

2022 – 23 SCOPA Briefing document

Gauteng Department of Human Settlements and Housing Fund

October 2023



AUDITOR - GENERAL  
SOUTH AFRICA

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## 1. Introduction

### 1.1 Mission of the Auditor-General of South Africa

The Auditor-General has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, it exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence.

### 1.2 Vision of the Auditor-General of South Africa

To be recognised by all our stakeholders as a relevant supreme audit institution that enhances public sector accountability.

### 1.3 Purpose of document

The purpose of this briefing document is for the Auditor-General of South Africa (AGSA) to provide an overview of the audit outcomes and related matters concerning the portfolio for the 2022/23 financial year.

### 1.4 Brief overview of the department

To lead and direct the delivery of Human Settlements across Gauteng, and the restoration of human dignity through:






- Functional and integrated management and governance of the Department.
- The development and implantation of responsive research-based policies, legislation and strategic frameworks that
- Enable the speedy, effective and efficient delivery of human settlements.
- Facilitating the development of spatially just, efficient, equitable, sustainable and transformed human settlements.
- Implementing an efficient and effective Beneficiary Administration and Title Deeds Programme that provides social justice through security of tenure and asset value for homeowner.
- Effective, efficient and compliant management of the Department's housing stock/property assets.

## 2. Audit opinion history

Gauteng Department of Human Settlements					
	2022-23	2021-22	2020-21	2019-20	2018-19
<b>Audit opinions</b>	Unqualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Disclaimer of audit opinion

Gauteng Housing Fund					
	2022-23	2021-22	2020-21	2019-20	2018-19
<b>Audit opinions</b>	Disclaimer of audit opinion	Disclaimer of audit opinion	Disclaimer of audit opinion	Disclaimer of audit opinion	Disclaimer of audit opinion

### AUDIT OPINION INDEX

	CLEAN AUDIT OPINION: No findings on PDO and compliance
	UNQUALIFIED with findings on PDO and compliance
	QUALIFIED AUDIT OPINION (with/without findings)
	ADVERSE AUDIT OPINION
	DISCLAIMER AUDIT OPINION

### Auditee: Gauteng Department of Human Settlements

The audit outcomes for the Gauteng Department of Human Settlements has improved when compared to the previous year from qualified to unqualified with findings:

Gauteng Department of Human Settlements					
DESCRIPTION	2022-23	2021-22	2020-21	2019-20	2018-19
<b>A: Report on the audit of the financial statements</b>					
<b>Audit opinions</b>	Unqualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Disclaimer of audit opinion
<b>Qualification paragraphs</b>					
• Capital work in progress	N/A	X	X	X	X
• Immovable Tangible Capital Assets	N/A	X	N/A	N/A	N/A
<b>Emphasis of matters:</b>					
• Material uncertainty relating to contingencies/litigations	X	N/A	N/A	N/A	N/A
• Restatement of corresponding figures	X	X	X	X	X
• Underspending of budget	N/A	X	X	X	X
<b>B: Report on predetermined objectives</b>					
• Reliability	N/A	X	X	X	X
• Usefulness	N/A				X
• Adjustment of material misstatement	X	X	X	X	X
• Presentation and disclosure: overall disclosure	N/A	X	N/A	N/A	N/A

Gauteng Department of Human Settlements					
DESCRIPTION	2022-23	2021-22	2020-21	2019-20	2018-19
<b>A: Report on the audit of the financial statements</b>					
<b>Audit opinions</b>	Unqualified with findings	Qualified with findings	Qualified with findings	Qualified with findings	Disclaimer of audit opinion
<ul style="list-style-type: none"> <li>Relevance: completeness of indicators</li> </ul>	N/A	X	X	X	N/A
<b>C: Compliance with specific laws and regulations</b>					
<ul style="list-style-type: none"> <li>Financial statements, performance report and annual report</li> </ul>	X	X	X	X	X
<ul style="list-style-type: none"> <li>Procurement and contract management</li> </ul>	X	X	X	X	X
<ul style="list-style-type: none"> <li>Expenditure management</li> </ul>	X	X	X	X	X
<ul style="list-style-type: none"> <li>Strategic Planning</li> </ul>	N/A	X	X	X	X
<ul style="list-style-type: none"> <li>Consequence management</li> </ul>	X	X	X	X	X

## **Auditee: Gauteng Housing Fund**

The audit outcome for the housing fund has remained unchanged as a disclaimer opinion on the financial statements. This was due to material misstatements on the annual financial statements submitted for audit.

Gauteng Housing Fund					
DESCRIPTION	2022-23	2021-22	2020-21	2019-20	2018-19
<b>A: Report on the audit of the financial statements</b>					
<b>Audit opinions</b>	Disclaimer of audit opinion	Disclaimer of audit opinion	Disclaimer of audit opinion	Disclaimer of audit opinion	Disclaimer of audit opinion
<b>Qualification paragraphs:</b>					
<ul style="list-style-type: none"> <li>Property plant and equipment</li> </ul>	X	X	X	X	X
<ul style="list-style-type: none"> <li>Receivables from exchange transactions (Debtors)</li> </ul>	X	X	X	X	X
<ul style="list-style-type: none"> <li>Municipal expenses</li> </ul>	N/A	X	X	X	X
<ul style="list-style-type: none"> <li>General expenses</li> </ul>	X	X	X	X	X
<ul style="list-style-type: none"> <li>Revenue from exchange transactions</li> </ul>	X	X	X	X	X
<ul style="list-style-type: none"> <li>Creditors from exchange transactions (Payables)</li> </ul>	X	X	X	X	X
<ul style="list-style-type: none"> <li>Loss on disposal</li> </ul>	X	N/A	N/A	N/A	N/A
<b>B: Report on predetermined objectives (NOT APPLICABLE)</b>					
<b>C: Compliance with specific laws and regulations</b>					
<ul style="list-style-type: none"> <li>Financial statements, performance report and annual report</li> </ul>	X	X		X	X
<ul style="list-style-type: none"> <li>Expenditure management</li> </ul>	N/A	X	X	X	X

## 2.1. Areas of improvement: Gauteng Department of Human Settlements

The qualification on assets from the prior year improved in the current year. The department was able to address the prior year's qualification matters by making information available, making use of experts for revaluation of capital work in progress, write-offs and adjustments to AFS.

## 2.2. Areas of qualification: Housing Fund

Finding	Root cause	Recommendation
<p><b>Property plant and equipment</b></p> <p>I could not confirm that the property, plant and equipment disclosed at R1 917 314 000 is recorded at the correct values in accordance with GRAP 17, Property, plant and equipment due to the limitations on the loss on disposal of assets as well as uncertainty regarding when disposals are recorded in the financial statements. I could not confirm the balance recognised by alternative means.</p>	<p>The inability of the department to produce a fixed asset register that is GRAP compliant. This is a repeat finding from prior years.</p>	<p>Management should maintain a valid accurate and complete asset register to support the figures in the annual financial statements.</p>
<p><b>Receivables from exchange transactions</b></p> <p>I was unable to obtain sufficient appropriate audit evidence that the debtors for the current balance to the value of R132 032 000 (2022: R34 398 000) had been properly accounted for, as these were not substantiated by supporting audit evidence, and a similar finding was raised in the prior year. Additionally, current year gross sale debtors to the value of R100 049 000 were not recognised in accordance with GRAP 104, Financial Instruments as the entity recognised the debtors before it accrued to it. Consequently, I was unable to confirm receivables from exchange transactions and accumulated surplus are fairly presented in the financial statements</p>	<p>The failure to keep a proper accounting records and supporting evidence to support the figures in the annual financial statements.</p>	<p>A proper audit trail supported by appropriate supporting evidence in compliant with GRAP should be maintained by management. Credible financial statements supported by valid, accurate and complete underlying records should also be maintained.</p>
<p><b>Loss on disposal of assets</b></p> <p>I was unable to obtain sufficient appropriate audit evidence whether all proceeds from the sale of property, plant and equipment received were recorded, as internal controls had not been established for the recording in the financial records. I could not confirm whether all proceeds had been recorded by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to loss on disposal of assets</p>	<p>The failure to keep a proper accounting records and supporting evidence to support the figures in the annual financial statements.</p>	<p>A proper audit trail supported by appropriate supporting evidence in compliant with GRAP should be maintained by management. Credible financial statements supported by valid, accurate and complete underlying records should also be maintained</p>

Finding	Root cause	Recommendation
<p>and liabilities stated at R94 094 000 in the financial statements</p>		
<p><b>General expenses</b></p> <p>I was unable to obtain sufficient appropriate audit evidence that operating expenses for the current and previous year had been properly accounted for, as these were not substantiated by supporting audit evidence. I was unable to confirm operating expenses by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the operating expenses stated at R1 033 000 (2021: R153 000) in the financial statements.</p>	<p>The failure to keep a proper accounting records and supporting evidence to support the figures in the annual financial statements.</p>	<p>A proper audit trail supported by appropriate supporting evidence in compliant with GRAP should be maintained by management. Credible financial statements supported by valid, accurate and complete underlying records should also be maintained</p>
<p><b>Revenue from exchange transactions</b></p> <p>The entity did not recognise the revenue from sale of property in accordance with GRAP 09, <i>Revenue from exchange transaction</i>, and GRAP 01, <i>Presentation of Financial Statements</i>. I was not able to obtain sufficient appropriate audit evidence the revenue from sale of property was recognised when it has accrued to the entity. I could not confirm the transactions recorded by alternative means. Additionally, the revenue from the sale of property had been incorrectly recognised in terms of GRAP 09, <i>Revenue from exchange transaction</i> as the entity is not in the business to buy and sell properties but rather any revenue would be incidental to disposal of the asset to the beneficiary, resulting in profit or loss on disposal of the asset.</p>	<p>The failure by the entity in applying the principles and requirements of GRAP 09 when recognising revenue from exchange transactions</p>	<p>Maintaining a GRAP checklist to review the components of the AFS against. Credible financial statements supported by valid, accurate and complete underlying records.</p>
<p><b>Creditors from exchange transactions</b></p> <p>The trade payables of the entity as stated in note no. 06 of the financial statements were materially misstated by an amount of R16 638 570 due to the entity not having adequate systems in place to properly account for municipal expenses in accordance with GRAP 1, <i>Presentation of financial statements</i> due to the status of the accounting records</p>	<p>The failure to keep a proper accounting records and supporting evidence to support the figures in the annual financial statements.</p>	<p>A proper audit trail supported by appropriate supporting evidence in compliant with GRAP should be maintained by management. Credible financial statements supported by valid, accurate and complete underlying records should also be maintained.</p>

## 2.3. Report on the audit of compliance with legislation

Finding	Root cause	Recommendation
<p><b>Annual financial statements</b></p> <p><b>Human Settlements</b></p> <p>The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and/or supported by full and proper records, as required by section 40(1) (a) and (b) of the PFMA. Material misstatements of capital work in progress and statement of conditional grants and other transfers paid to municipalities identified by the auditors in the submitted financial statement were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified opinion.</p> <p><b>Housing fund</b></p> <p>Material misstatements identified by the auditors in the submitted financial statements were not corrected and the uncorrected material misstatements and/or supporting records that could not be provided resulted in the financial statements receiving a disclaimer of opinion</p>	<p>Senior management did not adequately review annual financial statements.</p>	<p>Senior management should review annual financial statements and seek technical view from Provincial Treasury on technical matters.</p>
<p><b>Procurement and contract management (Human settlements only)</b></p> <p>Some of the quotations were not awarded in an economical manner and/or the prices of the goods or services were not reasonable as required by PFMA 38(1)(b) and PFMA 45(b).</p> <p>Some of the goods and services of a transaction value above R1 000 000 were procured without inviting competitive bids, as required by Treasury Regulation 16A6.1 and paragraph 3.3.1 of NTI 02 of 2021/22 and TR 16A6.4</p> <p>Some of the invitations for competitive bidding were not advertised for a required minimum period, as required by Treasury Regulation 16A6.3(c)</p>	<p>Management did not adequately review and monitor compliance with applicable laws and regulations.</p>	<p>Monitor compliance with the applicable treasury regulations to identify and prevent non-compliance.</p> <p>Training and upskilling of officials, including bid committees members.</p> <p>Timeous investigation and implementation of recommendations on irregular expenditure incurred.</p>





Finding	Root cause	Recommendation
<p>Some of the contracts were not awarded in an economical manner and the prices of the goods or services were not reasonable as required by PFMA 38(1)(b) and PFMA 45(b)</p> <p>Procurement by other means was not provided in the SCM policy of the institution or did not cover at least the minimum requirements as required by PFMA Instruction Note 3 of 2021/22 par. 4.3 and 4.4</p> <p>Some of the tenders which failed to achieve the minimum qualifying score for functionality criteria were not disqualified as unacceptable in accordance with 2017 Preferential Regulation 5(6).</p> <p>Bid invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content, as required by the 2017 Preferential Procurement Regulation 8(2)</p>		
<p><b>Expenditure management (Human Settlements only)</b></p> <p>Effective and appropriate steps were not taken to prevent irregular expenditure, as disclosed in note 21 to the annual financial statements, as required by section 38(1) (c) (ii) of the PFMA and treasury regulation 9.1.1.</p> <p>Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 21 to the annual financial statements, as required by section 38(1) (c) (ii) of the PFMA and treasury regulation 9.1.1. The majority of the fruitless and wasteful expenditure was caused by court order payment as a result of disputed invoices and interest paid as a result of late payments to suppliers.</p>	<p>Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored. Various deficiencies identified on supply chain and procurement management, expenditure management and could have been avoided.</p>	<p>Effective monitoring of the budget and expenditure process.</p>

Finding	Root cause	Recommendation
<p><b>Consequence management (Human settlements only)</b></p> <p>I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1)(h)(iii) of the PFMA.</p>	<p>The lack of appropriate and timely consequence management at the department to hold relevant officials accountable also has an impact on compliance management.</p>	<p>Investigations need to be initiated and the necessary consequence management instituted.</p>

## 2.4 Audit of pre-determined objectives

In terms of predetermined objectives, the respective auditees should address the audit findings on predetermined objectives by ensuring that internal controls pertaining to the supporting evidence supporting the achievements are valid, accurate and complete.

**Auditee: Gauteng Housing Fund** (performance information not applicable)

### **Auditee: Gauteng Department of Human settlements**

We selected the following:

Programme 3: Housing Development

Programme	Number of indicators planned	Number of indicators not achieved	Reasons for non-achievement
Housing Development	20	18	<p>Delays in SCM processes, delays in contractor appointments and delays in land acquisitions.</p> <p>Non-submission of support by implementing agents</p> <p>Delays by the contractors due to court interdict in one of the mega projects and also delays/slow delivery by the contractors</p>

For all service delivery targets < Planned: 44, Not Achieved: 31, Total not achieved: 70%>

### **Audit issues identified: Programme 3 (Reliability)**

**Indicator 3.17 number of serviced sites delivered:** we noted that the department reports on units as achievement and not sites. Some of the projects have walk-up units and the department will not only report the ground floor as sites serviced but will also include the first floor and second floor units in their reported achievement.

### **Proactive Review of APP 2324- findings**

- We noted that the title deeds indicators are not measurable. Furthermore, there is no alternative support other than HSS reports.



## Observations

- There is significant improvement when compared to the prior years. There were no usefulness findings noted under programme 3 which was scoped in. the finding issue related to reliability.
- None achievement of targets remains a concern

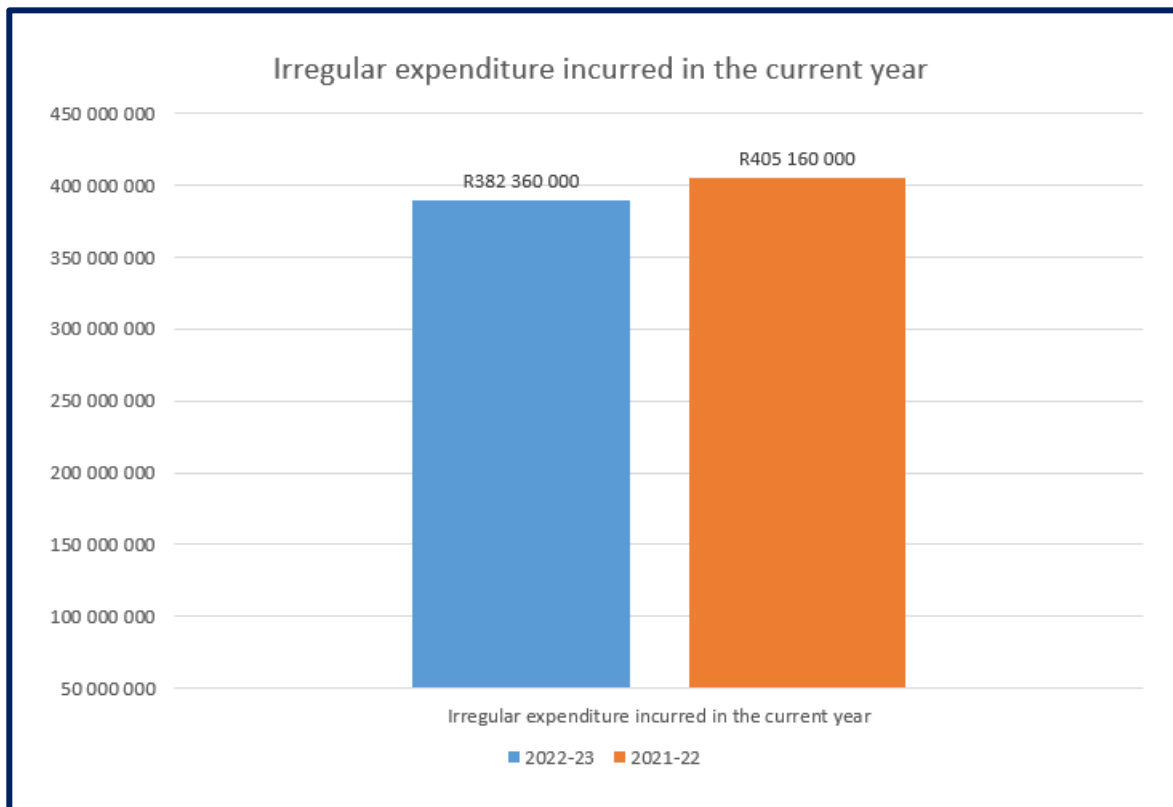
## Key recommendations

- Management should put measures in place to ensure that the Annual Performance Report is adequately reviewed by Management to verify the accuracy and completeness of the achievements reported
- The department needs to improve the achievements of its planned targets by putting measures in place to ensure that they deliver on their mandate.

## 2.5 Irregular expenditure, Fruitless and wasteful expenditure and consequence management:

The department has incurred the following irregular expenditure:

### Irregular Expenditure



Nature of irregular expenditure: Breakdown

Nature	R000
Current year expenditure of prior year non-compliances	373 768
Payments made for services rendered after the initial contract period	8 592

### What can be done to prevent and rectify IE?

- Monitor compliance with the Treasury regulations and SCM legislation to prevent material non-compliance



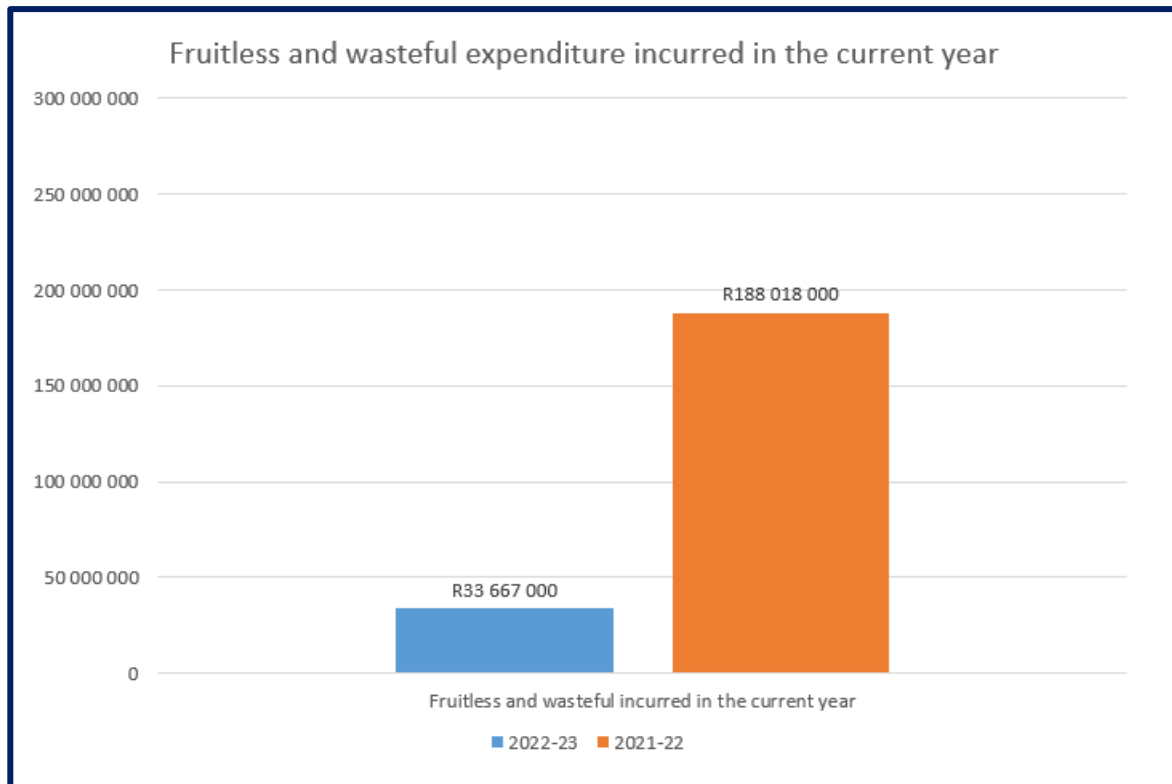
- Upskilling and training of staff members involved in the procurement process including the bid committee

Award	New instances of Irregular expenditure				
	Movement	Amount R 2022/23	Amount R 2021/22	Root cause / Key internal control deficiency	Consequence management and status of investigations conducted
Construction of houses	Increase	8 592	0	Payments were made for services rendered after the initial contract period had ended	An investigation was concluded in the current year finding the payments made to be irregular. Further action are in progress.

The AGSA has raised a further R54 795 062 as irregular expenditure which is included as matters under assessment that requires further investigation. The department has three months to assess and report accordingly since 31 July 2023.

### Fruitless and wasteful expenditure

The department has incurred the following fruitless and wasteful expenditure:



### Nature of fruitless and wasteful expenditure

Interest on late payments: R 33 667 000



2.5 Material irregularities

## Implementation of material irregularity process

**Material irregularity**

*means any non-compliance with, or contravention of, legislation, fraud, theft or a breach of a fiduciary duty identified during an audit performed under the Public Audit Act that resulted in or is likely to result in a material financial loss, the misuse or loss of a material public resource or substantial harm to a public sector institution or the general public*

If accounting officer/authority does not appropriately deal with material irregularities, our expanded mandate allows us to:



**Refer material irregularities** to relevant public bodies for further investigations



**Recommend actions** to resolve material irregularities in audit report  
**Take binding remedial action** for failure to implement recommendations



**Issue certificate of debt** for failure to implement remedial action if financial loss was involved

The audit teams identified the following material irregularities:

MI short description	Actual / likely Loss	Actions taken	Status of MI
<p><b>Payment made to an incorrect contractor</b></p> <p>A payment amounting to R2 528 142,20 was made to an incorrect contractor on 30 October 2019 however effective internal controls were not in place for approval and processing of the payment, as required by treasury regulation 8.1.1. This amount was disclosed as a receivable in note 10.3 of the 2019-20 annual financial statements.</p>	<p>The non-compliance is resulted in a material financial loss.</p>	<p>The actions taken to resolve the material irregularity by the accounting officer were as follows:</p> <p>Opened a criminal case against the contractor on 27 November 2019. The contractor was arrested on 9 September 2020 and released on bail on 16 September 2020.</p> <p>A forfeiture application by the Asset Forfeiture Unit within the National Prosecuting Authority (NPA) was served on the contractor on 9 March 2020 and an order was obtained on 25 March 2020 to preserve R1,9 million in the contractor's account. The NPA is awaiting court order to transfer the funds into the department's account. In addition, a forfeiture application has also been made for a vehicle which belongs to the contractor, however the outcome of the application was still pending at the date of this report.</p> <p>Finalised and approved an investigation on 1 April 2021 which concluded that three officials were responsible for the payment made to an incorrect contractor.</p> <p>Disciplinary hearings relating to the three implicated officials were concluded between August 2021 and December 2021 and sanctions were imposed. These ranged from no implications, warning letters and one month suspension without pay.</p> <p>Developed new checklists for the approval of payments and invoices are uploaded electronically to prevent a re-occurrence with effect from April 2023</p>	<p>The NPA is awaiting a court order to transfer the funds into the department's account and the outcome of the forfeiture application for a vehicle which belongs to the contractor is still outstanding.</p>



MI short description	Actual / likely Loss	Actions taken	Status of MI
<p><b>Interest on late payment of court judgements</b></p> <p>The department failed to settle court orders within 30 days from the date of court judgement as required by treasury regulation 8.2.3.</p>	<p>The non-compliance is resulted in a likely material financial loss.</p>	<p>The actions taken to resolve the material irregularity by the accounting officer were as follows:</p> <p>The accounting officer committed to finalise the investigation by 31 December 2022. However, due to outstanding procedures that needed to be performed by investigators, the investigation was only finalised in May 2023. The investigation conducted did not address the material irregularity and the accounting officer was notified of the outcome of the assessment in July 2023.</p> <p>Appointed a panel of legal attorneys in June 2023 to fast track the legal matters of the department.</p> <p>A senior legal admin officer has been seconded to the office of the premier with effect from June 2023 to assist the state attorney in addressing matters relating to the department.</p> <p>All court matters are now recorded and managed by the deputy director general responsible for corporate service to prevent a re-occurrence.</p>	<p>The accounting officer has initiated the process to address the shortcomings in the investigation report and the process is expected to be finalised by 31 December 2023</p>
<p><b>Excessive rental for temporary residential units at Diepkloof Hostel</b></p> <p>The department entered into a contract for the leasing of temporary residential units for an excessive period instead of purchasing these in contravention with section 38(1)(b) of the PFMA.</p>	<p>The non-compliance has resulted in a likely material financial loss.</p>	<p>The accounting officer cancelled the lease agreement in January 2022 and purchased the temporary residential units in June 2022.</p>	<p>The material irregularity has been resolved.</p>



## 2.7 Key projects visited

### Projects:

John Dube Mixed Used Housing Development and Jabulani CBD Parcel K Mixed Housing Development

### Observations:

#### John Dube Mixed Used Housing Development

- Targets in the initial contract and addendum are not in line with the departments business plan
- Actual spending exceeds the available budget for the construction of units
- Delayed commencement of the construction of the four story walk-up BNG units
- A site visit confirmed that the units were still under construction

#### Jabulani CBD Parcel K Mixed Housing Development

- Project planning and implantation work failure to adequately ensure all requirements are met to ensure units meet all requirements for hand over at the end of construction

### Impact

Negative impact on the lived realities of the citizens of Gauteng waiting for allocation of houses.

## 2.8 Other matters (GR key message, APP reviews and achievements, turnaround strategy, and any other additional information)

### Human Settlements

The overall audit outcomes of the department improved in the current year in comparison to the prior year as the department was able resolve the qualification areas on the financial statements and also address some of the reliability issues on the audit of predetermined objectives. This showed the responsiveness of the accounting officer in setting the right tone and positively shifting towards a desirable culture. We urge these accounting officer to continue to track and monitor the financial control disciplines, and the audit committees, supported by the internal audit units and the treasury, to continue monitoring the post-audit action plans to sustain the improved audit outcomes.

Compliance with laws and regulations remain a concern in the department as repeat instances of non-compliance are being identified during the audit process. The department is also struggling to achieve majority of the targets for its significant programmes relating to its key mandate. This negatively impacts on the service delivery by the department, affecting the livelihood of the citizens in the province.

### Housing Fund

The audit outcome for the housing fund has remained unchanged from a disclaimer opinion on the financial statements. This was due to material misstatements on the annual financial statements submitted for audit. Review controls throughout the year need to improve.





## 2.9 Status of internal controls

Drivers of internal control														
Entity	Leadership						Financial & performance management					Governance		
	Effective leadership culture	Oversight responsibility-monitoring	HR management	Policies and procedures	Action plans	IT governance	Proper record-keeping	Processing and reconciling	Reporting	Compliance	IT systems controls	Risk management	Audit committee	Internal audit
Gauteng Human Settlements	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Red	Red	Red	Red	Yellow	Yellow	Green	Green
Gauteng Housing Fund	Red	Red	Yellow	Red	Red	Green	Red	Red	Red	Red	Yellow	Red	Green	Green

### LEGENDS:

Preventative or detective controls are in place and are functioning effectively
Progress was made with the implementation of controls, but further improvement is required where actions taken are not sustainable
Internal controls are not effective, and intervention is required to design and implement appropriate controls

## 3. Culture shift focus to sustain audit outcomes and service delivery

### Human Settlements:

The department is still struggling with delivering on its core mandate, which is evidenced by the non-achievement of targets on its primary programme, as well as instances of material non-compliance with laws and regulations identified during the year under review.

The committee is encouraged to promote AO accountability for timely implementation of audit action plans; timely service delivery, consequence management and improved performance planning and reporting, to ultimately strengthen the province to better serve the citizens.

We are concerned that the department continued to substantially under-deliver housing in the province, despite the increasing housing backlog and delay in allocating houses to beneficiaries. Due to inadequate planning, ineffective contract management, delays in procurement and ineffective intergovernmental processes with municipalities as implementing agents. If the department does not achieve targets within its core mandate, this is likely to cause harm to the institution and the general public, resulting in a material irregularity. We urge the accounting officer and executive authority to regularly and closely monitor the achievement of targets to identify challenges and respond to them within a reasonable time.

## 4. Recommendation to the different role players

Gauteng Human Settlements and Housing Fund	
What should be addressed by accounting officer/ authority	<ul style="list-style-type: none"> <li>Accounting officers must thoroughly review developed action plans to ensure they address root cause</li> <li>Monitor the implementation of the department projects with a clear focus on impact on the citizens.</li> </ul>



Gauteng Human Settlements and Housing Fund	
What should be addressed by the executive authority	<ul style="list-style-type: none"> <li>• Monitor planning and budgeting ensure that sufficient progress is made and that this agrees to the support and payment certificates.</li> <li>• Ensure adequate budget for bulk services for future housing projects</li> <li>• Monitor the implementation of the department projects with a clear focus on impact on the citizens.</li> </ul>
What should be addressed by the SCOPA	<ul style="list-style-type: none"> <li>• To scrutinize the report on the achievement of targets.</li> <li>• Monitor the action plan to ensure that the department does not regress on the audit outcome</li> <li>• Ensure stringent follow up of recommendations and audit action plans to address deficiencies identified.</li> </ul>

## 5. Key recommendations to the committee

We request and recommend that the committee consider the following actions to

- Closely monitor the action plans by management in addressing issues of non-achievement of targets relating to the core mandate of the department.
- Hold the executive authority and accounting officer accountable for non-achievement of the set targets.

Stay in touch with the AGSA



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