



# NAMC

Promoting market access for South African agriculture



## 2018/2019 ANNUAL REPORT PRESENTATION TO PORTFOLIO COMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT AND LAND REFORM

Date: 9 OCTOBER 2019

# Presentation Outline



**01** The NAMC mandate and leadership

**02** Performance Information: 2018/19

**03** Financial Expenditure Report: 2018/19

**04** Auditor General's findings/recommendations

**05** Internal Audit findings/recommendations

**06** Performance & Expenditure Info: Q1 (2019/20)



# Acronyms and Abbreviations



ACIAR	Australian Centre for International Agricultural Research
ARC	Agricultural Research Council
CFP	Custom Feeding Programme
CIT	Citrus Industry Trust
DAFF	Department of Agriculture, Forestry and Fisheries
DALRRD	Department of Agriculture, Land Reform and Rural Development
DFIDT	Deciduous Fruit Industry and Development Trust
EAP	Employee Assistance Programme
EC	Eastern Cape
FANRPAN	Food Agriculture and Natural Resources Policy Analysis Network
GAP	Good Agricultural Practices
GDARD	Gauteng Department of Agriculture and Rural Development
GFADA	Grain Farmer Development Association
HR	Human Resources
IDC	Industrial Development Corporation
ITAC	International Trade Administration Commission
KZN	KwaZulu-Natal
M&E	Monitoring and Evaluation
MAP Act	Marketing of Agricultural Products Act of 1996
MOU	Memorandum of Understanding

MMM	Making Markets Matter
MT	Maize Trust
NAMC	National Agricultural Marketing Council
NC	Northern Cape
NLT	National Lucerne Trust
NRMDP	National Red Meat Development Programme
NW	North West
OPSDT	Oilseeds and Protein Seeds Development Trust
PDA	Provincial Department of Agriculture
PIDT	Protein Industry Development Trust
PPECB	Perishable Products Export Control Board
SARA	Salon International De L'agriculture et des Ressources Animales
SATI	South African Table Grapes Industry
SRC	Staff Representative Council
SCLP	Supply Chain Logistics Programme
SMAT	Smallholder Market Access Tracker
ST	Sorghum Trust
WCDoA	Western Cape Department of Agriculture
WCT	Winter Cereals Trust
WT	Wool Trust



National Agricultural  
Marketing Council  
Promoting market access for South African agriculture

## *“Promoting Market Access for South African Agriculture”*

- State-owned marketing and agricultural economic research institution.
- Advises the Minister and Industry on matters relating to the Marketing of Agricultural Products.
- The NAMC Council is composed of **nine** members.



# NAMC Council Members



**Mr Harry Prinsloo**  
Acting Chairperson



**Mr Sindile Sid Faku**  
Council Member



**Ms Fezeka Mkile**  
Council Member



**Mr Happy Mohane**  
Council Member



**Mr Boikanyo Mokgatle**  
Council Member



**Ms Nonie Mokose**  
Council Member



**Prof Diale Rangaka**  
Council Member



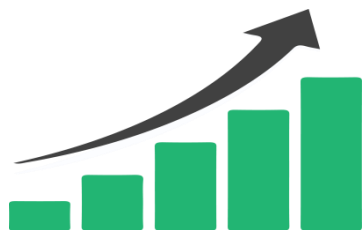
**Mr Gerhardus Schutte**  
Council Member



**Mr Zandisile Wapi**  
Council Member

# Strategic Objectives

Guided by 4 objectives of the MAP ACT:



Increasing of market access for all market participants



Promotion of the efficiency of the marketing of agricultural products



Optimization of export earnings from agricultural products



Enhancement of the viability of the agricultural sector



# Performance Information 2018-19

# Programme 2: Market Access to all participants



- In support of the MAP Act objective of increasing “market access to all participants”, the NAMC executed the following sub-programmes during 2018/19:
  - Smallholder market access research
  - Facilitation of financing of transformation through statutory levies
  - Development scheme programme design and implementation facilitation
  - Market access facilitation
  - Industry transformation support



# Programme 2: Market Access to all participants



Sub-programme	Targets (2018-19)	Achievement (2018-19)
Smallholder market access research	<ul style="list-style-type: none"> <li>14 reports on smallholder market access produced</li> </ul>	<ul style="list-style-type: none"> <li>Achieved</li> </ul>
Facilitation of financing of transformation through statutory levies	<ul style="list-style-type: none"> <li>20% of statutory levies spent on transformation</li> </ul>	<ul style="list-style-type: none"> <li>19.2% of all levy income was spent on transformation [20.8% if two special levies are excluded]</li> </ul>
Development scheme programme design and implementation facilitation	<ul style="list-style-type: none"> <li>1 development scheme designed</li> <li>4 development farmers' database updates reports produced</li> </ul>	<ul style="list-style-type: none"> <li>Achieved (including the current National Red Meat Development Programme (NRMDP) which is under implementation)</li> <li>Achieved</li> </ul>
Market access facilitation	<ul style="list-style-type: none"> <li>1 market facilitation programme report produced</li> </ul>	<ul style="list-style-type: none"> <li>Achieved</li> </ul>
Industry transformation support	<ul style="list-style-type: none"> <li>4 industry transformation support reports produced</li> </ul>	<ul style="list-style-type: none"> <li>Achieved</li> </ul>

# Programme 2: Market Access to all participants



## Statutory levy expenditure allocation (2018-19)

Functions	2016 survey R	2017 survey R	2018 survey R	2018 %
Administration	26 846 253	30 720 833	35 555 179	6,0
Information	33 507 938	52 100 101	60 641 637	10,3
Research	176 362 303	181 455 248	215 400 274	36,5
<b>Transformation</b>	<b>88 846 024</b>	<b>94 100 152</b>	<b>113 382 930</b>	<b>19,2</b>
Export promotion/ market access	81 121 908	63 457 305	72 274 642	12,2
Consumer education / promotions	52 102 231	49 646 329	53 235 633	9,0
Production development	8 146 266	10 385 802	16 450 062	2,8
Plant improvement	5 712 346	5 832 081	3 713 823	0,6
Quality control	16 994 722	17 365 018	20 261 675	3,4
<b>TOTAL</b>	<b>489 639 991</b>	<b>505 062 869</b>	<b>590 915 855</b>	<b>100,0</b>

# Programme 2: Market Access to all participants

## 2018/2019 Custom Feedlot Programme (CFP) – part of the National Red Meat Development Programme (NRMDP):

Eastern Cape -12 CFP & 6 under construction  
KwaZulu Natal - 3CFP operational & 5 under construction  
North West - 2 CFP operational & 1 CFP renovated

**Number of animals sold: 6000 | Auctions: 28**  
**Income generated: R48 702 011.28 |**  
**Beneficiaries: 2250**



### Partners:



rural development  
& land reform  
Department:  
Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA



Province of the  
**EASTERN CAPE**  
RURAL DEVELOPMENT AND  
AGRARIAN REFORM



**CHRIS HANI**  
DISTRICT MUNICIPALITY  
SUSTAINING GROWTH  
THROUGH OUR PEOPLE

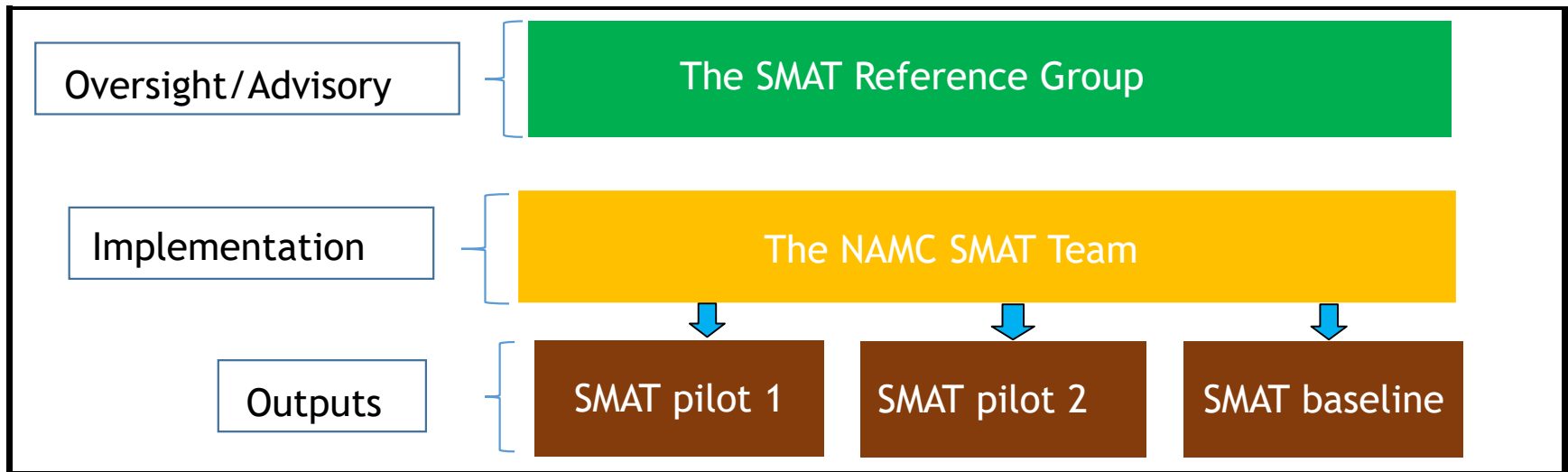


agriculture  
& rural development  
Department:  
Agriculture and Rural Development  
PROVINCE OF KWAZULU-NATAL

## A close-up photograph of a person's hand gently watering a small green seedling growing out of a mound of dark brown soil. Water is dripping from the fingers of the hand onto the soil. The background is a soft, out-of-focus green, suggesting an outdoor garden setting.

## The Smallholder Market Access Tracker (SMAT)

- SMAT is a tool to track market access progress among smallholder farmers on a commodity basis
- SMAT tool has been designed by the NAMC and tested over the past two years
- This year under review (2018/19), the first SMAT baseline was released and is based on Citrus



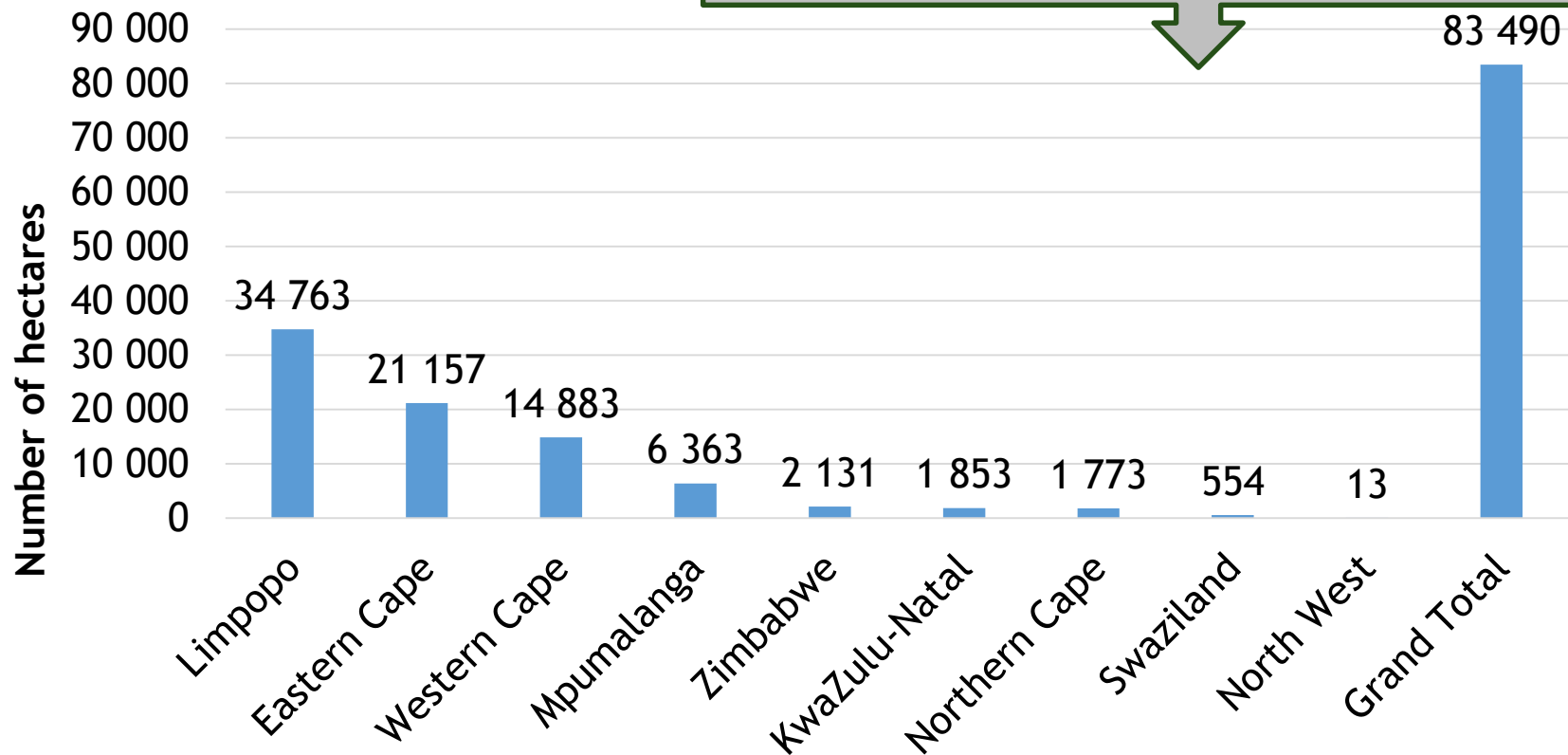


# Programme 2: Market Access to all participants



## The Smallholder Market Access Tracker (SMAT)

Out of 1400 estimated commercial citrus growers in CGA database, 141 are black



# Programme 2: Market Access to all participants



## The Smallholder Market Access Tracker (SMAT)

### Typical smallholder (black) commercial citrus farmer



- Male aged 42 years with a tertiary education
- He uses between 2 to 600 hectares of land but does not have ownership.
- He sells his produce to various marketing channels including the informal market, institutional market, fresh produce market, supermarket and the export market.

# Programme 2: Market Access to all participants



## The Smallholder Market Access Tracker (SMAT)

### Typical smallholder (black) commercial citrus farmer



- Notably, he is beaten by his female counterpart who sells an average 40 155 cartons into the export market, followed by 17 296 cartons that go into the institutional market.
- He earns R2, 8 million from the export market compared to R6 million earned by his female counterpart.
- He has a contract with his markets and occasionally sells in the spot markets.

# Programme 3: Efficiency of marketing



In order to promote the efficiency of the marketing of agricultural products the following sub-programmes were put in place:

- Agro food chain research
- Facilitation of financing of information and research through statutory levies
- Agricultural capacity development facilitation



# Programme 3: Efficiency of marketing



Sub-programme	Targets (2018-19)	Achievement (2018-19)
Agro-food chains research	<ul style="list-style-type: none"> <li>• 40 agro-food chains reports produced</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved</li> </ul>
Facilitation of financing of information and research	<ul style="list-style-type: none"> <li>• 100% of all statutory levy applications investigated/facilitated</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved (56.7% of all levy income was spent by industry on research and information)</li> </ul>
Agricultural capacity development facilitation	<ul style="list-style-type: none"> <li>• 2 capacity development facilitation reports produced</li> <li>• 2 training evaluation reports produced</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved</li> <li>• Achieved</li> </ul>

# Programme 3: Efficiency of marketing

## Capacity development programme

### AGRIBIZ for Women:

The **management training** for women in agribusiness branded AGRIBIZ :

- Financial Management & Marketing
- 35 women entrepreneurs were trained

### Piggery Production training:

NAMC in collaboration with Buhle Farmers' Academy conducted the pig production training in the NC.

- 24 farmers were trained

### Training evaluation

NAMC evaluated 2 training programmes:

- AGRIBIZ 2017 & Livestock management



## Partners:



agriculture,  
forestry & fisheries

Department:  
Agriculture, Forestry and Fisheries  
REPUBLIC OF SOUTH AFRICA



**PDA's  
&  
Farmers**

# Programme 3: Efficiency of marketing



## 2018



# Programme 3: Efficiency of marketing



## Agro-food chains publications



Markets and Economic Research  
Centre



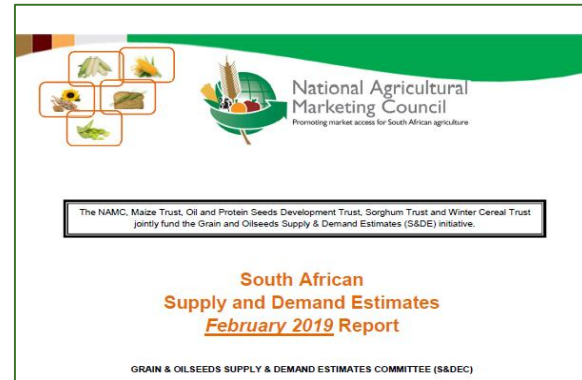
Food Basket Price Monthly  
*Issue 39 – March 2019*



Markets and Economic Research  
Centre



Farm-to-Retail-Price-Spread  
Quarter 4: November 2018 –  
January 2019  
*Issue: February 2019*



Markets and Economic Research  
Centre



Input cost monitoring  
*An update on selected items  
March 2019*



# Programme 4: Optimisation of export earnings



The following sub-programmes were created to support optimisation of export earnings from agricultural products:

- Trade research
- Facilitation of financing of export promotions and quality control
- Business linkages facilitation (technical support plans)

# Programme 4: Optimisation of export earnings

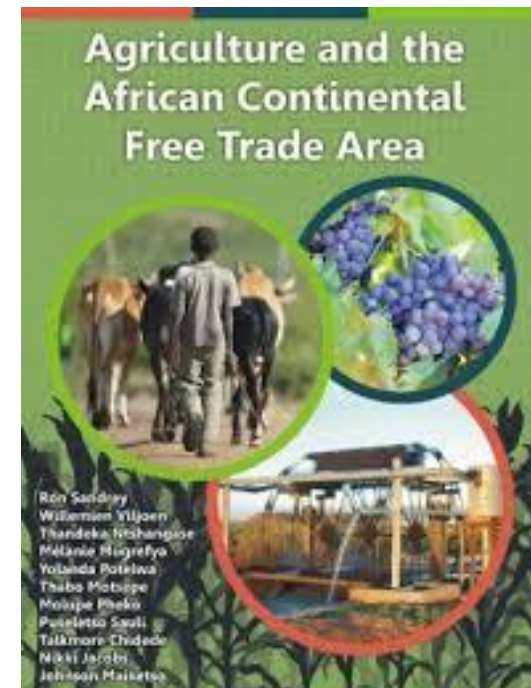
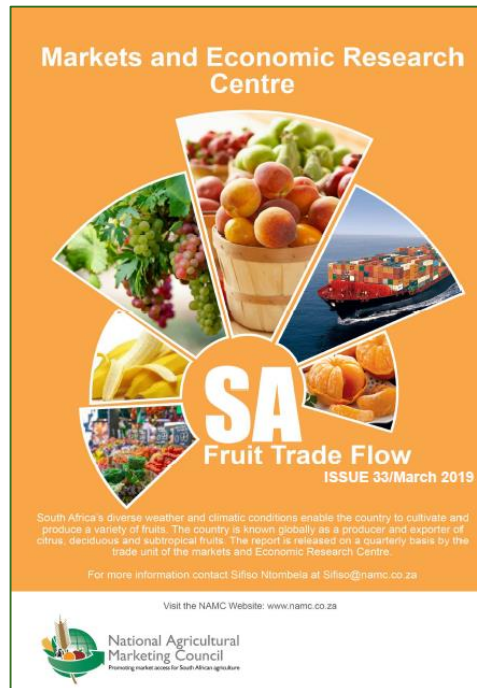


Sub-programme	Targets (2018-19)	Achievement (2018-19)
Trade research	<ul style="list-style-type: none"> <li>• 14 trade research reports produced</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved</li> </ul>
Facilitation of financing of export promotions and quality control	<ul style="list-style-type: none"> <li>• 1 report on financing of export promotions and quality control</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved (15.6% of all levy income was spent on export promotions and quality control)</li> </ul>
Business linkages facilitation	<ul style="list-style-type: none"> <li>• 2 technical assistance plans produced</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved (5 producers in the W Cape were assisted)</li> </ul>

# Programme 4: Optimisation of export earnings



## Trade publications



# Programme 5: Sector viability



In order to support enhancement of the viability of agricultural sector the following sub-programmes were embarked on:

- Strategic integrated projects (SIP 11) coordination
- Registrations, records and returns
- Coordination of the supply and demand committee, supply and demand liaison committee and the crop estimates committee
- Register of directly affected groups
- Agricultural industry trusts support



# Programme 5: Sector viability



Sub-programme	Targets (2018-19)	Achievement (2018-19)
SIP 11 coordination	<ul style="list-style-type: none"> <li>• 4 SIP 11 reports produced</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved</li> </ul>
Registrations, records and returns	<ul style="list-style-type: none"> <li>• 100% of all registrations, records and returns applications facilitated</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved</li> </ul>
Coordination of the supply and demand committee, supply and demand liaison committee and the crop estimates committee	<ul style="list-style-type: none"> <li>• 1 annual coordination report produced</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved</li> </ul>
Register of directly affected groups (DAGs)	<ul style="list-style-type: none"> <li>• 1 Register of DAGs produced</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved</li> </ul>
Agricultural industry trusts support	<ul style="list-style-type: none"> <li>• 1 Status Report of Agricultural Trusts produced</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved</li> </ul>

# Programme 5: Sector viability



## Outlook of agricultural industry trusts at present

Trust Name	Total Inherited Assets (R)	2017 asset value (R)	2018 Asset value (R)
Citrus Industry Trust	16 689 489,00	16 185 950,00	15 692 866,00
Deciduous Fruit Industry Development Trust	13 692 000,00	15 487 968,00	16 058 272,00
Maize Trust	319 234 732,00	1 083 282 392,00	1 056 337 269,00
Meat Industry Trust	44 363 570,00	45 732 450,00	45 732 450,00
Mohair Trust	101 391 436,00	271 631 595,00	278 262 445,00
National Lucerne Trust	2 952 398,00	7 932 337,00	2 442 442,00
Oil and Protein Seeds Development Trust	74 086 064,00	331 729 485,00	317 808 519,00
Potato Industry Development Trust	0,00	14 522 389,00	14 047 094,00
Sorghum Trust	6 554 135,00	26 112 890,00	27 322 929,00
Winter Cereal Trust	11 239 713,00	118 081 032,00	91 481 053,00
Wool Trust	87 625 322,00	507 665 974,00	525 110 831,00
<b>Total/Average</b>	<b>677 828 859,00</b>	<b>2 438 364 462,00</b>	<b>2 387 852 728,00</b>

### Asset value

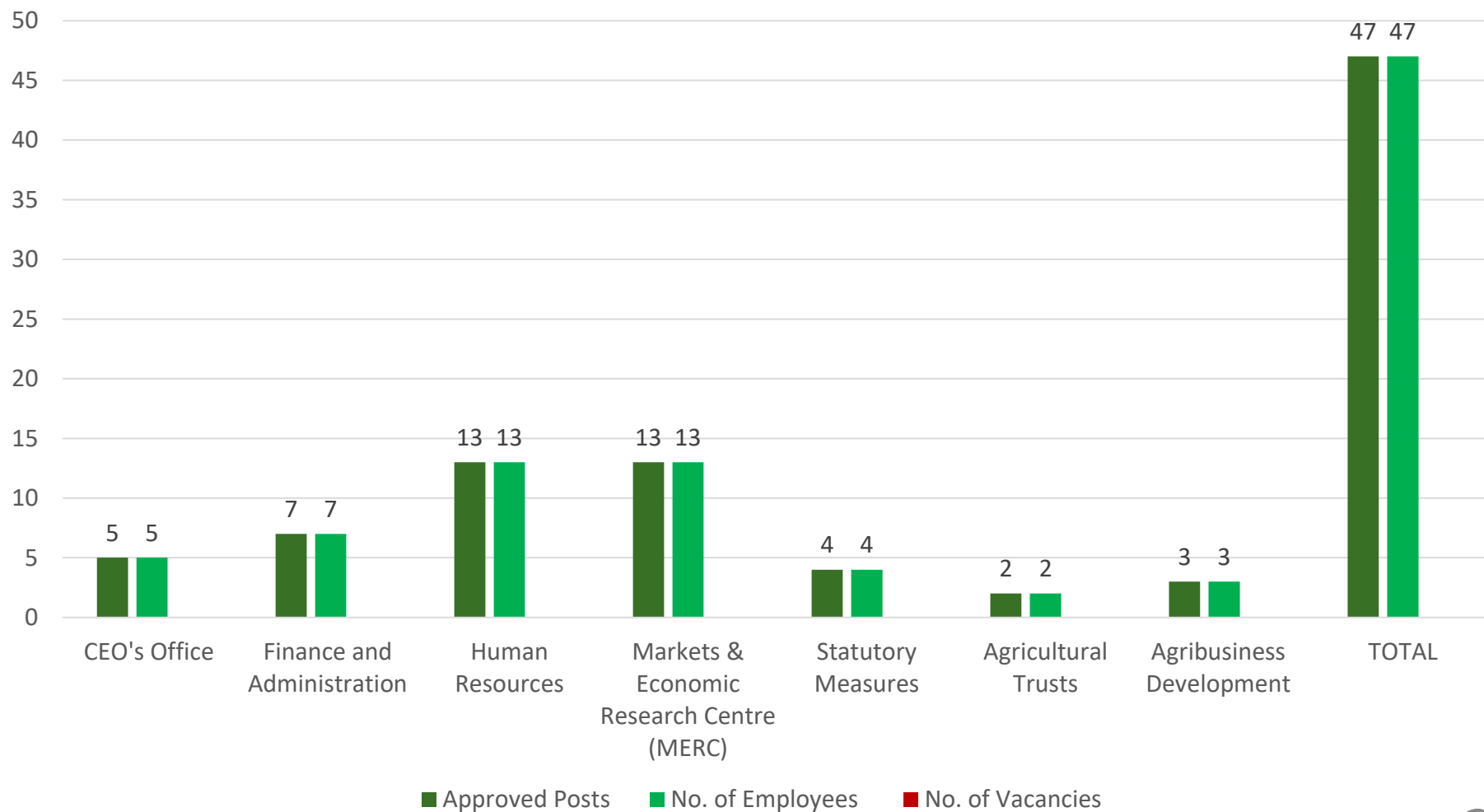
- Original inheritance was R677 million,
- In 2017, the asset value was R2,4 billion (with only CIT having experienced a decline),
- In 2018, the asset value is reported at R2,3 billion (R50,5 million decline)

# Ministerial Trustees

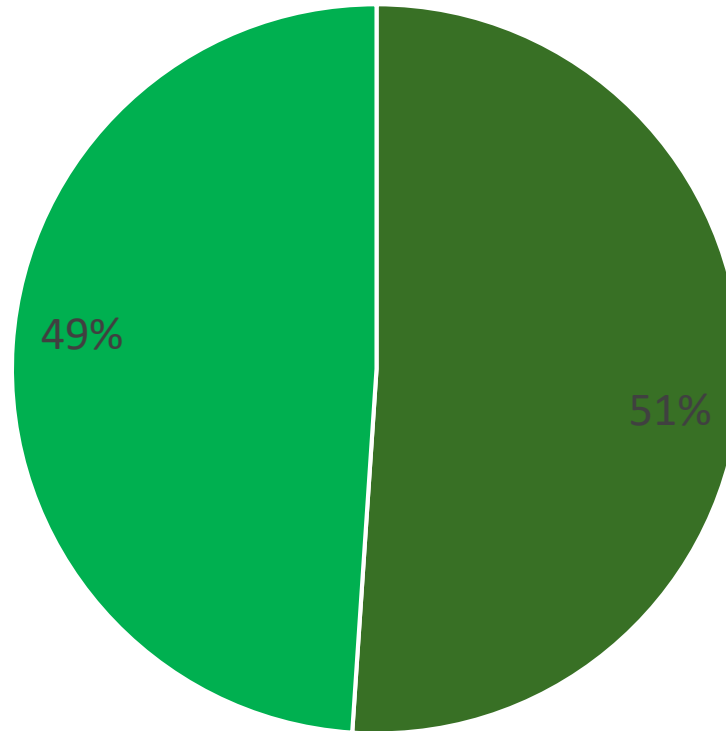




# Employment & Vacancies



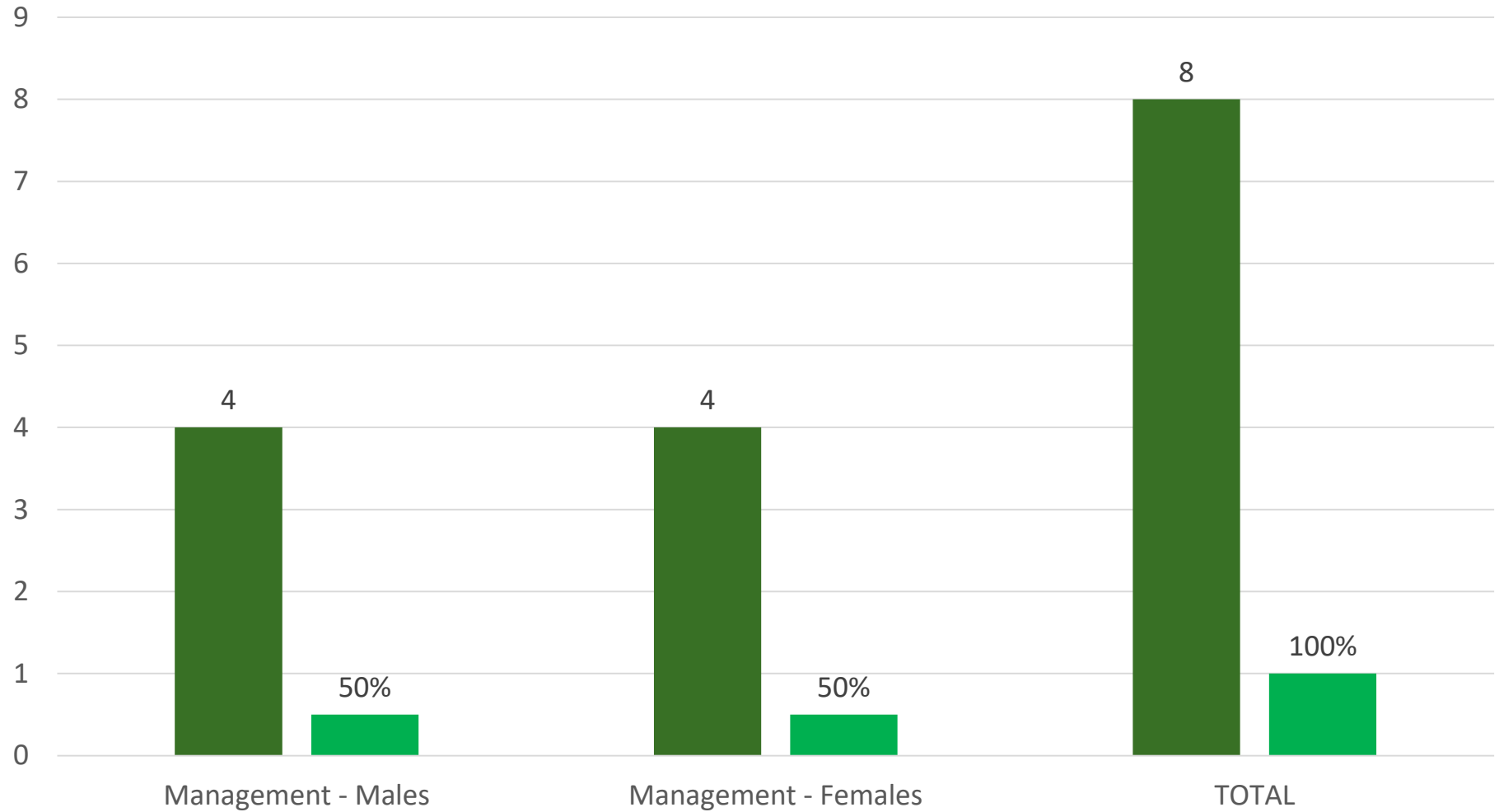
# Employment Equity: Gender



■ Males ■ Females

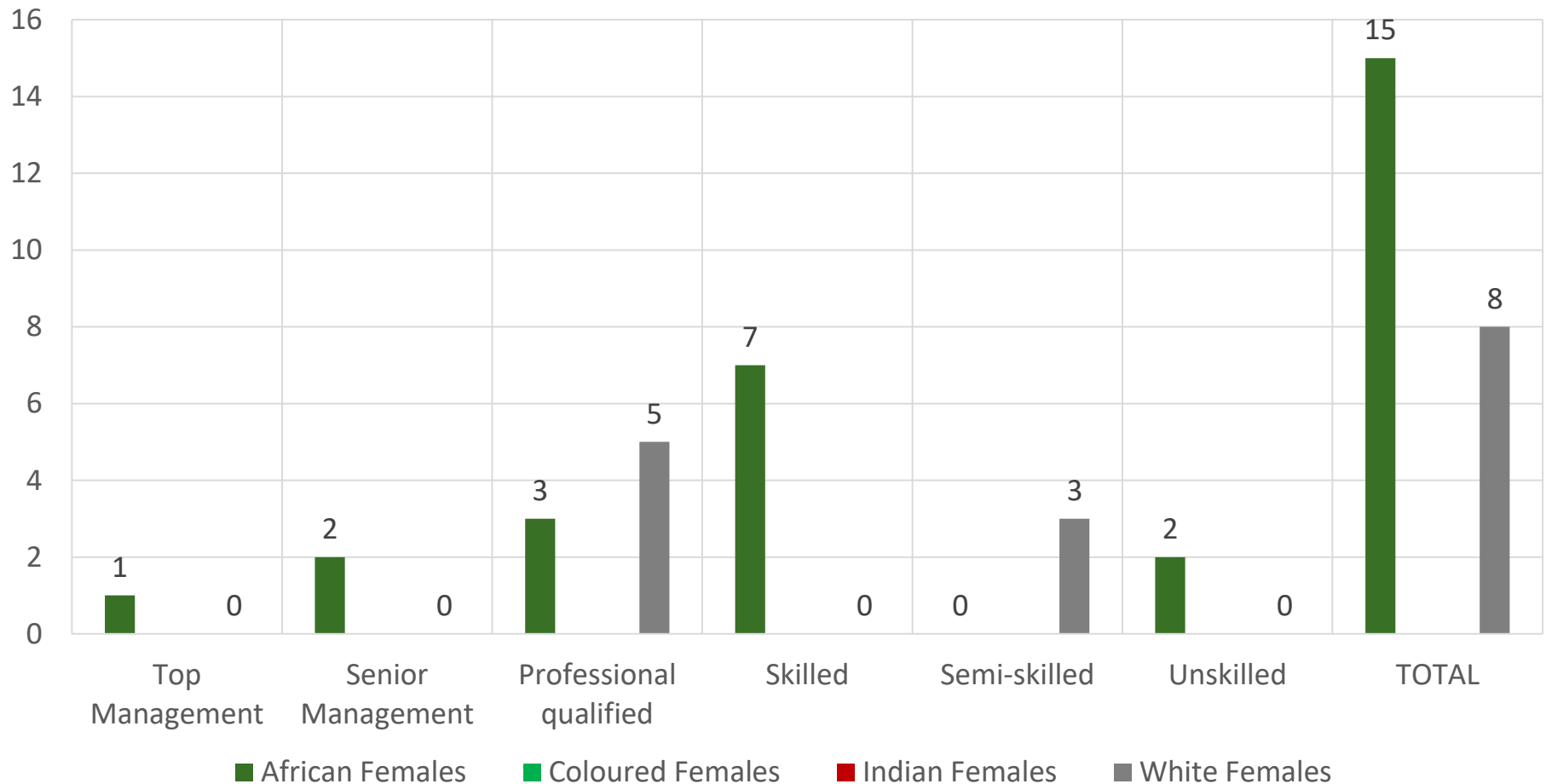


# Management employment equity: Gender



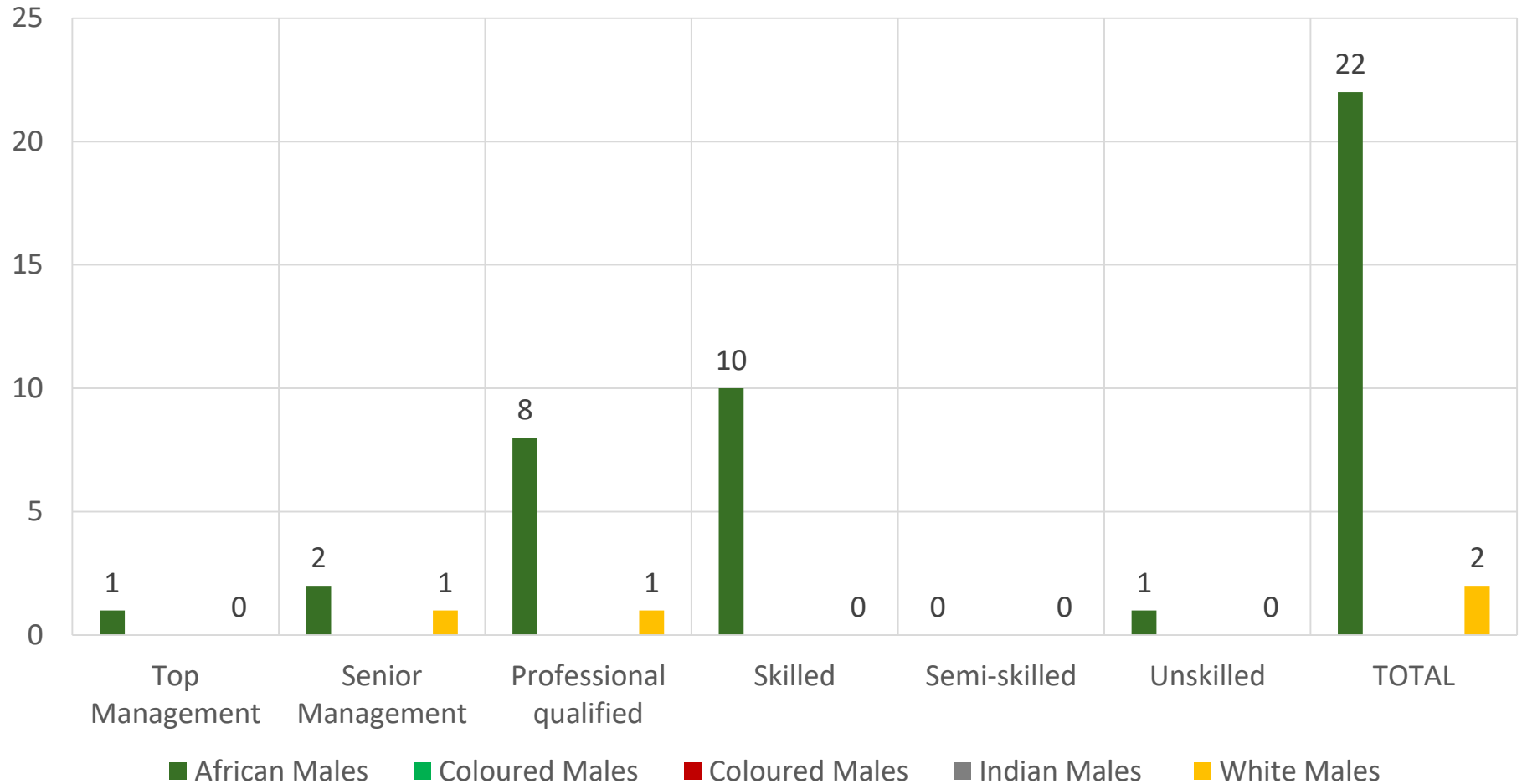
# Employment equity by race:

## Females

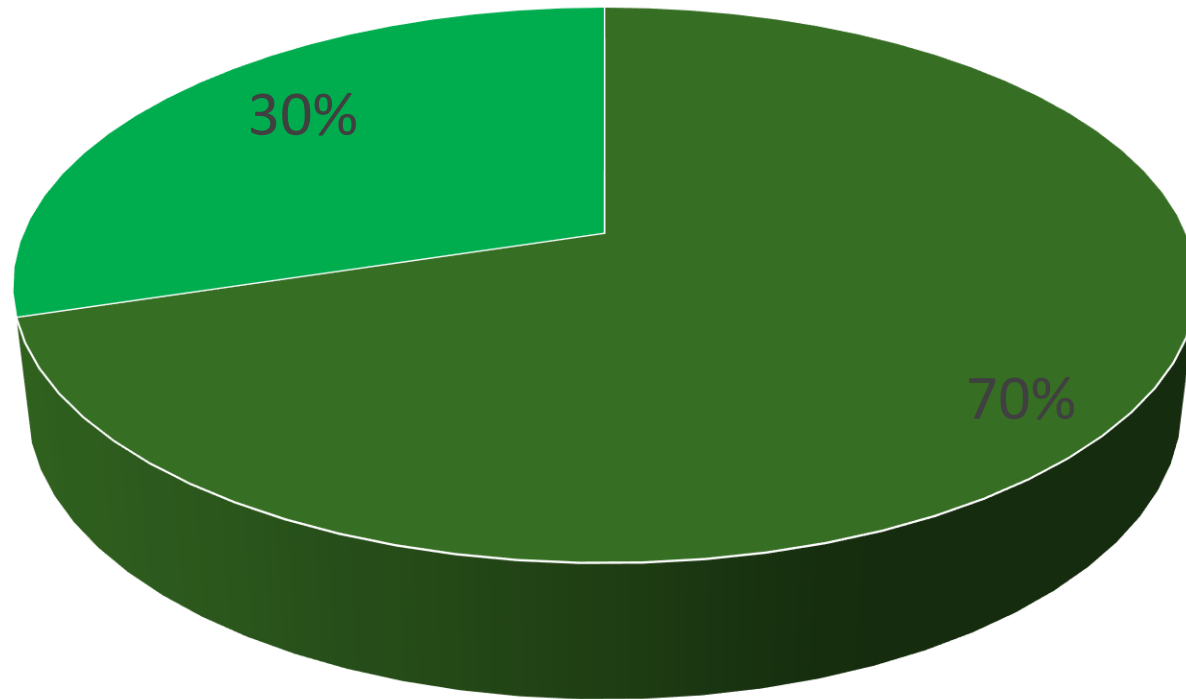


# Employment equity by race:

## Males

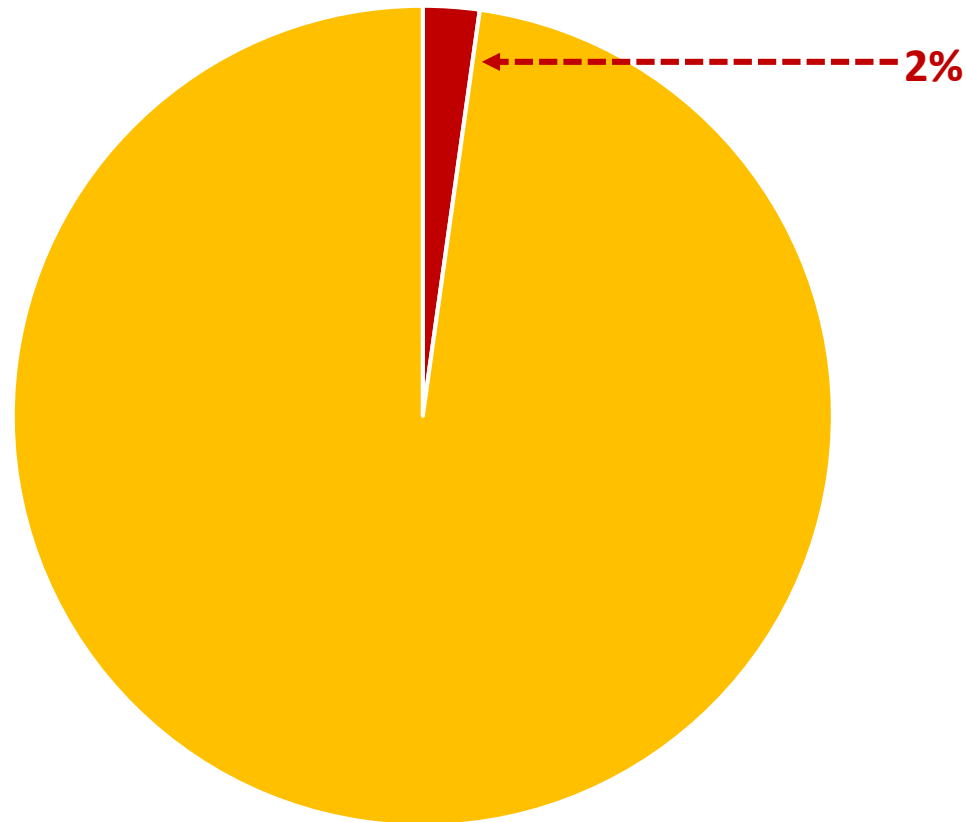


# Employment equity: Youth



■ Youth ■ Non youth

# Employment equity: Disability



■ Disabled Personnel (1)



# Financial Expenditure Report 2018-19

# Financials 2018/19



Income (Grant received)	R43,2 million
Interest generated	R6,3 million
Sponsorship received and utilised	R40,3 million
Expenditure	R89,3 million
Surplus for the year	R1,207 million
Total current assets	R20,3 million
Total amount of non-current assets	R15,2 million
Total amount of current liabilities	R24,9 million
Total amount of non-current liabilities	R0,00
Fruitless, wasteful, irregular & unauthorised expenditure	R72,2
External Audit Report	Unqualified with findings on Financials and Report on Predetermined objectives

# Statement of Financial Performance for the year ended 31 March 2019 vs March 2018



	<u>2018/19</u>	<u>2017/18</u>	<u>% Change</u>
	<b>R'000</b>	<b>R'000</b>	
<b><u>Revenue</u></b>	<b>90 471</b>	<b>93 149</b>	
Non- exchange revenue	83 572	86 213	3.06%
Exchange revenue	6 899	6 936	0.53%
<b><u>Expenses</u></b>	<b>88 993</b>	<b>90 145</b>	
Administrative Expenses	5 969	5 954	0.25%
Personnel Expenditure	48 361	42 760	13%
Operating Expenditure	33 727	36 605	-8%
Depreciation & Amortisation	924	4 803	-81%
Finance cost	12	23	-48%
Loss/(profit) on disposal of assets	-229	315	27%
Assets transferred	-	-	-
Impairment loss on property, plant & equipment	-	-	-
Loss on disposal of inventory	-42	-	-
<b>Surplus / (Deficit) for year</b>	<b>1 207</b>	<b>3 320</b>	

# Budget vs Actual for the period ended 31 March 2019: Income



Description	Final budget	Actual amounts on a comparable basis	% of actual against budget
	<b>R'000</b>	<b>R'000</b>	<b>%</b>
<b>Revenue</b>			
<b>Grant received</b>	43 239	43 239	
<b>Other income and sponsorship received</b>	-	40 333	100%
<b>Interest received</b>	-	6 315	100%
<b>Total revenue</b>	<b><u>43 239</u></b>	<b><u>89 887</u></b>	<b><u>108%</u></b>

# Budget vs Actual for the period ended 31 March 2019: Expenditure



Description	Final budget	Actual amounts on a comparable basis	% of actual against budget	% of actual expenditure per category against total expenditure
	<b>R'000</b>	<b>R'000</b>	<b>%</b>	
<b>Expenses</b>				
Personnel expenditure	29 610	36 007	<b>(22%)</b>	<b>40%</b>
Personnel expenditure (Projects)	-	12 354	(100%)	14%
Administration projects	-	2 017	<b>(100%)</b>	<b>2%</b>
Administration expenses	10 585	3 952	<b>63%</b>	<b>4%</b>
Operating expenses	3 019	10 285	<b>(241%)</b>	<b>12%</b>
Operating expenses (projects)	-	23 442	(100%)	26%
Depreciation & amortisation	-	924	<b>(100%)</b>	<b>1%</b>
Gain on disposal of assets	-	271	(100)	
Finance cost	25	12	52%	0%
<b><u>Total expenditure</u></b>	<b><u>43 239</u></b>	<b><u>89 264</u></b>	<b>(106)</b>	



# Statement of Financial Position as at 31 March 2018 vs March 2019



	2017/18: R'000	2018/19: R'000	% Change	Reasons for variances
Non-current assets	7 473	15 201	103%	Increase due to additional assets bought for the National Red Meat Development Project.
Receivables	48 957	579	-8 355%	Decrease in number of outstanding invoices raised as at year end.
Cash & cash equivalents	62 199	18 527	-70%	Decrease due to funds for AIMS project that were returned to National Treasury.
Liabilities	111 025	24 979	-78%	Decrease in liabilities as a result sponsorship funding utilised during the year.

# Baseline Budget & Expenditure: 2013/14 – 2018/19



## Baseline budget and expenditure for the period 2013/14 -2018/19

### Baseline budget

### Financial years

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Administration	16 951 448	18 435 871	18 025 654	18 393 042	22 644 250	24 252 000
Agribusiness Development	3 112 854	3 300 591	3 503 377	2 830 244	3 616 000	2 846 000
AgriTrust	2 170 610	1 215 786	659 457	1 499 637	1 755 000	1 799 000
Statutory Measures	2 013 199	2 152 403	2 092 081	2 289 883	2 585 000	2 708 000
Markets & Economic Research Centre	10 420 888	10 900 351	10 354 431	9 992 194	11 316 751	11 634 000
<b>Total</b>	<b>34 669 000</b>	<b>36 005 000</b>	<b>34 635 000</b>	<b>35 005 000</b>	<b>41 917 000</b>	<b>43 239 000</b>

<b>Percentage increase</b>	<b>4%</b>	<b>-4%</b>	<b>1%</b>	<b>20%</b>	<b>3%</b>
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**Total baseline allocation**

**225 470 000**

# Baseline Budget & Expenditure: 2013/14 – 2018/19



## Actual Expenditure

## Financial years

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Administration	17 854 323	19 634 026	20 946 716	24 569 386	25 885 501	31 302 000
Agribusiness Development	3 093 376	4 735 289	3 865 440	3 117 589	4 325 107	39 756 000
Agritrust	1 693 924	1 772 671	1 085 334	1 529 837	2 121 283	2 695 000
Statutory Measures	2 311 831	2 458 152	2 444 679	2 884 943	3 016 872	3 201 000
Markets & Economic Research Centre	11 216 920	12 938 319	11 192 351	11 895 116	12 405 237	12 298 000
<b>Total</b>	<b>36 170 374</b>	<b>41 538 457</b>	<b>39 534 520</b>	<b>43 996 870</b>	<b>47 754 000</b>	<b>89 252 000</b>
<b>Total expenditure</b>	<b>298 246 221</b>					

# Auditor- General's Findings/ Recommendations

# Implementation of Auditor General's Recommendations



## External Audit Opinion:

- On performance information: Adverse
- On financials: Unqualified with findings

AUDIT FINDINGS	ACTION PLAN
<b>COAF 1: Misstatement on usefulness of reported information</b>	A review of the Strategic and Annual Performance Plan Indicators targets is in progress this exercise is necessary to ensure that all Performance Indicators are in compliance with the requirements of National Treasury Framework on Performance Information in that performance targets are SMART.
<b>COAF 2: Non Compliance with Construction Industry Development Board. Bidders not registered with CIDB, Bidders CIDB status suspended and the bidder's grading is not suitable for the value of construction work that was awarded to them.</b>	Management currently designed a checklist to monitor compliance with CIDB by ensuring that all the suppliers engaged for constructions complied with the CIDB. The transactions which have been identified as irregular and not in accordance with the requirements of CIDB have been included in the register of Irregular Expenditure which are currently under review in accordance with the National Treasury Irregular expenditure framework.



# Implementation of Auditor General's Recommendations



AUDIT FINDINGS	ACTION PLAN
<b>COAF 3: Evaluation criteria applied in evaluating the quotations' not the same as those indicated in the request for quotations</b>	Management has updated the form for request for quotations to include information on how the quotations will be evaluated.
<b>COAF 4: Non compliance with Treasury Regulations for advance payments to suppliers</b>	<p>Management will review the capacity of the suppliers to ensure that a supplier is fully evaluated before approving the supplier for work to be performed and ensure that the contractual arrangements for prepayments are clearly articulated in contracts and contracts are vetted before signing off by both parties.</p> <p>For the current financial year no advances were provided to the suppliers.</p>

# Implementation of Auditor General's Recommendations



AUDIT FINDINGS	ACTION PLAN
<b>COAF 5: Non compliance relating to contracts extensions.</b> <b>No justifiable reasons provided by management for the continuous renewal of this contract instead of following a new procurement process to conclude a new contract.</b>	Management is currently in a process of reviewing all the contracts to ensure compliance to National Treasury instructions. All contracts identified as irregular are currently under determination test as per National Treasury Framework on Irregular expenditure.
<b>COAF 6: Procurement of goods/service of similar nature not dealt with as single transactions'.</b>	Management updated the list of irregular expenditure and all transactions' which have been identified as irregular are currently under determination test as required by National Treasury Framework on Irregular expenditure. Management also reviewed current year's expenditure for assurance that there will be no repeat findings in the current financial year (no irregular expenditure were identified).

# Implementation of Auditor General's Recommendations



AUDIT FINDINGS	ACTION PLAN
<p><b>COAF 7: Requirements for CIDB registration not stipulated in the request for Quotation.</b></p>	<p>Management has updated the form for request for quotations to include information on how the quotations will be evaluated.</p> <p>All construction work put out on either quotations' or tenders include a requirement that CIDB certificates be submitted by prospective bidders to ensure that the adherence with the requirements of CIDB regulations.</p>
<p><b>COAF 8: Misstatement on presentation of property, plant and equipment.</b></p> <p><b>Assets of different nature (i.e. kraals, water tanks, storage containers, mobile houses) were grouped and presented as a single class of property, plant and equipment.</b></p>	<p>The revised financial statements included a corrected note disclosure regarding Property, Plant and Equipment to ensure an adherence to GRAP 17 standard.</p>

# Implementation of Auditor General's Recommendations



AUDIT FINDINGS	ACTION PLAN
<p><b>COAF 9:</b> Mistatement relating to property in Umtata.</p> <p>Revenue from Umtata property not accounted for and payables relating to Umtata property not accounted for.</p>	<p>The revised financial statements included a corrected note disclosure regarding Revenue from exchange transactions' and receivable being adjusted and the accounts payable note disclosures being adjusted to ensure adherence to the requirements to GRAP 1 standard.</p>
<p><b>COAF 10:</b> Creditors listing not reconciling to creditors statements.</p>	<p>Management preforms creditors reconciliations of all suppliers on a monthly basis and this is reviewed by the senior official.</p>
<p><b>COAF 11:</b> Misstatement for inventory quantities at year end.</p> <p>Differences were noted between the inventory value recorded in the NAMC annual financial statements and the value calculated by the auditors.</p>	<p>Management reviewed the inventory issue reports on monthly basis and ensure that the quantities at hand correspond with what is in the inventory system.</p>

# Implementation of Auditor General's Recommendations



AUDIT FINDINGS	ACTION PLAN
<p><b>COAF 12: Misstatement for Non Executive Directors remuneration</b></p> <p>Claim forms were submitted but no minutes and attendance register were provided to the auditors. Therefore, the auditors could not verify whether the meetings did occur.</p> <p>Remuneration for preparation of meeting. Double payment of remuneration.</p>	<p>Attendance register for all Council committees and minutes relating to each meeting are kept.</p> <p>National Treasury circular on remuneration of Non- official members, Commission, Committees of inquiry and Audit Committees does not prohibit the payment of preparation time to committee, Management is currently reviewing the committee charters to address the issue of payment for preparation time.</p> <p>All audit committee members claims are paid through EFT and Council members' claims through payroll.</p>
<p><b>COAF13: Expenditure not approved.</b></p>	<p>This is an on-going process, monitoring of control system around approval of invoices is being done before payment of invoices.</p>

# Implementation of Auditor General's Recommendations



AUDIT FINDINGS	ACTION PLAN
<b>COAF 14: Non compliance for B-BBEE ACT reporting requirement: Value add focus area.</b>	A service provider has been appointed to perform the –B-BBEE rating for NAMC, this will be completed by end of October 2019.
<b>COAF 15: Bid Specification Committee not established for internal audit tender.</b>	A Bid Specification Committee has been constituted which considers and approves the specifications for all the tenders that are advertised by the NAMC. All members of the Bid Specification Committee have letters of appointment signed off by the Chief Executive Officer.
<b>COAF 16: Composition of the Bid Adjudication Committee.</b> <b>One official was the member of both Bid Evaluation Committee and Bid Adjudication Committee for the same bid, which is inconsistent with NAMC SCM policy.</b>	This finding has been addressed, currently the organisation's Bid Committees constitute of Bid Specification Committee, Bid Evaluation and Bid Adjudication Committee which constitute of various officials that are different on each Committee.



# Implementation of Auditor General's Recommendations



AUDIT FINDINGS	ACTION PLAN
<p><b>COAF 17: Additional Renumeration of Organs of State Officials.</b></p> <p>The CV's for some of the Members (Council and Audit &amp; Risk Committee Members) reflect that the Members are currently employed by Organs of State.</p>	<p>Letters to members affected were written requesting them to provide letters from their employer authorising the member concerned to receive additional remuneration.</p> <p>As the amount paid were considered irregular expenditure they have been classified as such in the irregular expenditure register and determination test is currently being performed in accordance with the irregular expenditure framework.</p>
<p><b>COAF18: Remuneration of Audit and Risk Committee members not in line with the approved National Treasury scales.</b></p>	<p>At a recent Council meeting , a resolution was passed that a practice by the entity to remunerate Audit and Risk Committee in terms of the SAICA rates be set aside and members of the Audit and Risk Committee be remunerated based on the National Treasury rates until the Minister of Agriculture, Land Reform and Rural Development approves the usage of SAICA rates.</p>

# Implementation of Auditor General's Recommendations



AUDIT FINDINGS	ACTION PLAN
<p><b>COAF 19: Weakness identified in the Contract Management.</b></p> <p>The contract does not have a set limit as it automatically renew on a month to month basis to infinite.</p> <p>The contract does not stipulate the gross contract value.</p>	<p>Management is currently reviewing all the contracts to include the recommendations by Auditor-General, this process will be finalised by Mid- October 2019.</p>
<p><b>COAF 20: Contracts not prepared in accordance with general conditions of contracts prescribed by National Treasury.</b></p>	<p>In drafting contracts management will ensure that the general conditions of contracts as prescribed by National Treasury are included in the contracts.</p>

# Implementation of Internal Audit Recommendations'



## AUDIT FINDINGS

**COAF 1: Weakness identified in the Human Resources Management include the following audit findings:**

**COAF1.1 Weaknesses identified in the Performance Management Policies,**

**COAF 1.2 Inadequacies noted in the CEO Evaluation process,**

**COAF1.3 Weaknesses noted in the Moderation process,**

**COAF 1.4 Score guidelines not covered in the Performance management policy,**

**COAF 1.5 Inaccuracies noted in the Moderated Spreadsheet,**

## ACTION PLAN

Management is currently addressing all the weakness identified by the Internal Auditors with the process being finalised by Mid December 2019.

# Internal Audit Findings/ Recommendations

# Implementation of Internal Audit Recommendations



AUDIT FINDINGS	ACTION PLAN
<b>COAF 2: Weakness identified in the Supply Chain Management Process include the following audit findings</b>	Management is currently addressing all the weakness identified by the Internal Auditors with the process being finalised by mid Oct 2019.
<b>COAF 2.1 Appointed supplier not evaluated based on Preferential Procurement system.(contract management)</b>	Management is currently reviewing all administration contracts for compliance to National Treasury's prescripts.
<b>COAF2.2 Preferred Supplier database incorrectly utilised by the NAMC</b>	The usage of preferred suppliers has been discontinued.

# Implementation of Internal Audit Recommendations



## AUDIT FINDINGS

**COAF 3: Weakness identified in the Risk Management Process include the following audit findings:**

**COAF 3.1 Inconsistence identified in the risk rating risk registers Inconsistencies in risk ratings methodology noted on the operational risk registers**

**COAF3.2 No operational risk assessments take place at least annually.**

**COAF 3.3 : The audit and risk committee and internal audit charter are not reviewed annually**

## ACTION PLAN

Management is currently addressing all the weakness identified by the Internal Auditors with the process being finalised by mid Oct 2019.



# Performance and Expenditure Information: Quarter 1 of 2019/20

# Programme 2:

## Market Access to all participants



Sub-programme	Targets (Q1: 2019-2019)	Achievement (Q1: 2019-20)
Smallholder market access research	<ul style="list-style-type: none"> <li>1 report on smallholder market access produced</li> </ul>	<ul style="list-style-type: none"> <li>Achieved</li> </ul>
Facilitation of financing of transformation through statutory levies	<ul style="list-style-type: none"> <li>Not applicable this quarter</li> </ul>	<ul style="list-style-type: none"> <li>NA</li> </ul>
Development scheme programme design and implementation facilitation	<ul style="list-style-type: none"> <li>Not applicable this quarter</li> </ul>	<ul style="list-style-type: none"> <li>NA</li> </ul>
Market access facilitation	<ul style="list-style-type: none"> <li>1 market facilitation programme report produced</li> </ul>	<ul style="list-style-type: none"> <li>Achieved</li> </ul>
Industry transformation support	<ul style="list-style-type: none"> <li>1 industry transformation support report produced</li> </ul>	<ul style="list-style-type: none"> <li>Achieved</li> </ul>

# Programme 3: Efficiency of marketing



Sub-programme	Targets (Q1: 2019-20)	Achievement (Q1: 2019-20)
Agro-food chains research	<ul style="list-style-type: none"> <li>9 agro-food chains reports produced</li> </ul>	<ul style="list-style-type: none"> <li>Achieved</li> </ul>
Facilitation of financing of information and research	<ul style="list-style-type: none"> <li>100% of all statutory levy applications investigated/facilitated</li> </ul>	<ul style="list-style-type: none"> <li>Achieved</li> </ul>
Agricultural capacity development facilitation	<ul style="list-style-type: none"> <li>1 capacity development facilitation reports produced</li> </ul>	<ul style="list-style-type: none"> <li>Achieved</li> </ul>

# Programme 4: Optimisation of export earnings



Sub-programme	Targets (Q1: 2019-20)	Achievement (Q1: 2019-20)
Trade research	<ul style="list-style-type: none"> <li>2 trade research reports produced</li> </ul>	<ul style="list-style-type: none"> <li>Achieved</li> </ul>
Facilitation of financing of export promotions and quality control	<ul style="list-style-type: none"> <li>Not applicable this quarter</li> </ul>	<ul style="list-style-type: none"> <li>NA</li> </ul>
Business linkages facilitation	<ul style="list-style-type: none"> <li>Not applicable this quarter</li> </ul>	<ul style="list-style-type: none"> <li>NA</li> </ul>

# Programme 5: Sector viability



Sub-programme	Targets (Q1: 2019-20)	Achievement (Q1: 2019-20)
SIP 11 coordination	<ul style="list-style-type: none"> <li>1 SIP 11 report produced</li> </ul>	<ul style="list-style-type: none"> <li>Achieved</li> </ul>
Coordination of the supply and demand committee, supply and demand liaison committee and the crop estimates committee	<ul style="list-style-type: none"> <li>Not applicable this quarter</li> </ul>	<ul style="list-style-type: none"> <li>NA</li> </ul>
Register of directly affected groups (DAGs)	<ul style="list-style-type: none"> <li>Not applicable this quarter</li> </ul>	<ul style="list-style-type: none"> <li>NA</li> </ul>
Agricultural industry trusts support	<ul style="list-style-type: none"> <li>1 Agricultural Trust Report produced</li> </ul>	<ul style="list-style-type: none"> <li>Achieved</li> </ul>

# Expenditure Report: Q1 of 2019/20



BUDGET	ACTUAL	% OF ACTUAL EXPENDITURE AGAINST BUDGET
45, 251	11, 956	26%

<u>Division</u>	<u>Budget</u>	<u>Actual Expenditure</u>	<u>% of actual expenditure against budget</u>
Finance and Administration	13 953	3 606	26%
Human Resources	4 724	1 229	26%
Agribusiness Development	2 631	790	30%
Statutory Measures	3 085	763	25%
AgriTrust	2 318	557	24%
MERC	11 759	2 928	25%
CEO's office	5 168	1 329	26%
Audit & Risk and Council Meeting allowance	1 613 1 050	754 550	47%
Travel and Accommodation	563	204	
Total	45 251	11 956	26%



# Thank you





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