

Androg: Renshida

Van: Yvette Kleynhans



rural development
& land reform

Department:
Rural Development & Land Reform
REPUBLIC OF SOUTH AFRICA

DIRECTORATE : LEGAL SERVICES
Private Bag X833, Pretoria, 0001; Tel: 012 312 8755; Fax: 012 324 2118

Reference : JG 6/5/4/14


The Office of the State Attorney
Private Bag X91
PRETORIA
0001

Dear Sir/Madam

**DISCLOSURE OF FRUITLESS AND WASTEFUL EXPENDITURE INCURRED BY
THE RESTITUTION BRANCH FROM APRIL 2010 TO MARCH 2011
YOUR REFERENCE : NEW MATTER**

1. The Restitution Branch of the Office of the Chief Land Claims Commissioner incurred fruitless and wasteful expenditure from April 2010 to March 2011 and the budget was adjusted to R3,3 billion for the 2010/11 financial year after the initial allocation was R1,1 billion.
2. The attached documentation explains exactly and gives a brake down of how the expenditure was incurred. Before the matter is presented to the Departmental Loss Control Committee your advice is requested on whether the request for approval for condonation could be supported or not.
3. Your response is awaited.

Kind regards


M S Y KLEYNHANS
LEGAL ADMINISTRATIVE OFFICER : LEGAL CORPORATE SUPPORT
DATE : 11 August 2011

6/3/2012 - tried to fax to SA Registry

No response on the 2 numbers



Office of the State Attorney Pretoria

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28 May 2012

Enq: B MINNAAR
Email: BMinnaar@justice.gov.za

My Ref: 1992/12/Z59
Your Ref: **JG 6/5/4/14**

Legal Administrative Officer
Rural Development & Land Reform
Private Bag x 833
PRETORIA
0001

Fax: 012 324 2118
Attention: Ms Y Kleynhans

**DISCLOSURE OF FRUITLESS AND WASTEFUL EXPENDITURE INCURRED BY THE
RESTITUTION BRANCH FROM APRIL 2010 TO MARCH 2011**

Your letter dated 7 March 2012 refers.

You requested the advice of our office regarding the writing off of an amount of R66 928 092-14 which was a wasteful expenditure as a result of interest that had to be paid on the non-settlement of restitution claims. The amount is set out and the circumstances surrounding the loss are explained in the memorandum of the Chief Land Claims Commissioner dated 23 May 2011.

We are of the opinion that this is a departmental matter that the relevant official must consider and decide on. The recommendation was supported by the Chief Financial Officer and the Director-General must decide whether the recommendation is approved or not. It is noted that the budget was adjusted and on the face of it, it looks like the monies could not be paid in time as a result of the budget constraints but we are not aware of each and every individual circumstance that influenced non-payment.

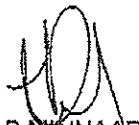
Access to Justice for All

Always quote my reference number

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SEARCHED	INDEXED
SERIALIZED	FILED
MAY 2012	
PRETORIA	

Be that as it may, we can unfortunately not assist you in this matter and if there is anything else we can assist you with we would gladly do so.



B MINNAAR
FOR STATE ATTORNEY PRETORIA
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FINANCIAL COMPLIANCE COMMITTEE MEETING

20 February 2013
11h00-15h00
Room 439

Attendees:

L Kunene, T P Mahuku, N C Pule, S M Maepa, A Korff, N F Vezi, O C Nyamandi, G Cele and E Stevens.

Noted by Chairperson: officials who was late for the meeting – G Cele, N C Pule and S M Maepa.

Chair:

M Mogoba.

Scribe:

V Pienaar.

Minutes

1. WELCOME

- Ms M Mogoba welcomed all.

2. APOLOGIES

- P Phiri – family responsibility leave.
- Z Madolo – did send replacement, E Stevens.
- The Chairperson requested that the following officials who were late for the meeting should be noted: G Cele, N Pule and S M Maepa.

3. MINUTES

- Minutes of previous meeting was adopted without any changes.

4. AGENDA

Agenda was adopted and no additions made.

5. DISCUSSIONS

PROGRESS ON ACTION LIST

Progress on the action list from the Financial Compliance Committee Meeting held on 04 February 2013 was discussed by the Chair Person.

ACTION:

Internal communication to be send regarding Financial Compliance Committee was not done.

RESULT:

The task was given to V M Pienaar to send the internal communication.

ACTION:

Quality Control Sub Directorate to attend SCM Roll Out Workshop.

RESULT:

This did not take place due to miscommunication. The Chair Person requested that new dates should be provided by G Cele.

ACTION:

Inform SCM to record all interest paid other than restitution grants and keep a register.

System Audit to be requested from Internal Audit on the Proquote System performance.

RESULT:

No feedback was received and the Chair Person will do a follow up.

ACTION:

Appointment letters to committee members.

RESULT:

Done, but there was an exclusion of two officials, Mr O C Nyamandi and Mr T P Mahuku. Mr Vezi will draft the letters and submit for sign off to the CFO.

6. FRUITLESS AND WASTEFUL EXPENDITURE

Mr Korff from Quality Control discussed Fruitless and Wasteful Expenditure for the Financial Years: 2010/2011 and 2011/2012.

The committee requested that Mr Korff should amend the column on the sheet; the responsible person column should change to the responsible component and not the official.

The general comments column should be recommendation. In the recommendation column he should note still to be condoned by Director General.

Further the sheet must be categorized per type, programme and office.

The different types of interest for restitution should also be separated as court orders and delayed payment.

The committee did not agree with the finding on the double payment. They indicated that it should be treated as a debtor. Ms Mogoba stated that it cannot be a debtor, because it was published in the Annual Report as fruitless and wasteful.

Mr Vezi commented that any difference between the value and market price of any land purchase should be classified as irregular expenditure.

The Chairperson explained that Legal opinion was obtained on the above matter and the opinion of the Auditor General to classify this expenditure as fruitless and wasteful.

The committee agreed that all cases pertaining to fruitless and wasteful should be referred to the Director General for Condonement.

Mr Vezi indicated that he will assist Mr Korff with information for previous financial year's balances.

7. IRREGULAR EXPENDITURE

Mr Korff from Quality Control discussed Irregular Expenditure for the Financial Years 2010/2011 and 2011/2012.

The committee requested that Mr Korff should categorize the sheet for irregular expenditure per type, programme and office.

The general comment column should be amended to recommendation.

The chairperson requested Ms Cele to write a letter to Programme Managers to inform them of fruitless and wasteful expenditure and irregular expenditure that occurred in their Programmes for the financial years 2010/2011, 2011/2012 and 2012/2013. In the letter she must also request what mitigation factor was put in place by them. These letters should be submitted to the DG for his signature.

The committee agreed that all cases pertaining to irregular expenditure should be referred to the Director General for Condonement.

8. FRUITLESS AND WASTEFUL EXPENDITURE PLAS TRADING ACCOUNT

Mr Nyamandi from PLAS Trading Account discussed Fruitless and Wasteful Expenditure for the Financial Years 2010/2011 and 2011/2012.

The different types of Fruitless and Wasteful Expenditure discussed were interest paid and legal costs for the water rights bill.

Mr Maepa asked what was done to avoid legal costs and interest paid for water rights.

Mr Nyamandi explained that the bills are received by the Department of Agriculture and not by the Department.

A suggestion was made that a register must be obtained from the Water Board of when the account should be settled.

Ms Mogoba suggested a separate meeting should be arranged to discuss the above matter.

The committee requested that Mr Nyamandi should update his sheets similar to those of Quality Control.

The committee agreed that all cases pertaining to fruitless and wasteful should be referred to the Director General for Condonement.

9. DEEDS TRADING ACCOUNT – IRREGULAR EXPENDITURE

Mr Stevens from Deeds Trading Account discussed Irregular Expenditure for the Financial Years 2011/2012.

The irregular expenditure for the amount of R646 964.38 was due to individuals that worked for a company to maintain the DRS System and the Deeds Web. The contract expired for the mentioned company but the individuals remained employed by Deeds without formal process of appointing them on contract. The contracts were only signed in December 2012, except for 2 individuals.

The irregular expenditure for the amount of R1 271 278.08 was due to the Pretoria Deeds Office that procured services for data capturing without following SCM procedures. The contract also exceeded the approved period.

Mr Stevens further indicated that they did not have a contract manager to monitor Contracts, but a contract manager was recently appointed.

Ms Mogoba instructed that Mr Stevens must instruct the contract manager to do an analysis of all current contracts and disclose if found irregular and disclose for the current Financial year, before an audit is done.

The committee requested that Mr Stevens should update his sheets similar to those of Quality Control.

The committee agreed that all cases pertaining to Deeds Trading Account irregular expenditure should be referred to the Director General for Condonement.

10. LETTER FOR CONDONEMENT TO THE DG

Ms Cele presented the letter for Condonement to the DG for the Financial Years 2010/2011 and 2011/2012.

The committee wanted to correct the letter while presented, but the chairperson suggested that she and Mr Vezi will correct the letter accordingly.

Mr Korff, Mr Nyamandi and Mr Stevens must correct the sheets and submit to the chairperson.

The chairperson further suggested that the letter will be corrected and firstly be submitted to the CFO for her review.

Ms Cele must draft a letter to the Programme Managers and present the letter in the next financial compliance committee meeting.

11. GENERAL

The Chairperson requested that Restitution should engage with Audit regarding all the Section 42D cases.

She also requested that the e-mails that stipulate the delegated officials who can approve a PA's should be obtained. Mr Maepa asked how they determine if a case is ex post facto, because the order date can be after the payment date if a manual order was issued. Mr Korff responded that the cases were investigated to determine if a manual order was issued prior to the payment.

The committee requested that the heading ex post facto without approval should be amended on the sheet to expenditure incurred without approval.

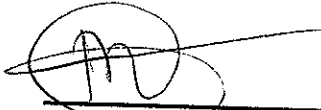
It was noted by the chairperson that the Deeds Trading Account did not have any fruitless and wasteful expenditure. The PLAS Trading Account did not have any irregular expenditure.

12. NEXT MEETING

20 March 2013, from 09h00-15h00, Room 39.

13. CLOSURE

The meeting was closed at 14h00.

A handwritten signature in black ink, consisting of a stylized 'M' and 'F' followed by a surname, all enclosed within a hand-drawn circle.

MF Mogoba

CHAIRPERSON

DATE: 25/02/13

**2011/2012 Financial Year
Department of Rural Development and Land Reform
A&S O INTERNAL AUDITORS**

SUPPLIER NAME	PAYMENT NUMBER	PAYMENT DATE	PAID AMOUNT	RESPONSIBILITY	SERVICE RENDERED
Pricewaterhousecoopers CC	153980	2011/09/14	750,000.30	*Chief Audit Executive	Financial Audit on the PLAS ALHA Trading Account
Pricewaterhousecoopers CC	167148	2012/01/16	393,888.24	*Chief Audit Executive	Internal Audit 2011/2012-State Land project planning
Pricewaterhousecoopers CC	167150	2012/01/16	251,078.16	*Chief Audit Executive	Internal Audit 2011/2012-PLAS ALHA project planning
Pricewaterhousecoopers CC	167151	2012/01/16	291,099.00	*Chief Audit Executive	Internal Audit 2011/2012-Project Management-1st quarter
Pricewaterhousecoopers CC	167152	2012/01/16	2,004,414.12	*Chief Audit Executive	Internal Audit 2011/2012-Preparation for QAR-1st quarter
Pricewaterhousecoopers CC	169062	2012/02/03	1,997,551.32	*Chief Audit Executive	Internal Audit 2011/2012-Restitution project planning
Pricewaterhousecoopers CC	174287	2012/03/08	1,421,462.58	*Chief Audit Executive	Internal Audit 2011/2012-E Cadaster project planning
Pricewaterhousecoopers CC	174290	2012/03/08	959,249.58	*Chief Audit Executive	Internal Audit 2011/2012-Monitoring and Evaluation project planning
Pricewaterhousecoopers CC	174292	2012/03/08	164,573.82	*Chief Audit Executive	Internal Audit 2011/2012-PLAS ALHA project planning
Pricewaterhousecoopers CC	174774	2012/03/12	902,710.71	*Chief Audit Executive	Internal Audit 2011/2012-PLAS project planning
Pricewaterhousecoopers CC	174776	2012/03/12	590,832.93	*Chief Audit Executive	Internal Audit 2011/2012-State Land project planning
Pricewaterhousecoopers CC	174777	2012/03/12	499,388.40	*Chief Audit Executive	Internal Audit 2011/2012-Restitution findings sheet

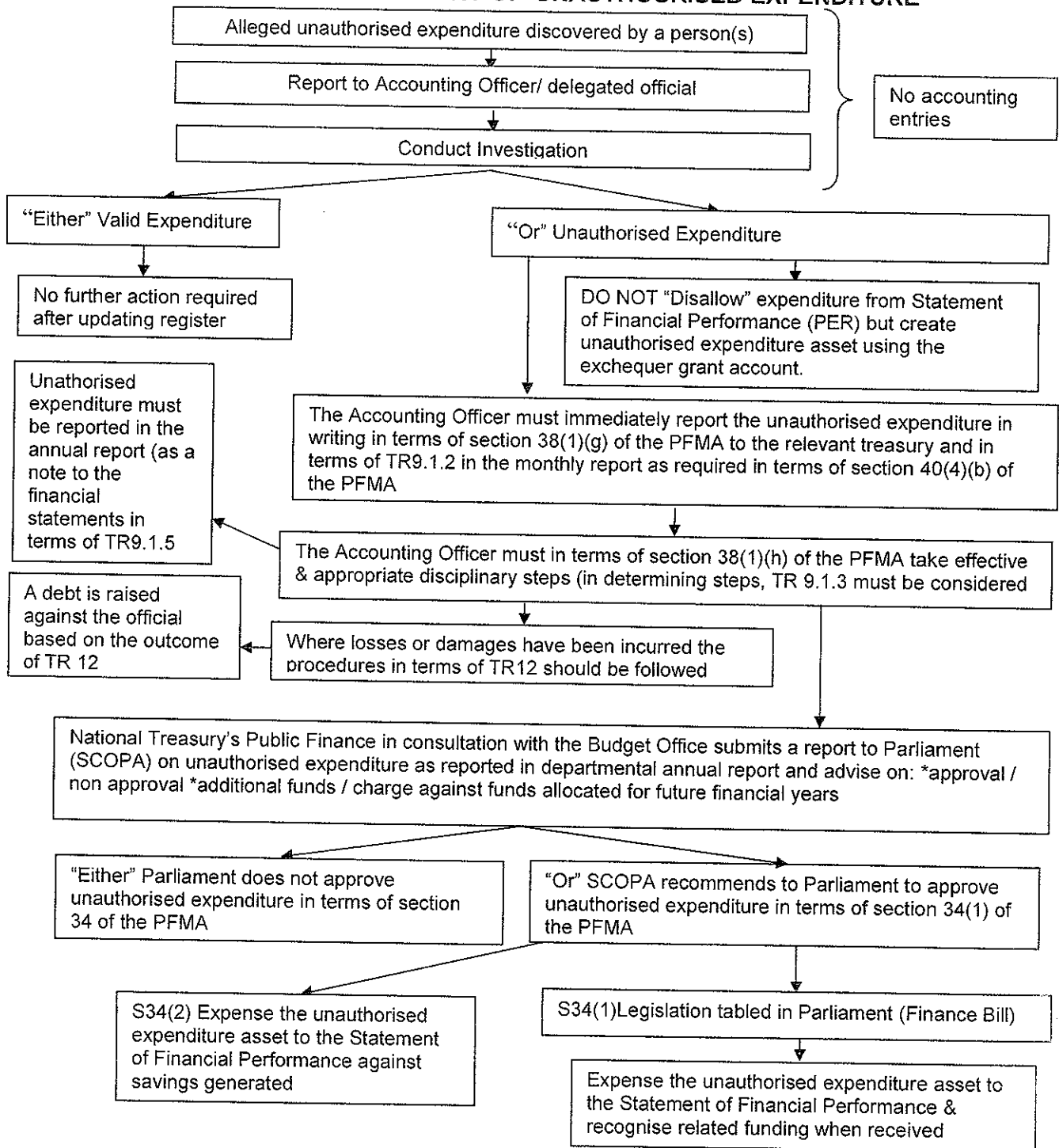
**2011/2012 Financial Year
Department of Rural Development and Land Reform
A&S O INTERNAL AUDITORS**

Pricewaterhousecoopers CC	175094	2012/03/13	97,496.22	*Chief Audit Executive	Internal Audit 2011/2012-Deeds findings sheet
Pricewaterhousecoopers CC	175217	2012/03/14	291,099.00	*Chief Audit Executive	Internal Audit 2011/2012-Project Management-2nd quarter
Pricewaterhousecoopers CC	178183	2012/03/28	750,696.84	*Chief Audit Executive	Internal Audit 2011/2012-Training 1st payment
Pricewaterhousecoopers CC	178196	2012/03/28	902,711.85	*Chief Audit Executive	Internal Audit 2011/2012-PLAS project planning
Pricewaterhousecoopers CC	178205	2012/03/28	415,703.28	*Chief Audit Executive	Internal Audit 2011/2012-PLAS ALHA project planning
Pricewaterhousecoopers CC	178212	2012/03/28	501,104.10	*Chief Audit Executive	Internal Audit 2011/2012-Preparation for QAR-2nd quarter
Pricewaterhousecoopers CC	178218	2012/03/28	487,483.38	*Chief Audit Executive	Internal Audit 2011/2012-Deeds project planning
Pricewaterhousecoopers CC	178222	2012/03/28	1,421,462.58	*Chief Audit Executive	Internal Audit 2011/2012-E Cadaster project planning
Pricewaterhousecoopers CC	178226	2012/03/28	1,780,263.90	*Chief Audit Executive	Internal Audit 2011/2012-Monitoring and Evaluation project planning
Special Investigation Unit	178426	2012/03/29	2,303,648.03	*Chief Audit Executive	Forensic investigation on letter of engagement between SIU & Department of rural development and land reform -Land reform for the period of Jan 2012 to March 2012
Pricewaterhousecoopers CC	179077	2012/03/30	69,058.93	*Chief Audit Executive	Internal Audit 2011/2012-Deeds Trading Account:Recoverable expenses
Pricewaterhousecoopers CC	179113	2012/03/30	155,262.76	*Chief Audit Executive	Internal Audit 2011/2012:Restitution-Recoverable expenses
Pricewaterhousecoopers CC	179125	2012/03/30	146,023.51	*Chief Audit Executive	Internal Audit 2011/2012:PLAS Warehousing-Recoverable expenses
Pricewaterhousecoopers CC	179172	2012/03/30	564.00	*Chief Audit Executive	Internal Audit 2011/2012:PLAS ALHA-Recoverable expenses

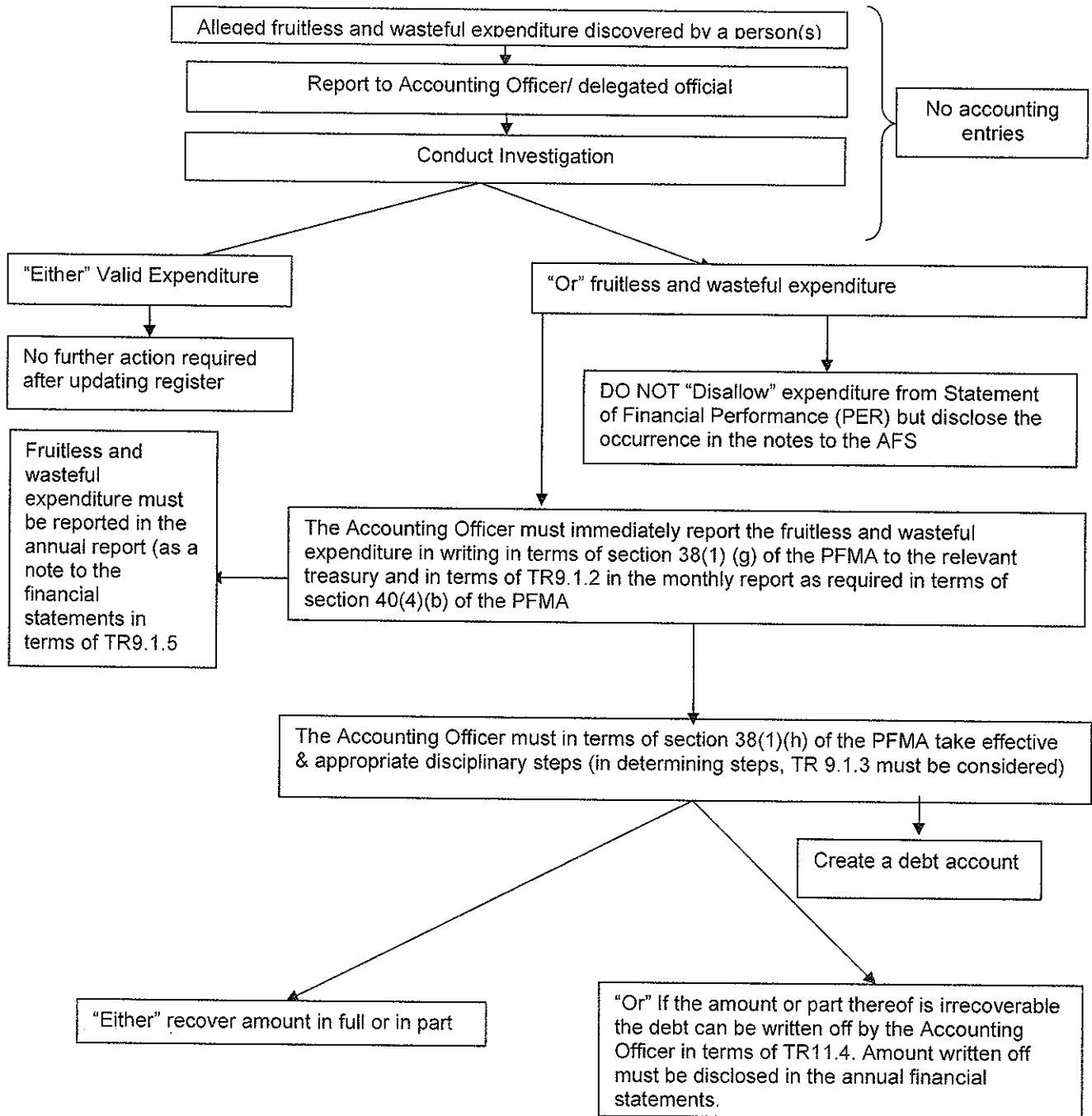
**2011/2012 Financial Year
Department of Rural Development and Land Reform
A&S O INTERNAL AUDITORS**

Pricewaterhousecoopers CC	179176	2012/03/30	984,721.17	*Chief Audit Executive	Internal Audit 2011/2012: State Land project planning
Pricewaterhousecoopers CC	179204	2012/03/30	46,258.58	*Chief Audit Executive	Internal Audit 2011/2012: Monitoring and Evaluation-Recoverable expenses
Pricewaterhousecoopers CC	179533	2012/03/30	2,496,939.72	*Chief Audit Executive	Internal Audit 2011/2012: Restitution project planning
TOTAL			23,076,747.01		
SUPPLIER NAME	PAYMENT NUMBER	PAYMENT DATE	PAID AMOUNT	RESPONSIBILITY	SERVICE RENDERED
Special Investigation Unit	159111	200/11/15	3,565,681.60	*D : Programme Management	Forensic Investigation on letter of engagement between SIU & Department of rural development and land reform -Land reform for the period of July to September 2011
Special Investigation Unit	140284	2011/12/13	746,461.66	*D : Programme Management	Forensic Investigation on letter of engagement between SIU & Department of rural development and land reform for the period of January 2011 to March 2011
Special Investigation Unit	140283	211/12/13	2,861,312.29	*D : Programme Management	Forensic Investigation on letter of engagement between SIU & Department of rural development and land reform for the period of april 2011 to June 2012
Special Investigation Unit	168819	2012/03/23	3,576,057.20	*D : Programme Management	Forensic Investigation on letter of engagement between SIU & Department of rural development and land reform for the period of October to December 2011
Special Investigation Unit	170773	2012/03/23	1,025,923.00	*D : Programme Management	Forensic Investigation on letter of engagement between SIU & Department of rural development and land reform for the Deeds Investigation for the period of July 2011 to January 2012.
TOTAL			11,775,435.75		
GRAND TOTAL			34,852,182.76		

PROCESS FLOW FOR TREATMENT OF UNAUTHORISED EXPENDITURE



PROCESS FLOW FOR TREATMENT OF FRUITLESS & WASTEFUL EXPENDITURE



PROCESS FLOW FOR TREATMENT OF IRREGULAR EXPENDITURE

