



ANNUAL REPORT OF THE HOUSING DEVELOPMENT AGENCY 2021

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PURPOSE



To present to the Portfolio Committee of Human Settlements

- 1. Annual Report of the Housing Development Agency for the 2020/21 financial year**

EXECUTIVE OVERVIEW AND HIGHLIGHTS - 2020/21



- 1. During the period under review the HDA had an interim Board (appointed in the previous financial year, in Nov 2019). The Interim Board was dissolved Feb 2021.**
- 2. The Minister of Human Settlements appointed Mr. Neville Chainee as Administrator effective 17 Feb 2021. Mr Chainee was replaced by Dr. Mahapa as the Administrator in July 2021.**
- 3. The Audit and Risk Committee remained the only functional committee to support the organisation under the leadership of the Administrator.**
- 4. Mr. Stephen Poya was appointed as Acting CEO on the 17th Feb 2021 to 27th Aug 2021**
- 5. Ms Daphney Ngoasheng was Appointed as Acting CEO from 01 Sept 2021**

EXECUTIVE OVERVIEW AND HIGHLIGHTS - 2020/21



The HDA developed a new strategy with focus on its role as a developer of choice for the public sector. The Strategy is underpinned by the following principles:

- 1. HDA will act as the “principal” in developments where it would typically acquire, develop and release land, on its own or in partnership with the private sector, the proceeds of which will be reapplied towards further developments**
- 2. HDA will strengthen its own balance sheet**
- 3. HDA will pro-actively act as catalyst of developments**
- 4. HDA will generate income from project management fees**
- 5. HDA will share project and financial risk with its strategic delivery partners**
- 6. Working with the NDHS (Director General) to revise DORA grant conditions to enable the provincial departments of human settlements to ring-fence portions of the HS grants allocated to each province for direct transfer to the HDA to play its role of implementing agent/property developer**

Programme Structure

Programme 1 Administration

- Audit and Risk
- Corporate Support Services
- Finance
- Strategy & Organisational Performance
- Communications & Marketing

Programme 2 Land Management and Priority Humans Settlements Development Areas

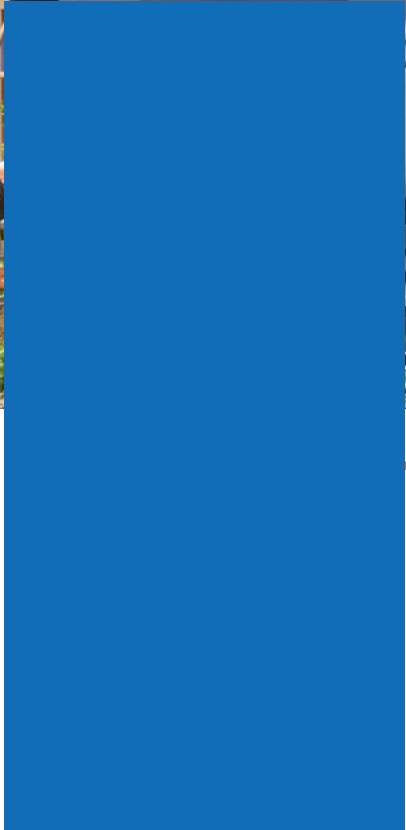
- Land Management
- Priority Human Settlements Housing Development Areas (PHSHDAs)

Programme 3 Programme Planning and Design, Regional Coordination and Human Settlements Implementation Support Services

- Programme Planning Design (Informa Settlements Upgrading, Catalytic Projects and Revitalisation of Distressed Mining Towns)
- Regional Coordination and Human Settlements Implementation support services

Programme 4 Planning, Monitoring, Evaluation and IGR

- Monitoring & Evaluation
- Geographic Information Systems (GIS)
- Intergovernmental and Stakeholder Relations (IGR)



PERFORMANCE OVERVIEW

HDA PERFORMANCE HIGHLIGHTS 2020/21

TARGET



1500 of Number of hectares of Land acquired or released for Human Settlements



1000 hectares of land rezoned for Human Settlements development



19 Development plans for PSHDA completed



19 partnership agreements established for implementation in the PSHDA's

ACHIEVED



2116,5517 Hectares Acquired



1190,7144 hectares of land rezoned for Human Settlements development

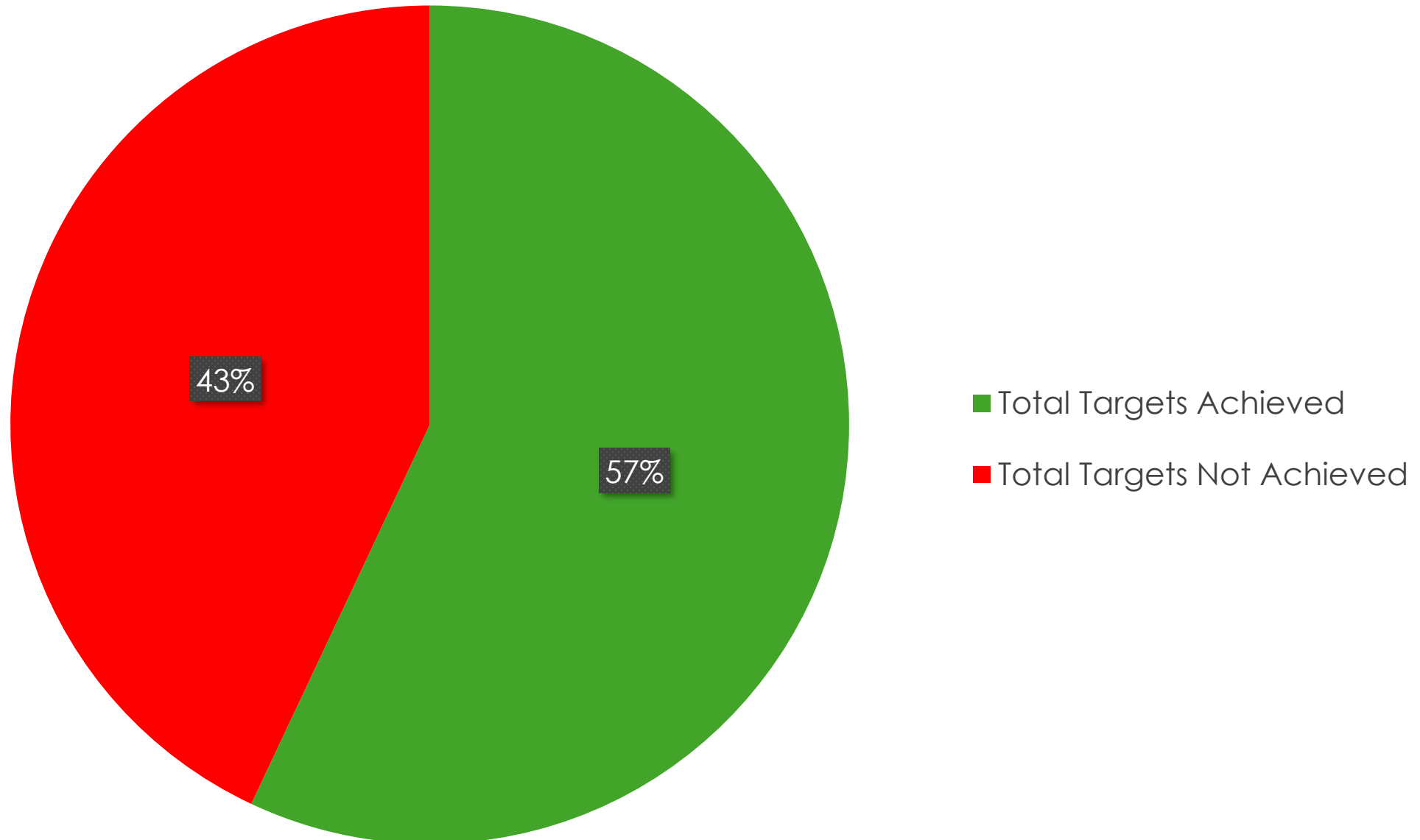


19 Development plans for PSHDA completed

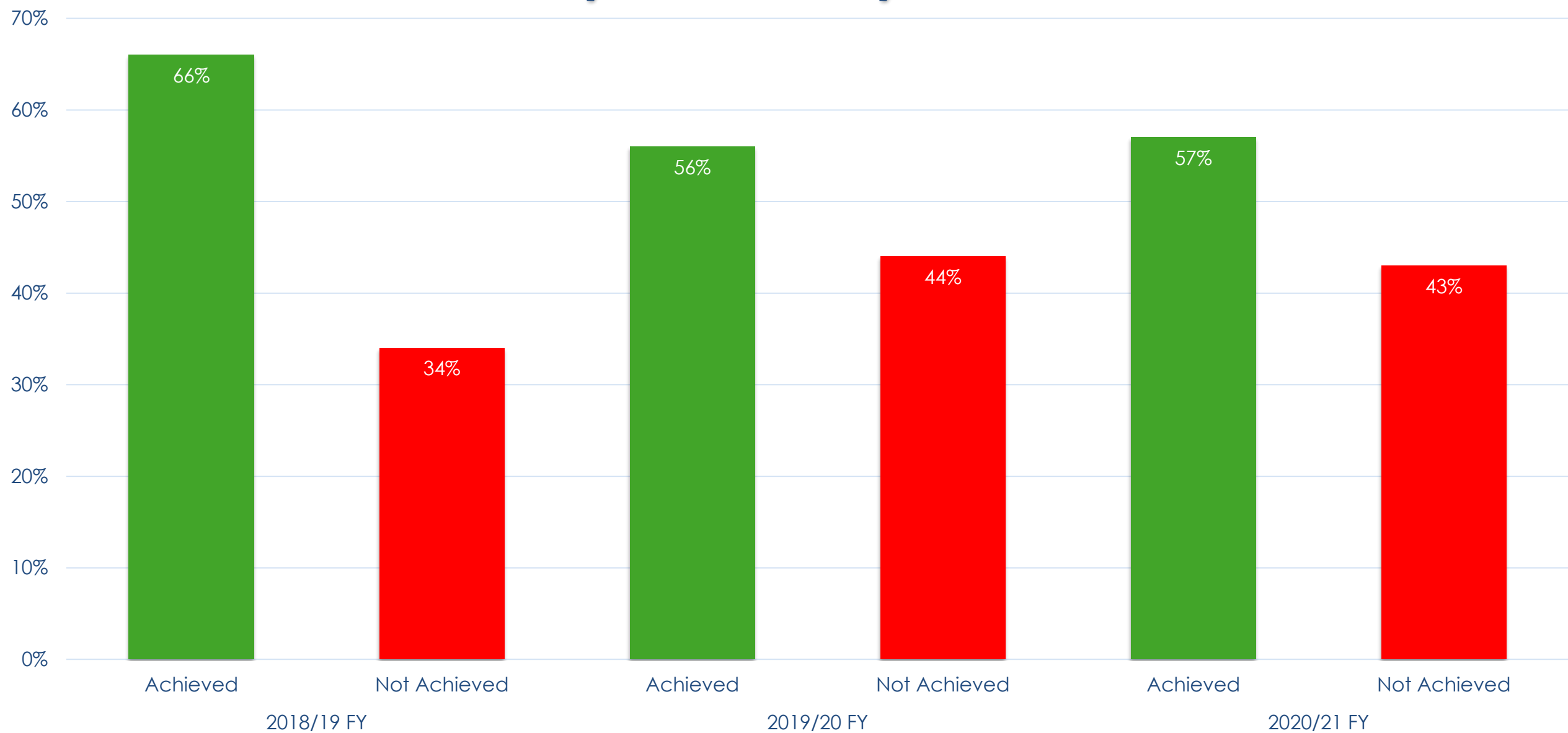


24 partnership agreements established for implementation in PSHDAs.

OVERALL ANNUAL PERFORMANCE



OVERALL ORGANISATIONAL PERFORMANCE TRENDS FROM 2018/19 TO 2020/21

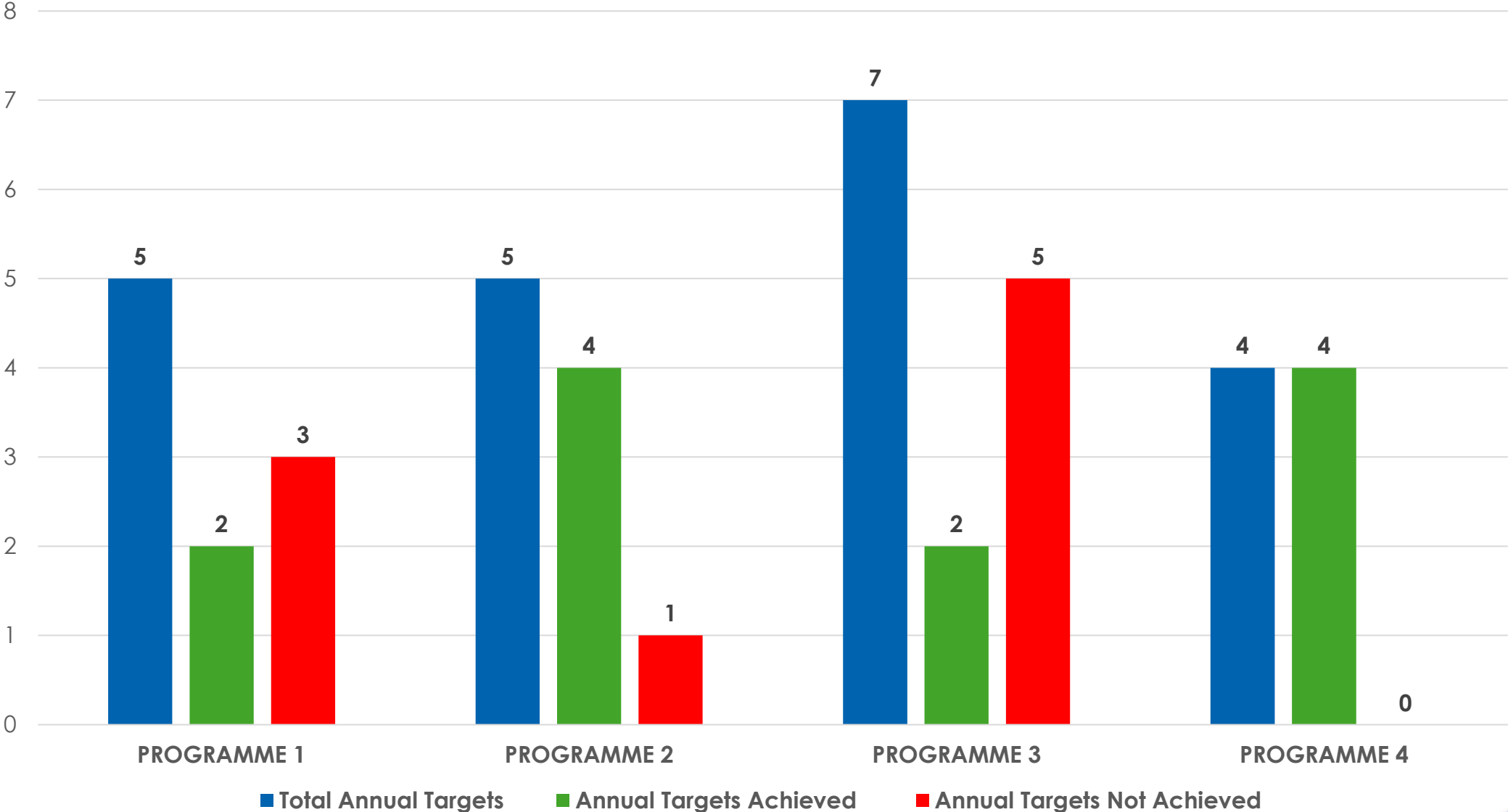


DETAILED ORGANISATIONAL PERFORMANCE

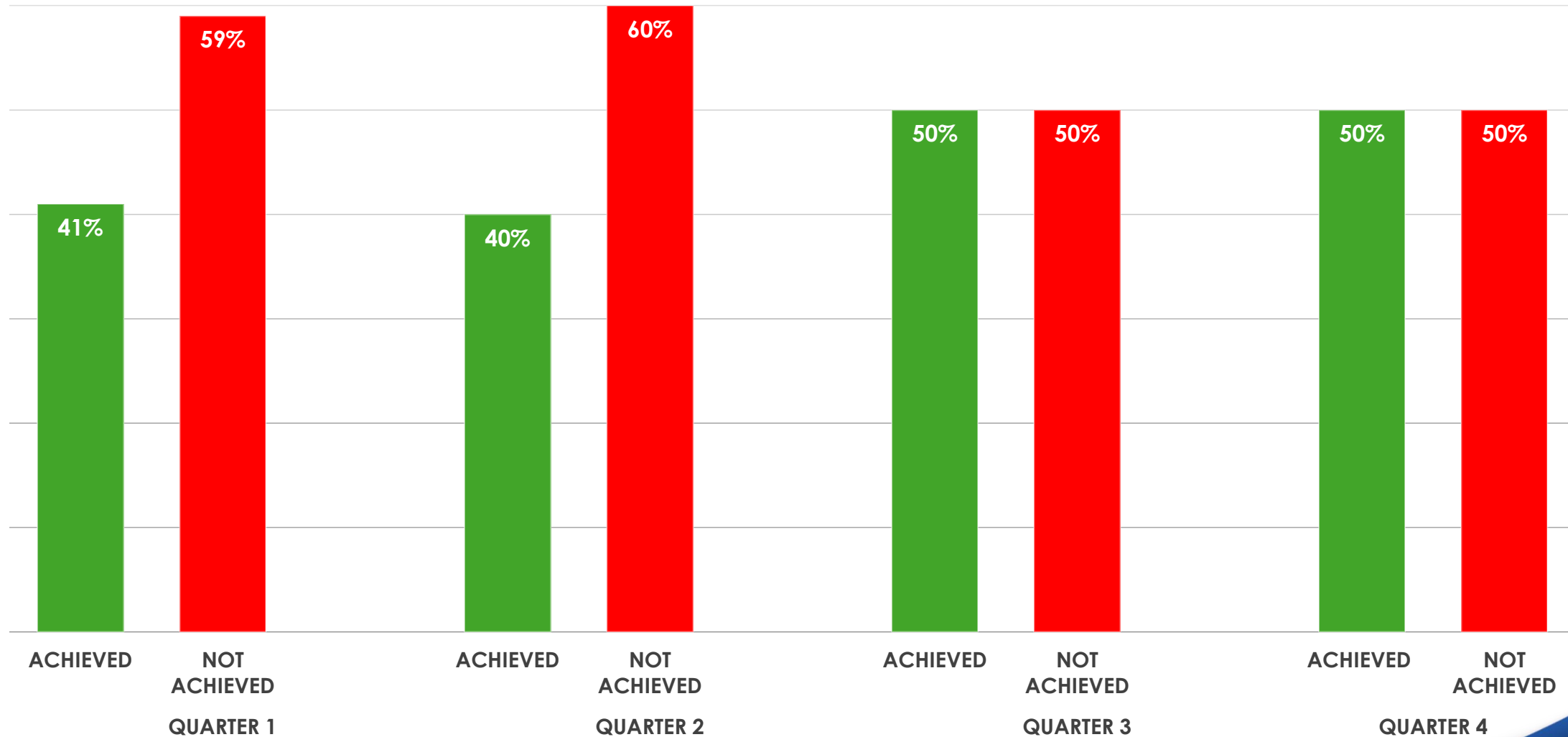


PROGRAMME	TOTAL NUMBER OF KPI'S	TOTAL TARGETS ACHIEVED	TOTAL TARGETS NOT ACHIEVED
PROGRAMME 1: TOTALS	5	2	3
Administration	5	2	3
PROGRAMME 2: TOTALS	5	4	1
Land Assembly and PSHDAs	5	4	1
PROGRAMME 3: TOTALS	7	2	5
3.1 Programme Planning and Design	4	2	2
3.2 Regional Coordination & Human Settlements Support Services	3	0	3
PROGRAMME 4: TOTALS	4	4	0
Spatial Information Management and Planning	4	4	0
HDA Totals	21	12	9
HDA OVERALL PERFORMANCE		57%	43%

ANNUAL PERFORMANCE BY PROGRAMME



OVERALL ORGANISATIONAL PERFORMANCE TREND Q1-Q4



TRANSFORMATION AND EMPOWERMENT



HDA PROCUREMENT SPENT IN THE 2020/21 FINANCIAL YEAR

	TOTAL PROCUREMENT	B-BBEE 1- 4	NON B-BBEE 5 - 9	DISABLED	MILITARY	WOMAN	YOUTH
	R963,976,048.97	R742,808,709.40	R221,167,368.96	R8,744.49	R1,286,900.60	R153,234,060.43	R106,315,071.35
ACHIEVED PERCENTAGE		77.06%	22.94%	0.00%	13.00%	15.90%	11.03%
QUARTERLY TARGETS		12,5%		1.25%	1.25%	8.75%	3.75%
ANNUAL TARGETS		50%		5%	5%	35%	15%

KEY INDICATORS



OUTPUT INDICATOR	PLANNED 2020/2021	ANNUAL TARGET	ACTUAL ACHIEVEMENT 2020/2021	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2020/2021
Number of informal Settlements supported for upgrading to Phase 3	375 Informal settlements supported for upgrading to Phase 3		191 Informal settlements supported for upgrading to Phase 3	-184 Informal settlements supported for upgrading to Phase 3
Number of national and/or provincial priority Human Settlements catalytic projects provided with implementation support	50 National and/or provincial priority Human Settlements catalytic projects provided with implementation Support		36 National and/or provincial priority Human Settlements catalytic projects provided with implementation Support	14 National and/or provincial priority Human Settlements catalytic projects provided with implementation Support
Number of municipalities provided with technical implementation support for distressed mining Communities	23 Mining towns provided with technical implementation support for mining towns		23 Mining towns provided with technical implementation support for distressed mining Communities	None
Number of housing units delivered.	11479 Housing units delivered		4564 Housing units delivered	- 6915 Housing units delivered
Number of serviced sites Delivered	9256 Serviced sites delivered		4270 Serviced sites delivered	- 4986 Serviced sites delivered
Number of title deeds registered	7058 Title deeds registered		825 Title deeds registered	- 6233 Title deeds registered

MTSF TARGETS & HDA MTSF PERFORMANCE HIGHLIGHTS 2020/21

TARGET



94 priority development areas declared for human settlements development



Hectares of land acquired in PSHDA's



Development Plans for all 94 priority developed areas, categorised and prioritised with budgets & finance options



100% hectares rezoned



ACHIEVED

The 136 Priority Human Settlements and Housing Development Areas (PHSHDAs) were declared on the 15th of May 2020

2116,5517 Hectares Acquired

19 Development Plans for PSHDA completed

32% of acquired land during 2014-2019 rezoned falling within the PSHDAs

MTSF TARGETS IN PROGRESS

MTSF TARGET (Sectoral Targets)	HDA TARGET	PROGRESS TO DATE	%
470 000 housing units	67 669 Housing Units Delivered	5671 Housing units delivered	8%
300 000 serviced sites	51 146 Serviced sites delivered	2525 serviced sites delivered	5%
1 500 informal settlements upgraded / formalised to Phase 3 (in terms of the HS Code)	1500 informal settlements upgraded	191 informal settlements upgraded	11%
Total number of title deeds registered - Post- 2019: 300 000	39 002 Title deeds Registered	1502 Title deeds Registered	4%

NON-ATTAINMENT OF TARGETS

- **Re-prioritisation of budgets by Provincial Departments to avail funding to Provincial COVID-19 response interventions.**
- **Slow implementation of projects due to suspension of work on construction sites as a result of the lockdown to slow the spread of Covid19.**
- **The interruption and shortage of supply and delivery of building materials resulting in further delays in implementation**
- **Withdrawal of Implementation mandates by Provinces and Municipalities due to reprioritization of budgets**

PLANS TO IMPROVE PERFORMANCE



These initiatives have been set up to establish improved governance, risk mechanisms, and oversight structures that guide, monitor, and effectively coordinate programme and project management functions:

a. Operations Committee

The Operations Committee (OpCo) was established in August 2020 to provide guidance, support, and oversight regarding progress of programmes and projects.

b. Project Readiness Committee

The Project Readiness Committee PRC became effective in November 2020 with the fundamental purpose of ensuring that projects are ready for implementation.

c. Project Tracking Tool

The tool tracks project performance on a weekly basis. This tool ensures that we monitor projects that are performing and identify the high risk projects timeously for intervention.



AUDIT OUTCOME

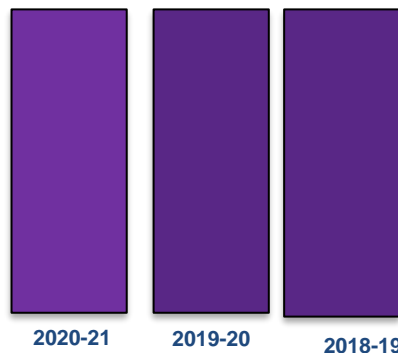
AUDIT OPINION



For the period under review, the HDA received a qualified audit opinion.

“Except for possible effects of the matters described in the basis for qualified opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the Housing Development Agency as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognized Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa (Act No.1 of 1999)(PFMA).”

Stagnation in audit outcomes



Types of audit outcomes

- Unqualified with no findings
- Unqualified with findings
- Qualified with findings
- Adverse with findings
- Disclaimed with findings

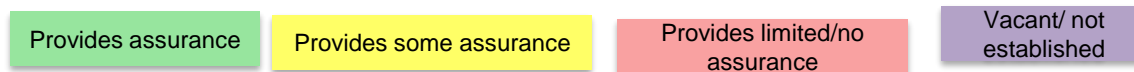
Assurance levels

First level of assurance

- Senior management
- Accounting Officer
- Executive Authority

Second level of assurance

- Audit committee
- Internal audit



1

To improve/maintain the **audit outcomes** ...

2

... the key role players need to **assure** that ...

5

... the **root causes** are addressed ...

4

... the **risk areas** and ...

3

... attention is given to the **key controls** and ...

... the **best practices** are maintained.

Root causes should be addressed

Acting positions at senior management level

Inadequate processes of reconciling project obligations

Inadequate controls over processing of expenses

Slow response to consequence management

Risk areas

Quality of submitted financial statement



Quality of submitted performance information



Supply chain management



Financial health



Human, resource management



Information technology



Good

Of concern

Intervention required

Status of drivers of internal controls

Leadership

Effective leadership culture



Oversight responsibility



HR Management



Policies and procedures



Audit action plans



IT Governance



Financial and performance management

Proper record keeping



Processing and reconciling control



Regular reporting



Compliance monitoring



IT system controls



Governance

Risk management



Internal audit



Audit committee



Good

Of concern

Intervention required

2020/21 AUDIT OUTCOME

AUDIT OPINION:

Qualified
Opinion

BASIS OF OPINION:

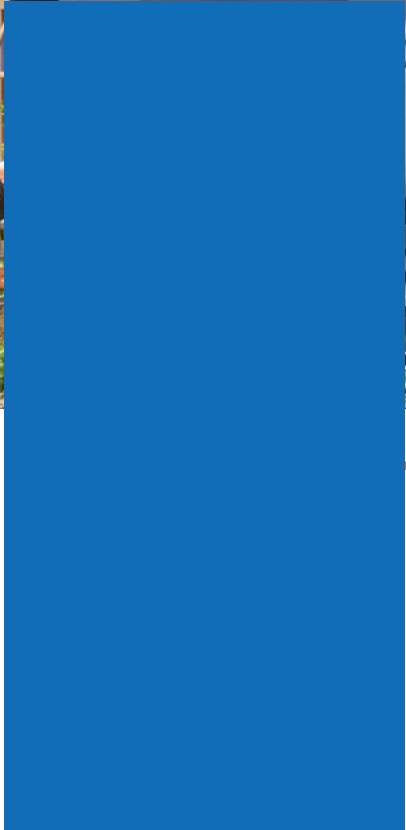
Project
Obligations

Irregular,
Fruitless &
Wasteful
Expenditure

PRE DETERMINED OBJECTIVE:

Unmodified
Opinion





**FINANCIAL
STATEMENTS**

FINANCIAL STATEMENTS

Statement of Financial Position



Figures in R `000

Note(s)

2021

Restated 2020

Assets

Non-Current Assets		35,577	36,130
Property, plant and equipment	3	7,578	7,789
Intangible assets	4	94	436
Long-term land inventory	5	27,905	27,905
Current Assets		1,964,001	1,112,643
Land inventory	6	422,398	343,197
Receivables from non-exchange transactions	7	10,457	10,224
Projects receivables	8	292,457	119,447
Rental deposit	9	1,382	1,382
Cash and cash equivalents	10	1,237,307	638,393
Total Assets		1,999,578	1,148,773

FINANCIAL STATEMENTS

Statement of Financial Position



Figures in R `000	Note(s)	2021	Restated 2020
Net Assets and Liabilities			
Net Assets		140,748	31,777
Accumulated surplus		140,748	31,777
Non-Current Liabilities			
Non-Current Liabilities		246	547
Finance lease obligations	11	246	547
Current Liabilities			
Current Liabilities		1,858,584	1,116,449
Payables from exchange transactions	15	103,374	23,468
Provisions	16	-	16,175
Payable to National Treasury	20	195,826	-
Current portion of finance leases	11	312	255
Projects Payables	17	465,525	65,980
Projects obligations	18	671,149	667,374
Land inventory obligation	19	422,398	343,197
Total Liabilities		1,858,830	1,116,996
Total Net Assets and Liabilities		1,999,578	1,148,773

FINANCIAL STATEMENTS

Statement of Financial Performance



Figures In R ` 000	Note(s)	2021	Restated 2020
Revenue		359,727	352,345
Revenue from non-exchange transactions		233,604	229,311
Transfer from controlling entity	22	233,604	229,311
Revenue from exchange transactions		126,123	123,034
Provinces support conditional grant	23	107,190	102,833
Project management fees	24	13,529	13,042
Interest income	25	1,560	3,539
Other income	26	3,844	3,620
Expenditure		294,297	293,326
Operating expenses	27	78,720	77,814
Land and related costs	28	11,912	12,047
Technical and project services	29	38,873	12,633
Finance costs	30	143	61
Employee costs	31	164,649	190,771

FINANCIAL STATEMENTS

Statement of Financial Performance



Figures in R ` 000

Note(s)

2021

Restated 2020

Other expenditure

Impairment of project receivables

Deficit on disposal of property, plant and equipment

Total other expenditure

-	58,771
(19)	30
(19)	58,801

Surplus from grant funding

65,449	218
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Refund from Municipality

21	44,270	-
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Surplus for the year

109,719	218
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FINANCIAL STATEMENTS

Statement of Changes in Net Assets



Figures in R `000

Note(s)

**Revaluation
reserves**

**Accumulated
surplus**

**Restated
Total**

Balance at 1 April 2019

Restated surplus for the year

Restated balance as at 31 March 2020

Restated balance at 1 April 2020

Consolidation adjustment

Surplus for the year

Balance at 31 March 2021

-	31,559	31,670
-	218	218
-	31,777	31,888
-	31,777	31,777
(748)	(748)	(748)
-	109,719	109,719
-	140,748	140,748

FINANCIAL STATEMENTS

Statement of Cash Flow



Figures in R ` 000

Note(s)

2021

Restated 2020

Cash flows from operating activities

Receipts		357,583	343,725
Grants		340,794	332,144
Management fees		13,529	13,042
Other receipts movements		3,260	(1,461)
Payments		(182,085)	(287,578)
Employee costs		(164,649)	(190,771)
Other payments		(17,436)	(96,807)
Cash generated/(utilised) in operations	35	175,498	56,147
Interest received		1,560	3,539
Interest paid - finance charges on finance leases		(143)	(61)
Interest accrued		(524)	(789)
Net cash out- flows from operating activities		176,391	58,836

FINANCIAL STATEMENTS

Statement of Cash Flow



Figures In R `000

Note(s)

2021

Restated 2020

Cash flows from Investing activities

Property, plant and equipment acquired
Intangible assets acquired

Net cash flows from Investing activities

	(2,754)	(1,996)
	(69)	(1,520)
	(2,823)	(3,516)

Cash flows from financing activities

Increase/(decrease) in funding receivables for projects
Increase in projects payables
Decrease in project obligations
Increase/(decrease) in lease liability
Increase in impairment of project receivables
Payable to National Treasury

Cash flows from financing activities

	(174,044)	104,593
	399,545	54,695
	174,851	(15,592)
	244	659
	-	(58,771)
	195,826	-
	425,346	85,584

Increase in cash and cash equivalents
Cash and cash equivalents at beginning of the year

Cash and cash equivalents at end of the year

	598,914	140,903
	638,393	497,490
10	1,237,307	638,393

FINANCIAL STATEMENTS

Statement of Comparison of Budget Information with Actual Information



Figures in R `000

Note(s) 2021

		Actuals	Budget	Variance	% Variance	Adjust ment	Approved annual budget
Operating revenue							
Operational grant-NDHS		233,604	233,604	-	0 %	-	233,604
Provinces support conditional grant	41.1	107,190	107,600	410	0 %	-	107,600
Project management fees	41.3	13,529	26,414	12,885	49 %	-	26,414
Other Income							-
Interest income		1,560	3,150	1,590	50 %		3,150
Other income	41.2	48,114	4,200	(43,914)	-1046 %		4,200
Total revenue		403,997	374,968	(29,029)	7,74%	-	374,968
Expenditure							
Land and related costs	41.6	11,912	10,690	(1,222)	-11 %		10,690
Operating expenses	41.4	78,720	72,100	(6,620)	-9 %		72,100
Technical and project services	41.5	38,873	72,888	34,015	47 %	-	72,888
Finance costs		143	17	(126)	-741 %		17
Employee costs	41.7	164,649	219,273	54,624	25 %		219,273
Deficit on disposal of property, plant and equipment		(19)	-	19	0 %		-
Total expenditure		294,278	374,968	80,690	21,52%	-	374,968
Deficit for the year		109,719	-	(109,719)	-	-	-



AUDIT ACTION PLAN

AUDIT ACTION PLAN



NO	Finding	Control Deficiency Identified	Remedial Plan	Date to be Implemented
1.	Confirmation for Project Obligations - Limitation of Scope	<p>Management did not implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting.</p> <p>Management did not perform monthly reconciliations on project obligations.</p>	<ol style="list-style-type: none"> 1. Communicate project finance recons to the regional heads before submitting to the departments, and give reasons why some numbers are provisional. 2. Communicate to the departments why numbers change and also provide a reconciliation (restatement) of the numbers that changed. 3. Arrange monthly meetings with the departments for review of project finances. 4. Upon departments satisfaction of project funding figures, confirmation will be signed off. 5. We have procured a Project Management System, which will provide Regional Managers and Municipalities Read -Only Rights, to give them access to real time financial information. This will address reconciliation issues and provide stakeholders with valid and accurate information. 6. The system is currently at testing phase. 	<p>Oct-2021</p> <p>Responsible person: Sibusiso Mlotshwa</p>

AUDIT ACTION PLAN



NO	Finding	Control Deficiency Identified	Remedial Plan	Date to be Implemented
2.	Confirmation for Project Obligations – Balance per AFS does not agree to Balance per external confirmation for KZN & North West Province	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting	<ol style="list-style-type: none"> 1. Communicate project finance recons to the regional heads before submitting to the departments, and give reasons why some numbers are provisional. 2. Communicate to the departments why numbers change and also provide a reconciliation (restatement) of the numbers that changed. 3. Arrange monthly meetings with the departments for review of project finances. 4. Upon departments satisfaction of project funding figures, confirmation will be signed off. 	<p>Oct-2021</p> <p>Responsible person: Sibusiso Mlotshwa</p>

NO	Finding	Control Deficiency Identified	Remedial Plan	Date to be Implemented
1.	Material adjustment after submissions of financial statements to the National Treasury on the 31st of May 2021	<ul style="list-style-type: none"> • Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. • Management did not review and monitor compliance with applicable laws and regulations. 	<ul style="list-style-type: none"> • Project obligation confirmation will be sent to stakeholders timeously. • Deadline for adjustments submission will be communicated. 	<p>Oct 2021 Responsible person: Zozo Badi</p> <p>Oct 2021 Responsible person: Zozo Badi</p>
2.	Project Payables: Clearing accounts and Intercompany Transfers not cleared at year end.	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	<p>Finance team will treat the clearing accounts as a project to clear at least two provinces a month and sign them off with Internal auditors as they get completed.</p> <p>1) 31 Oct 2021 KZN & Free State</p> <p>2) 30 Nov 2021 Gauteng & North West</p> <p>3) Dec 2021 Western Cape & Northern Cape</p> <p>4) Jan 2022 E Cape & Limpopo</p>	<p>31 Oct 2021 Responsible person: Zozo Badi</p> <p>30 Nov 2021 Responsible person: Zozo Badi</p> <p>20 Dec 2021 Responsible person: Zozo Badi</p> <p>31 Jan 2022 Responsible person: Zozo Badi</p>

NO	Finding	Control Deficiency Identified	Remedial Plan	Date to be Implemented
3.	Cut-off: Technical and project services expense	Management did not implement controls over daily and monthly processing and reconciliation of transactions	<p>Frequent reminders will be sent to the End users and also emphasize the importance of submitting invoices close to the financial year end.</p> <p>Year-end closing procedures will be drafted and communicated to all end users</p>	Dec 2021 Responsible person: Zozo Badi
4.	Cut-off: Land Related Costs			
5.	Cut-off: Repairs and maintenance, Travel and accommodation AND Other Operating expenses			

AUDIT ACTION PLAN: FINANCE



NO	Finding	Control Deficiency Identified	Remedial Plan	Date to be Implemented
6.	Cash and cash equivalents for provinces incorrectly disclosed	Management did not prepare accurate financial reports that are supported and evidenced by reliable information.	<ul style="list-style-type: none"> • Deadline for submission of land invoices will be communicated to the End users timeously. 	February 2022 Responsible person: Zozo Badi
7.	Creditors with debit balances incorrectly classified as payables.	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	<ul style="list-style-type: none"> • This will be corrected as the Intercompany clearing accounts gets reconciled. 	February 2022 Responsible person: Zozo Badi
8.	Physical Asset Counts not conducted	Management did not implement controls over daily and monthly processing and reconciling of transactions	<ul style="list-style-type: none"> • Asset audit will be performed bi-annually. 	February 2022 Responsible person: Zozo Badi

AUDIT ACTION PLAN: FINANCE



NO	Finding	Control Deficiency Identified	Remedial Plan	Date to be Implemented
9.	Staff receivables-Differences between supporting documents and recorded amount	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	<ul style="list-style-type: none"> Study bursaries will be monitored monthly. 	Monthly Responsible personnel: Zozo Badi
10.	Property, plant and equipment- Limitation of Scope	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting.	All old assets will be identified and barcoded by the finance team before the year end.	February 2022 Responsible personnel: Zozo Badi

AUDIT ACTION PLAN: SCM



NO	Finding	Control Deficiency Identified	Remedial Plan	Date to be Implemented & Responsible Official
1.	<p>Procurement: Bid documentation did not specify evaluation and adjudication criteria which includes the preference point system (80/20 or 90/10)</p>	<p>Management did not review and monitor compliance with applicable laws and regulations</p>	<p>1) A Take-on form has been developed, with an objective to achieve the following:</p> <ul style="list-style-type: none"> • Ensure that the project is in the procurement plan • Allocate an SCM Official to the project and confirm date taken on • Form must be signed by Project manager or the Regional Head • SCM Snr Manager to approve take-on of project, only if on procurement plan • Form will be enhanced with more controls and submitted to all HDA staff on the 1st October <p>2) The TOR must be reviewed and signed off by SCM Snr Manager to ensure the evaluation and adjudication criteria .</p>	<p>1 Oct 2021</p> <p>Responsible personnel: Barnie Ntlou</p> <p>2021/10/01 Responsible personnel: Pfarelo</p>

AUDIT ACTION PLAN: SCM



NO	Finding	Control Deficiency Identified	Remedial Plan	Date to be Implemented & Responsible Official
2.	Reasons for deviation from SCM process does not appear reasonable.	Management did not review and monitor compliance with applicable laws and regulations. Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls	<p>Probity Audit Team will be appointed which will consist of SCM, Risk and Legal personnel to oversee tender processes and ensure that SCM processes are followed. Where BEC decision is overridden by BAC, all matters of contention will be referred to this committee for recommendation to the CEO to deviate.</p> <p>CEO to first sign off before procurement process can commence</p>	<p>2022/03/01</p> <p>Responsible personnel: Barnie Ntlou</p>
3.	Bid Adjudication committee was not formed to adjudicate awards	Management did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls	<p>Attendance registers, BAC minutes and declaration of interests for meetings held on MS Teams need to be electronically filed and electronically archived by records keeping unit to ensure that all minutes and all BAC documents are available for audit purposes.</p> <p>To ensure that recording are given the proper naming conventions</p>	<p>April 2022</p> <p>Responsible person: Johan Minnie</p>

NO	Finding	Control Deficiency Identified	Remedial Plan	Date to be Implemented & Responsible Official
4.	Bid specification committee was not formed to determine bid specification.	Management did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls	SCM will ensure that all tenders have a signed specification before they are advertised.	1 Oct 2021 Responsible person: Jerry Makofane
5.	Contract not awarded to the bidder that scored the highest total number of point.	Management did not review and monitor compliance with applicable laws and regulations.	<p>BEC and BAC committees will focus on tender documents that are submitted for the tender under review and will not focus on any other documents (old/ previous documents) used in another tender to assist bidders to gain points to win tenders.</p> <p>Probity Audit Team will be established, with terms of reference, which will comprise of SCM, Risk and Legal personnel which will determine whether tenders qualify for emergency procurement, where BEC decisions are overridden by BAC, all matters of contention will be referred to this committee for recommendation to the CEO to deviate.</p>	31 Dec 2021 Responsible person: Barnie Ntlou

AUDIT ACTION PLAN: SCM



NO	Finding	Control Deficiency Identified	Remedial Plan	Date to be Implemented & Responsible Official
6.	No proof of declaration of interest (SBD4) was completed and signed by the winning supplier	Management did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.	<p>All TOR to be accompanied with all SBD Forms, instead of requesting bidders/service providers to download it themselves.</p> <ul style="list-style-type: none"> • Bidders will be required to tick on a compliance checklist to ensure that all required forms are submitted • A Clause will also be inserted notifying bidders of disqualification should these documents not be submitted on closing date. 	<p>Oct 2021</p> <p>Responsible person: Barnie Ntlou</p> <p>2021/10/01</p> <p>Responsible person: Pfarelo</p>
7.	Tender was not advertised on the e tender publication portal	<p>Management did not review and monitor compliance with applicable laws and regulations.</p> <p>Management did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.</p>	<p>A memo will be written from the office of the CEO to National Treasury notifying them that since the system is down, SCM is failing to comply with the regulation.</p> <p>As soon as the system is up and running, SCM will start uploading all tender adverts on the E- Tender portal.</p>	<p>Oct-2021</p> <p>Responsible person: Barnie Ntlou</p>

AUDIT ACTION PLAN: SCM



NO	Finding	Control Deficiency Identified	Remedial Plan	Date to be Implemented & Responsible Official
8.	Quotations: Tax Compliance	Management did not review and monitor compliance with applicable laws and regulations.	All appointment letters must be accompanied with a newly printed CSD Report, before the ACEO signs off any appointment letter.	October 2021 Responsible person: ACEO
9.	Quotations: Declaration of interest (SBD 4)	Not included in Management Report	<p>All TORs to be accompanied with all SBD Forms, instead of requesting bidders/service providers to download them themselves.</p> <ul style="list-style-type: none"> • Bidders will be required to tick on a compliance checklist to ensure that all required forms are submitted. • A Clause will also be inserted notifying bidders of disqualification should these documents not be submitted on closing date. 	October-2021 Responsible person: Bernie Ntlou

AUDIT ACTION PLAN: SCM



NO	Finding	Control Deficiency Identified	Remedial Plan	Date to be Implemented & Responsible Official
10.	Awards not published in the Government Tender Bulletin	<p>Management did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.</p> <p>Management did not review and monitor compliance with applicable laws and regulations.</p>	<p>The CEO will notify National Treasury that since the system is down, SCM is failing to comply with the regulation.</p> <p>As soon as the system is up and running, SCM will start uploading all awards on Government Bulletin</p> <p>Continuous and regular staff training will be provided on NT Regulations and SCM related matters to staff members.</p>	<p>October-2021 Barnie Ntlou</p>
11.	Fruitless and Wasteful Expenditure register not kept and or maintained.	<p>Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.</p> <p>Management did not review and monitor compliance with applicable laws and regulations.</p>	<p>The Fruitless and Wasteful expenditure register managed by Finance Division will be updated regularly.</p> <p>The irregular expenditure register will be maintained and updated by Mr Barnie Ntlou.</p> <p>An irregular expenditure framework will be developed and implemented</p>	<p>October-2021 Zozo Badi</p> <p>October-2021 Barnie Ntlou</p> <p>November 2021 Barnie Ntlou</p>
12.	Non-submission of In-Year Monitoring Report	<ul style="list-style-type: none"> Management did not review and monitor compliance with applicable laws and regulations. 	<p>Quartely reports are now ready to be tabled at EXCO, thereafter they will be submitted to National Treasury.</p>	<p>October-2021 Barnie Ntlou & ACFO</p>

RECOMMENDATIONS



It is recommended that the Portfolio Committee on Human Settlements:

- 1. To note the presentation on the Annual Report of the Housing Development Agency for the 2020/21 financial year**



THANK YOU!