14, 6 implemented and</li> </ul>

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	Outstanding action plans still to be concluded.		<p>8 action plans expired but not yet implemented by the department:</p> <ul style="list-style-type: none"> <li>• One action plan is relating to Revised MOU between DHS &amp; Local Government.</li> <li>• 7 action plans were relating to the lack of stakeholder's consultation and it was required that the department should compile SOP to include recommendation by the internal audit. All 6 action plans were regarded as partially implemented as the documents provided did not address all the concerns raised by internal Audit. Implementation date was revised to 31 December 2018</li> </ul>
<ul style="list-style-type: none"> <li>• Delegations Framework;</li> </ul>	<p><b>Assurance Audit:</b> All action plans have been implemented.</p>	Mr F de Wet	<ul style="list-style-type: none"> <li>• All action plans were implemented by the department and recommendations by Internal Audit were taken into consideration to improve the delegation process. The improvements were confirmed by Internal Audit during the 2017/18 financial year by Internal Audit during the 2017/18 financial year.</li> </ul>
<ul style="list-style-type: none"> <li>• Human Settlement Implementation;</li> </ul>	<p><b>Assurance Audit:</b> All action plans have been implemented.</p>	Ms P Maysela	<ul style="list-style-type: none"> <li>• The Department has implemented all action plans and has now put controls in place as recommended by Internal Audit to address all control deficiency.</li> </ul>
<ul style="list-style-type: none"> <li>• Standing Operating Procedures: Contractors Framework.</li> </ul>	<p><b>Consulting Engagement:</b> No recommendations were made and no action plans required.</p>	Mr M Stoffels	<p><b>OBJECTIVE:</b></p> <ul style="list-style-type: none"> <li>• Develop a high level business process map to depict the placement of key controls, taking into account legislative</li> </ul>

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			<p>requirements; process risks and AGSA findings.</p> <ul style="list-style-type: none"> <li>• Compare the draft SOP and confirm whether the key controls requiring enhancement.</li> <li>• Facilitate the confirmation of points of integration between SCM and Program Managers and ensure acknowledgement of roles and responsibilities.</li> </ul> <p><b>CONSULTING ENGAGEMENT RESULTS:</b></p> <ul style="list-style-type: none"> <li>• A high level process map was available. Internal Audit evaluated this process map, focussing on the key controls. Consideration was given to the legislative requirements; process risks and AGSA findings in the evaluation of the key controls. The high level process was updated accordingly.</li> <li>• The key controls were workshopped with management on various occasions and are updated in the SOP document.</li> <li>• The points of integration were facilitated with the various role players; input was obtained and the key controls in the updated SOP reflect the integration.</li> </ul>

**Page: 105 of the Annual Report: "Municipal Support"**

The Committee notes that the Department has capacitated 25 municipalities within the Western Cape, in terms of human settlement development planning. The 27 human settlements projects were aligned to the Integrated Development Plans (IDPs) of the municipalities and to the objectives of Outcome 8 of the Department.

<b>Resolution</b>	<b>Report Status</b>	<b>Responsible Person</b>	<b>Departmental Response</b>
<ul style="list-style-type: none"> <li>That the Department designs and implements a mechanism to assist municipalities in submitting the correct information that would enable the Department to meet its targets.</li> </ul>	<p>Concluded</p>	<p>Ms J Samson</p>	<ul style="list-style-type: none"> <li>The Department has implemented mechanisms to assist municipalities, resulting in the Department's over achievement on its target.</li> <li>Standard project application documents were developed and workshopped with municipalities to ensure credible and reliable information is provided by municipalities.</li> <li>When needed the department assisted the municipalities to complete the project applications.</li> </ul>