

**MINISTRY FOR HUMAN SETTLEMENTS**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: 2557**

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**Mr L P Khoarai (ANC) to ask the Minister of Human Settlements:**

With regard to unqualified audit reports with the same emphasis of matters that her department has received for three consecutive financial years, why are the same matters of emphasis always arising? NW2658E

**REPLY:**

The Department has over the last three financial years received an unqualified audit opinion with a number of emphasis’ of matter. For the 2013/14 financial year the Department emphasis of matter related to:

* Material underspending of R75.4 million (85%) within Programme 3 in respect of Programme Implementation; and
* Material underspending of R25 million (19%) on the Rural Household Infrastructure Grant.
* The department only transferred R106.7 million of the Rural Household Infrastructure Grant in March 2014. A significant portion of this grant was unspent as of 31 March 2014.

For the 2014/15 financial year the Department materially underspent by R49.8 million (29.5%) still within Programme 3: Programme Delivery Support and related to the National Upgrading Support Programme.

For the 2015/16 financial year the Department again received an unqualified audit opinion with an emphasis of matter on material underspending of R45.8 million (27.5%) within Programme 3: Human Settlements Delivery Support which was also related to the National Upgrading Support Programme.

It is important to indicate that the Rural Household Infrastructure Grant was a programme transferred from the then Department of Water Affairs to the Department of Human Settlements during the 2010/11 financial year. The grant funded household infrastructure for provision of sanitation in rural areas for on-site water and sanitation solutions. For the 2013/14 financial the grant was split into an indirect and a direct grant.

As an indirect grant the Department had to appoint service providers. For the 2013/14 financial year the contractors only submitted invoices for work performed at the end of the financial year which were paid for. The appointed contractors could not finalise the implementation of programme on time due to rock formations that delayed work in the affected municipal areas.

The grant and the sanitation function was however transferred back to the newly created Department of Water and Sanitation during the 2014/15 financial year, the controls that were put in place could not be implemented due to the transfer.

The National Upgrading Support Programme is a departmental programme that provides technical assistance to municipalities to develop upgrading strategies, categorize informal settlements and is one of the largest cost drivers within Programme 3 and the biggest contributor to the underspending in the 2015/16 financial year. The National Upgrading Support Programme promotes improved human settlements outcomes in informal settlements through the progressive implementation of the programme in 53 municipalities per year. One of the reasons for under performance was the late approval of plans by municipalities.

Measures taken to ensure that underspending within programme 3 does not recur:

* An implementation plan detailing the methodology in monitoring the performance of the programme in terms of orders issued and progress on work performed has been developed by the Department. The project managers appointed have been put into place to manage the project implementation plans.
* Additional capacity has been appointed to assist with the implementation of the programme.
* This will allow detection of risks on time to assist and timely intervention.
* Monthly progress reports are prepared to update management structures.