

OFFICE OF THE VALUER-GENERAL

2019/2020

Annual Report



OFFICE OF THE
VALUER-GENERAL
SOUTH AFRICA

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PART



General Information



Office Of The Valuer-General: General Information

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List Of Abbreviations/Acronyms

AA	ACCOUNTING AUTHORITY
AG	AUDITOR-GENERAL
AGSA	AUDITOR-GENERAL OF SOUTH AFRICA
APP	ANNUAL PERFORMANCE PLAN
CEO	CHIEF EXECUTIVE OFFICER
DALRRD	DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT
HRM	HUMAN RESOURCE MANAGEMENT
MTEF	MEDIUM TERM EXPENDITURE FRAMEWORK
NDP	NATIONAL DEVELOPMENT PLAN
OCRD	OFFICE OF THE CHIEF REGISTRAR OF DEEDS
OVG	OFFICE OF THE VALUER-GENERAL
PFMA	PUBLIC FINANCE MANAGEMENT ACT
SCM	SUPPLY CHAIN MANAGEMENT
VG	VALUER-GENERAL
DRDLR	DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM





***Foreword By The
Minister Of Agriculture,
Land Reform And
Rural Development***

The Office of the Valuer-General (OVG) continued to play an integral role in the finalisation of Land Reform transactions during the year under review. It is during this period that we saw a full financial year of the implementation of the Regulations issued in terms of the Property Valuation Act (PVA). The implementation of these Regulations brought greater clarity and certainty with regards to the OVG's valuation methods.

A Ministerial Advisory Panel (MAP) on the review of the PVA was set up during this year and work has commenced on this important task. Stakeholders and members of the general public will be invited to make submissions on the role, mandate and valuation methods of the OVG. It is envisaged that this work will be completed during the 2020/2021 financial year. Given the work that the MAP is seized with, we have resolved to marginally increase the capacity of the OVG pending the outcome of the review process. To this end we allowed the OVG to create an additional twenty-one positions which will bring the total number of positions to forty-five. Twelve of the twenty-one positions are technical professional valuations positions underscoring our commitment to creating a professional institution responsible for valuations within the Land Reform value chain. The increased capacity will contribute towards the entity progressively improving its performance particularly towards eradicating legacy valuations backlogs and improving its turn-around times.

During the year under review the OVG continued to subject itself to Parliamentary oversight as evidenced by its continued reporting to and appearances at the Portfolio Committee on Agriculture, Land Reform and Rural Development.

At an administrative level, the Office of the Valuer-General continued to receive support from the Office of the Chief Registrar of Deeds.

It gives me pleasure to table the annual report of the Office of the Valuer-General.

Mrs A.T. Didiza

Minister of Agriculture, Land Reform and Rural Development





Chief Executive Officer's Overview

1. Background

In 2014, the President of the Republic of South Africa signed into law the Property Valuation Act, Act No. 17 of 2014 ("PVA") and it came into effect on 1 August 2015, when the Valuer-General was appointed.

The Office of the Valuer-General's legislative mandate is derived from its establishment legislation, the PVA, which determines that the Office of the Valuer-General ("OVG") must be impartial, exercise its powers and perform its functions, and is accountable to the Minister of Rural Development and Land Reform, now Agriculture, Land Reform and Rural Development.

The Act states that the OVG must value all properties to be acquired for land reform purposes in accordance with a prescribed set of criteria based on section 12 (1) (a) of the PVA. In addition, the OVG may, at its discretion, in terms of section 12 (1) (b) of the PVA, when requested to do so by a national or provincial government department, determine the market value of property that is to be acquired or disposed of by such government department.

2. The OVG Roadmap

In 2016, the OVG formally undertook a number of initiatives to support its transformation, both in terms of better supporting land reform and also to become a favored business partner to its clients. Projects to deliver these initiatives began during the 2019/20 financial year, with execution having started in the third quarter of 2019. These projects are now well into delivery with completion expected during the 2020/2021 financial year.

To deliver the vision of organisational excellence, the OVG has undertaken to resource-up in all areas to ensure it is able to process the expected valuation volumes and deliver the operational support requirements for this core function of the OVG.

Internal processes and handoffs have been optimized and will be continuously improved by the newly formed Project Management Office (PMO) function within the entity. This includes the development and use of standardised reports, forms and templates, which will further improve the quality of and turn-around-time for each valuation undertaken.



Ongoing upskilling opportunities are also being identified for both internal resources and service providers to support this objective.

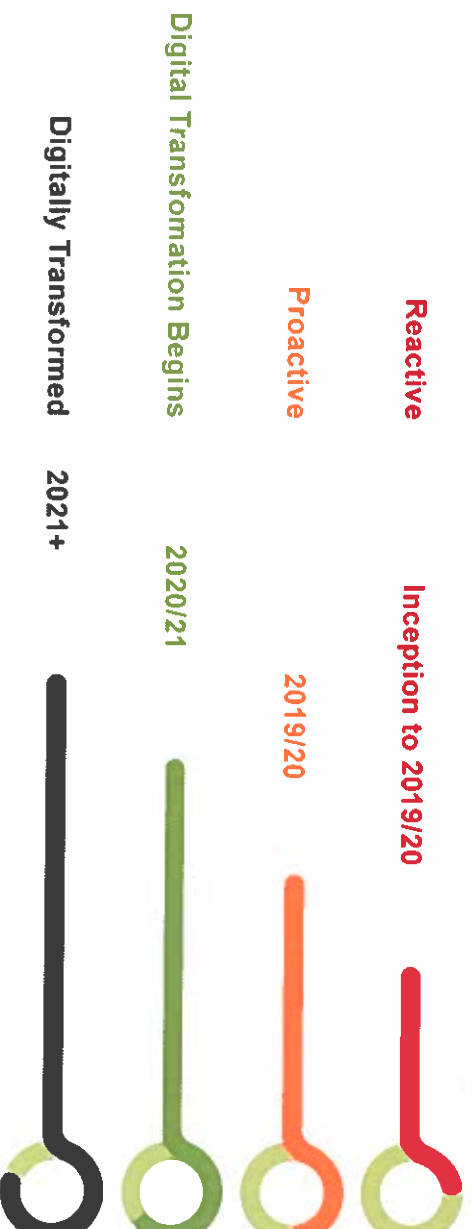
The OVG has identified that tracking the progress of each valuation undertaken is critical to ensuring commitments made in terms of time-to-deliver are met. The OVG has built robust tracking mechanisms into its processes to ensure visibility of the pipeline thus highlighting areas where attention, support or improvements are required. This function will be augmented by the introduction of an Enterprise Resource Planning (ERP) solution, which will be delivered during Q4 of 2020/21. The delivery of an ERP solution will digitally transform the OVG giving it further autonomy and control over its operations.

The ERP solution will not only cater for the management of the valuation pipeline by workflow with automated tracking dashboards, but also for all the functions required to enable a typical organisation in the market. Covered in this implementation are: Supply Chain Management; Financial Management and Reporting; Fixed Asset Management; Human Capital Management and Payroll; Customer Relationship Management (Valuation Management) and Project Management.



OVG Timeline

ANNUAL REPORT 2020



REACTIVE

- Little standardisation
- No upfront visibility of potential Valuation Projects, so proactive capacity management not possible
- Paper based with no automation and little traceability
- Valuations logistical processes not clearly defined or standardised
- Resource constraints
- Poor visibility of Valuation Project's progress through the pipeline
- Limited ability to identify blockages and address

PROACTIVE

- Standardisation introduced
- Paper based but with adequate control in place to ensure traceability
- Blockages are identifiable and are managed
- Transformation projects planned and initiated
- Standard templates introduced
- Focus on improving client centricity

DIGITAL TRANSFORMATION BEGINS

- Strong emphasis on standardisation
- Paper based but with improved control in place to ensure traceability
- Enhanced tracking and reporting to manage performance
- Blockages identified and managed to meet performance targets
- Standard processes documented, optimised and in operation
- Additional resources acquired
- Standard templates in use and continuously improved
- Enterprise Resource Planning (ERP) design and build undertaken
- Improved client centricity

PROACTIVE

- Full standardisation throughout
- Clients share upcoming Valuation Projects in advance so OVG can plan capacity
- Fully independent of 3rd party support
- Fully digitised using an Enterprise Resource Planning (ERP) solution with workflows
- Tracking, tracing and reporting using ERP
- Standard processes continuously optimised
- Geared to efficiently process high volumes
- Fully client centric

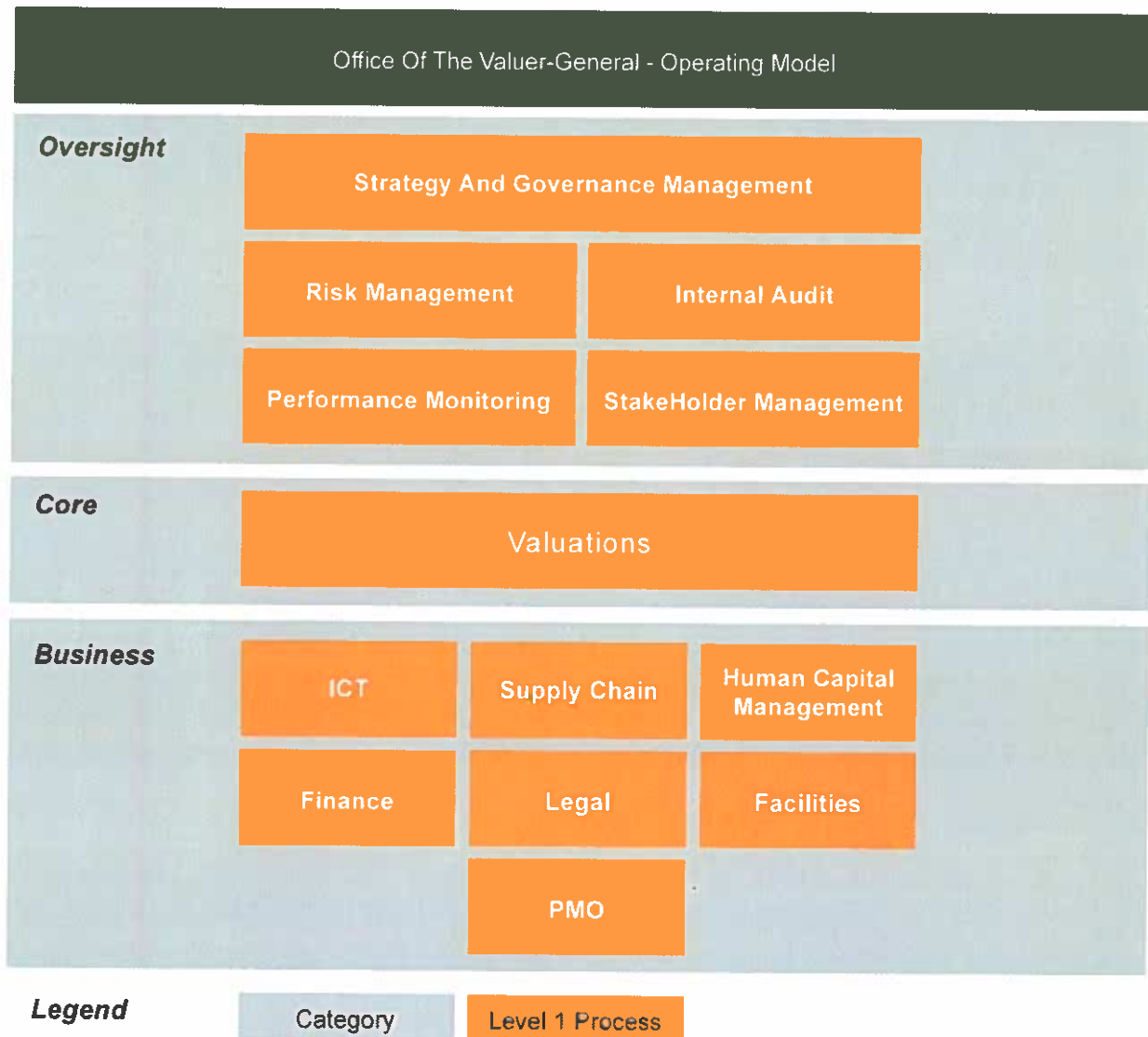


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3. OVG Main Clients

DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT			
Client	Restitution	Land Reform	
		Land Redistribution And Development Branch (LRD)	Land Tenure And Administrative Branch (LTA)
Purpose	Settle and finalise land restitution claims under the Restitution of Land Rights Acts, Act No. 22 of 1994	Initiate sustainable land reform programme in South Africa	Initiate sustainable land reform programme in South Africa
Relevant Strategic objectives	Facilitate the restoration of land rights or alternative forms of equitable redress by 2020	Promote equitable land redistribution and agricultural development by acquiring hectares of strategically located land by 2020	Functional systems and institutional arrangements for tenure and land administration to enable agrarian reform in all provinces by 2020
Relevant Performance Indicators	Number of land claims finalised	Number of hectares acquired	Number of hectares allocated to farm dwellers and/or labour tenants
	Number of land claims settled	Number of hectares allocated to smallholder farmers	
		Number of smallholder farmers beneficiary allocated land	

4. The OVG Business Operating Model



The **Oversight Function** refers to functions that are intended to strengthen governance thereby ensuring accountability by the OVG. These functions are supported by the inclusion of independent resources sourced outside of the OVG.

The **Core Function** represents the main business function that the OVG performs namely: Valuations. Essentially this function enables the OVG's capability to perform its primary service, determination of value on all properties identified for Land Reform purposes.

The **Business Functions** are those functions that enable the OVG to perform its core function namely: Human Capital Management, Finance, Supply Chain Management, Information and Communication Technology, Legal, Facilities Management and Project Management through the Project Management Office (PMO). It is intended that the PMO will assume the function of the Operations Administration team who from part of the Valuations Management function which includes a Quality Assurance Branch.



OVG Process Overview

Request Submission By Client

Request Receipt And Compliance Checking

Between 1 and 10 Days maximum

Allocation to OVG Valuer

Less than 1 day

Valuation Quality Assurance

On average 1 day per report

Authorised Valuer (Service Provider) Makes Amendments

5 days from receipt of request if required

OVG Valuer Makes Amendments

After 5 days if not received from supplier

Issue Provisional Certificate for Current Valuations (PVA Value)

Issue "Final" Certificate -

Historical for Restitution or Market Value for non Land Reform purposes

Land Owner Makes Representation

Anytime up to 30 Days from issue of provisional Certificate

OVG Valuer together with Service Provider Makes Amendments

5 days if representation received from owner is accepted by the OVG Valuer

Issue Final Certificate

30 Days after Provisional Certificate issued or directly after amendments have been made on Representation

10 Working Days

10 Working Days

20 Working Days

30 Working Days

30 Days (Calendar Days)

30 Days (Calendar Days)

Maximum 50 Working Days

Perform Request Submission

- Request are submitted to the OVG by email
- ovg@gov.org.za is the email contact for this purpose
- Request include the OVG Request for Service form, Valuation Report in the OVG template and all required documentation

Perform Quality Assurance and Issue Certificates

- Valuers received the Valuation project and perform the Valuation or Quality Assurance as required
- If amendments are needed, a request is sent to the Service Provider who has up to 5 days to complete and make amendments
- This entire activity must take no longer than 20 working days
- On completion, Final or Provisional Certificates are issued

Certificates Are Issued

- Final For Historical or Market Value
- Provisional For Current Value (PVA)

Wait For Representations and Issue Final Certificates

- In terms of the Regulations issued in terms of the PVA, the OVG is required to wait 30 calendar days for any representations from the Landowner in response to the Provisional Certificate
- If received the Valuer request amendments from the Service Provider
- If amendments are not received within 5 days, the Valuer makes the required amendments with the Approval of the Valuer General and issues a final certificate
- If no representations are received the Valuer issues Final Certificates on the 31st day from issue of the provisional certificate

Perform Request Submission

- The OVG Operations team checks submitted request for compliance
- Non compliant request are returned
- Compliant requests are processed and **Allocated to a Valuer**
- The clients is informed that the request is being processed
- 10 days are provided for this activity to handle volumes

OFFICE OF THE

VALUER-GENERAL

5. Overview Of The Current Valuation Process

The performance of the Office of the Valuer-General (OVG) during the year under review (2020) was guided by a formally tabled strategic plan and adopted annual performance plan (APP) and as such the OVG's performance was audited against this APP. We are pleased to table an annual report that includes the Auditor General's report on all three audit areas of Finance, Performance and Legal compliance. This year we are pleased to present an improved audit outcome as the OVG has received an unqualified audit opinion with no findings ("clean audit") from the AGSA.

In order to discharge its mandate, the OVG was allocated R 142 127 000 through the Estimates of National Expenditure (ENE) and spent R 41 099 000 of this amount. This represents 29% of the allocation which is an expenditure increase of 17% compared to the 2018/19 financial year. This increase is attributed to the increased activity of the OVG given the 15% growth in staff numbers resulting in increased activity attracting additional operational costs. During the year under review, the OVG received Ministerial concurrence to create and fill an additional twenty-one positions. The full complement of the envisaged OVG organogram will be revisited upon completion of the work of the Ministerial Advisory Panel on the role, mandate and methods of the OVG.

The relationship that has existed between the OVG and the Office of the Chief Registrar of Deeds (OCRD) continued during this year. In line with our Memorandum of Agreement (MoA) the OCRD continued to manage all downstream business functions as an agent of the OVG. These functions included Finance, Human Resource Management and Supply Chain Management, amongst others. Despite the considerable pressure that this relationship placed on the OCRD staff and management, the two entities have managed to maintain healthy professional relations throughout the year.

Despite the challenges alluded to in our performance report, the property valuations profession in South Africa continued to be an important partner to the OVG. We relied immensely on the skills that exist within this profession and conducted the majority of our valuations using property valuers in private practice. Using the Supply Chain Management system of the country we placed valuers/valuation firms on a panel from which we continue to select valuers/valuation firms to conduct our valuations. As authorised valuers in terms of the PVA, these valuers are subjected to quality assurance processes of the OVG performed by valuers who are full time OVG employees. This has proven to be a reliable control as these roles are sufficiently segregated.

During the 2019/2020 financial year the OVG deepened the implementation of the regulations issued in terms of the Property Valuation Act. This was the first full financial year in which the regulations were implemented. One of the significant provisions of the regulations is the requirement that land owners be allowed a mandatory 30 day period in which to submit their representations on the provisional valuation certificate and report issued by the Valuer-General. This necessary requirement has added additional time to the turn-around of the OVG. Despite this addition and as a result of the steady increase in OVG capacity, we were able to complete a total of 1265 valuations which is an increase of 98 valuations compared to the 2018/2019 financial year where such a requirement was not mandatory for the majority of the financial year.



In order to continue to strengthen compliance as well as good corporate governance, we continued to run risk management and internal audit functions of the Office of the Valuer-General. Given the capacity constraints already alluded to, the OVG outsourced these functions to a reputable private company. The work that was done by this company on our behalf guided management actions and also fed into the work of our Audit and Risk Committee as well as the work of the Auditor General SA.

The OVG has come a long way on its journey of self-determination since inception. This has seen much activity take place to establish the organisation whilst continuing to deliver the services required of it by its clients. Learnings taken from these years are now being applied to an adaptive strategy that places the OVG on an excellent trajectory to becoming the organisation it was intended to be, as outlined in its Strategic Plan 2020-2025. Work continues to ensure that the OVG not only satisfies the requirement of a well-run public entity, but also one that achieves its set targets in line with its annual performance plan.

Ms M. Maloka 
Acting Valuer-General/ Chief Executive Officer



Statement Of Responsibility And Confirmation Of Accuracy For The Annual Report

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor- General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (**PART E**) have been prepared in accordance with the Standards of Generally Accepted Accounting Practices (**GRAP**) standards applicable to the public entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resource information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the human resources information, performance information and the financial affairs of the entity for the financial year ended 31 March 2020.

Ms M. Maloka



Acting Valuer-General / Accounting Authority



Strategic Overview

Vision

To be recognised in the market as the centre of excellence and innovation in respect of property valuations, and the professional authority on all land reform-related valuations in particular, thereby enhancing the credibility and efficiency of land reform in South Africa.

Mission

- Support land reform by providing impartial, efficient, just and equitable valuation services for all land-reform related matters in the country.
- Promote accurate professional valuations by informing, communicating and monitoring adherence to the criteria and guidelines applicable to land reform valuations; and
- Enhance efficiency and accuracy of valuations through the development of innovative tools and processes, including a database of property value data accessible to the valuation profession as a whole.
- Provide impartial, efficient, equitable and accurate general valuation services to / on behalf of government departments.

Values

- | | |
|------------------|-----------------|
| • Integrity | • Transparency |
| • Objectivity | • Impartiality |
| • Accountability | • Accessibility |
| • Efficiency | • Inclusivity |

Legislative And Other Mandates

The Office of the Valuer-General is an entity established in terms of the Property Valuation Act, 2014 (Act 17 of 2014). It is a schedule 3A public entity in terms of the Public Finance Management Act, 1999 (Act 1 of 1999, as amended by Act 29 of 1999).

Constitutional mandates

The constitutional mandate of the Office of the Valuer-General is derived from section 25 of the Constitution of the Republic of South Africa, 1996 (the property clause), which provides for (a) the protection of property; (b) expropriation for a public purpose or in the public interest, subject to the payment of compensation; (c) the nation's commitment to land reform and the provision of equitable access to South Africa's natural resources, with specific reference also to the three land reform programmes (redistribution, tenure reform and restitution); and (d) the taking by the state of legislative and other measures to achieve land and other natural resources reform.



Legislative And Other Mandates

Legislative mandates

The Office of the Valuer-General discharges its legislative mandate by implementing its foundational act, the Property Valuation Act, 2014 (Act 17 of 2014), which determines that the Office of the Valuer-General must be impartial, exercise its powers and perform its functions, and is accountable to the Minister of Rural Development and Land Reform. The Act states that the Office of the Valuer-General must value all land to be acquired for land reform purposes in accordance with a prescribed set of criteria based on section 25(3) of the Constitution. In addition, the Office of the Valuer-General may, in its discretion, when requested to do so by a national or provincial government department, determine the market value of property to be acquired or disposed of by such government department. The Valuer-General may make recommendations to the Minister of Rural Development and Land Reform relating to criteria, procedures and guidelines, and compliance monitoring. Such recommendations, and any other matters the Office of the Valuer-General is required or permitted to determine in terms of the Act, may be published as regulations by the Minister of Rural Development and Land Reform.

The Valuer-General, valuers appointed as staff members of the Office of the Valuer-General and external valuers contracted to perform valuations in accordance with the Property Valuation Act, 2014 (Act 17 of 2014) must comply with the following Acts to the extent that they provide for matters pertaining to valuation and valuers:

- Expropriation Act, 1975 (Act 63 of 1975);
- Property Valuers Profession Act, 2000 (Act 47 of 2000) (administered by the Department of Public Works);
- Council for the Built Environment Act, 2000 (Act 43 of 2000) (administered by the Department of Public Works); and
- Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004) (administered by the Department of Cooperative Governance)
- Constitution of South Africa, (Act 108 of 1996)

The Office of the Valuer-General must also comply with the provisions relating to land reform and the acquisition, management and disposal of land by national and provincial government departments, as contained in the following Acts:

- Abolition of Certain Title Conditions Act, 1999 (Act 43 of 1999);
- Communal Property Associations Act, 1996 (Act 28 of 1996);
- Conversion of Certain Rights into Leasehold Act, 1988 (Act 81 of 1988);
- Deeds Registries Act, 1937 (Act 47 of 1937);
- Distribution and Transfer of Certain State Land Act, 1993 (Act 119 of 1993);
- Extension of Security of Tenure Act, 1997 (Act 62 of 1997);
- Geomatics Profession Act, 2013 (Act 19 of 2013);
- Government Immovable Asset Management Act, 2007 (Act 19 of 2007);
- Interim Protection of Informal Land Rights Act, 1996 (Act 31 of 1996);
- Kimberley Leasehold Conversion to Freehold Act, 1961 (Act 40 of 1961);
- KwaZulu-Natal Ingonyama Trust Act, 1994 (Act 3 of 1994);
- Land Reform (Labour Tenants) Act, 1996 (Act 3 of 1996);
- Land Administration Act, 1995 (Act 2 of 1995);



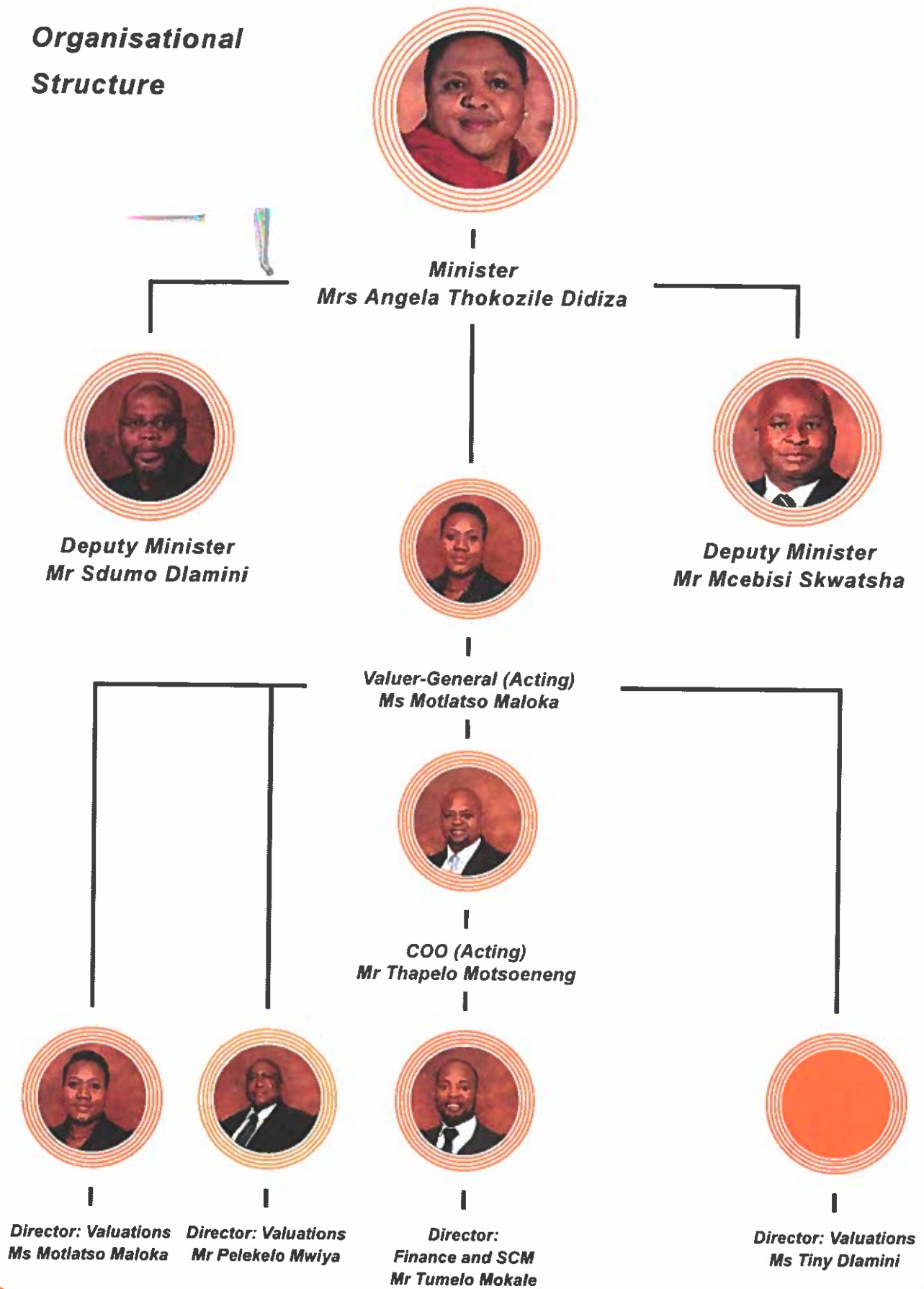
- Land Survey Act, 1997 (Act 8 of 1997);
- Land Reform: Provision of Land and Assistance Act, 1993 (Act 126 of 1993);
- Land Titles Adjustment Act, 1993 (Act 111 of 1993);
- Planning Profession Act, 2002 (Act 36 of 2002);
- Provincial State Land Acquisition, Management and Disposal legislation;
- Restitution of Land Rights Act, 1994 (Act 22 of 1994);
- Sectional Titles Act, 1986 (Act 95 of 1986);
- Spatial Data Infrastructure Act, 2003 (Act 54 of 2003);
- Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013);
- State Land Disposal Act, 1961 (Act 48 of 1961);
- Town and Regional Planners Act, 1984 (Act 19 of 1984);
- Transformation of Certain Rural Areas Act, 1998 (Act 94 of 1998); and
- Upgrading of Land Tenure Rights Act, 1991 (Act 112 of 1991).

The Office of the Valuer-General must also comply with all relevant provisions of key transversal national Acts such as the -

- Public Finance Management Act, 1999 (Act 1 of 1999); and
- Public Service Act, 1994 (Proclamation 103 published in Government Gazette 15791 of 3 June 1994.)



Organisational Structure



PART

B

Performance Information



1. Situational Analysis

Performance Environment

Political Environment	Technological Environment
<ul style="list-style-type: none"> Land reform is a politically charged and sensitive issue in South Africa, particularly given the slow pace and costs incurred by government to-date. Land ownership patterns continue to be racially skewed, and a greater sense of urgency is building around the issue of land reform. On the 27th of February 2018 a motion was adopted by the National Assembly to consider amending the Constitution with respect to expropriation of land without compensation. Land ownership is a particularly emotive issue and there is a need to delicately balance the interests of the public at large and those of the country's economic stability. Increased scrutiny of valuation processes and outcomes can be expected given this context, and it becomes critical to ensure valuation outcomes are beyond reproach and professionally defensible, particularly where there may be a higher litigation risk. Legislation already provides certain key interpretations and definitions (for example the definition of "value" in the context of the PVA) that need to be factored into all valuations, some of which may be poorly understood by the general public. The South African Council for the Property Valuers Profession (SACPVP) will continue to regulate the profession as a whole, but close co-operation with the OVG will be necessary. 	<ul style="list-style-type: none"> There is currently a lack of a centralized nationwide comprehensive, reliable and collated hub of property data, and the OVG will be expected to address this need. Technology will need to support, for example, data management systems relevant to property valuations such as data mining functionality according to sales prices, land use per district. Within Land Reform in particular, there may be an inadequate usage of available technology and innovation in arriving at the most accurate property values. For example, the more effective use of GIS systems, property data hubs and analytical tools need to be explored. Professional valuers involved in Land Reform may not have the specialist skills (technical, technological skills and experience) needed to prepare the required reports in line with international best practice. Availability of appropriate technology platform for data administration, storage, back up, disaster recovery for future use needs to be considered as this will be critical to creating an enabling and supportive business environment for the OVG. The availability, relevance, adaptability and cost of a valuations system / software will be a factor in the establishment of the OVG.

1. Situational Analysis

Performance Environment

Economic Environment	Transformational, Governance And Legislative Environment
<ul style="list-style-type: none"> • OVG will necessarily be reliant on appropriations from NRF for funding of operations (administration) and the execution of its mandatory valuations (this is a direct consequence of the PVA provisions). • Slower SA economic growth has resulted in pressure on the fiscus, which is the source of the funds to be appropriated to the OVG. Therefore, the OVG will be sensitive to the levels of funding available from government, ultimately impacting on the extent to which the OVG mandates achievable. • The property market is volatile and this may increase the risk that the OVG will be called upon to defend the valuations in the context of fluctuating and unpredictable economic circumstances. 	<ul style="list-style-type: none"> • As an entity established and funded by government, the OVG will be subject to the provisions of the Public Finance Management Act (PFMA). The PFMA legal framework can be considered complex, with a high compliance requirement. There will also be a high degree of public scrutiny of audit outcomes. • Legal interpretation of the PVA may result in different views / opinions with respect to the specific role and mandate of the OVG, potentially leading to exposure to court challenges. • Although the OVG is only in its start-up phase, recruitment practices need to take into account transformation imperatives of the country while balancing these with the need to bring the best experience into the organisation to ensure success. Historically, the demographics of the profession have been skewed.
Social Environment	Environmental Factors
<ul style="list-style-type: none"> • In line with the political issues already mentioned above, the issue of land ownership is a social problem in that it affects citizens' perceived social status and rights. Although the OVG is not the main driver of land reform (this is the domain of the Department of Rural Development and Land Reform), it is worthwhile considering the social context in which the OVG will need to operate and how this might impact the strategy. 	<ul style="list-style-type: none"> • Marginal land, where it forms part of Land Reform, may come under increased pressure. Valuation of agricultural land will need to take into account the complexities of accelerating climate change and water scarcity.



1. Situational Analysis

Performance Environment

Social Environment	Environmental Factors
<p>Land reform typically targets rural land and, if well-executed, has the potential to create many new jobs and improve the lives of communities previously excluded from land ownership. However, agricultural land reform, if executed poorly, can create new social problems such as food scarcity and increased food prices. Farming enterprises may undergo economic pressures, with a resulting knock-on social effect of job losses in the country.</p> <ul style="list-style-type: none"> The OVG's role in this context will need to constantly be carefully managed and considered in order to protect the organisation and demonstrate a positive impact on society as a whole. 	

Organisational Environment

This section discusses Organisational Environment. The following is discussed:

- A: The SWOT Analysis
- B: The Proposed Organisational Structure

A: The SWOT Analysis

Strengths	Weakness
<ul style="list-style-type: none"> Importance of mandate is indisputable and will provide great momentum. 	<ul style="list-style-type: none"> Valuation Staff Capacity to meet demand
<ul style="list-style-type: none"> Existing market: <ul style="list-style-type: none"> Mandatory valuations provide a guaranteed revenue stream 	<ul style="list-style-type: none"> Financial <ul style="list-style-type: none"> HR and support functions capacity needs to be developed
<ul style="list-style-type: none"> Financial stability guaranteed by the State: <ul style="list-style-type: none"> Established initial funding source; Budget allocation / appropriation from NRF. 	<ul style="list-style-type: none"> No approved organisational structure as yet
	<ul style="list-style-type: none"> Development of new operational policies and procedures to be finalised and implemented with urgency



1. Situational Analysis

Organisational Environment

Strengths	Weakness
<ul style="list-style-type: none"> Existing relationships & access to information: <ul style="list-style-type: none"> - DRDLR would facilitate co-operation with Surveyor General Office and Deeds Office. Professional nature of services will support autonomy / impartiality: <ul style="list-style-type: none"> - Operational Efficiency; - No Government Influence in professional valuation outcomes; - Accountability 	<ul style="list-style-type: none"> New systems to be implemented, ensure adequate internal control in the meantime. Governance structures need to be appointed / determined (remuneration committee, etc.).
Opportunities	Threats
<ul style="list-style-type: none"> Potential to grow market <ul style="list-style-type: none"> - Discretionary valuations, e.g. market OVG services to rest of the state (currently limited to departments by the PVA) Opportunity to inform national and international policy & standards for valuations Newly developed policies and organisational structure can be tailored to best fit the new institution without the baggage of legacy systems and processes. Opportunity to profile the OVG as an enabler of equitable land reform – currently an unknown entity with a “clean slate”. 	<ul style="list-style-type: none"> New institution: <ul style="list-style-type: none"> - Unknown, needs to build reputation and standing with customers, suppliers, parliament and general public Policy and Standards: <ul style="list-style-type: none"> - Will require cooperation from Government and SACVP National Database: <ul style="list-style-type: none"> - Co-operation with Surveyor General Office and Deeds Office to obtain and provide access to data Capacity constraints could hamper progress and achievement of objectives Reliance on government funding could impact perceptions about the OVG's impartiality. Land Reform process could be severely compromised if valuation bottleneck arises, which would damage the reputation of the OVG



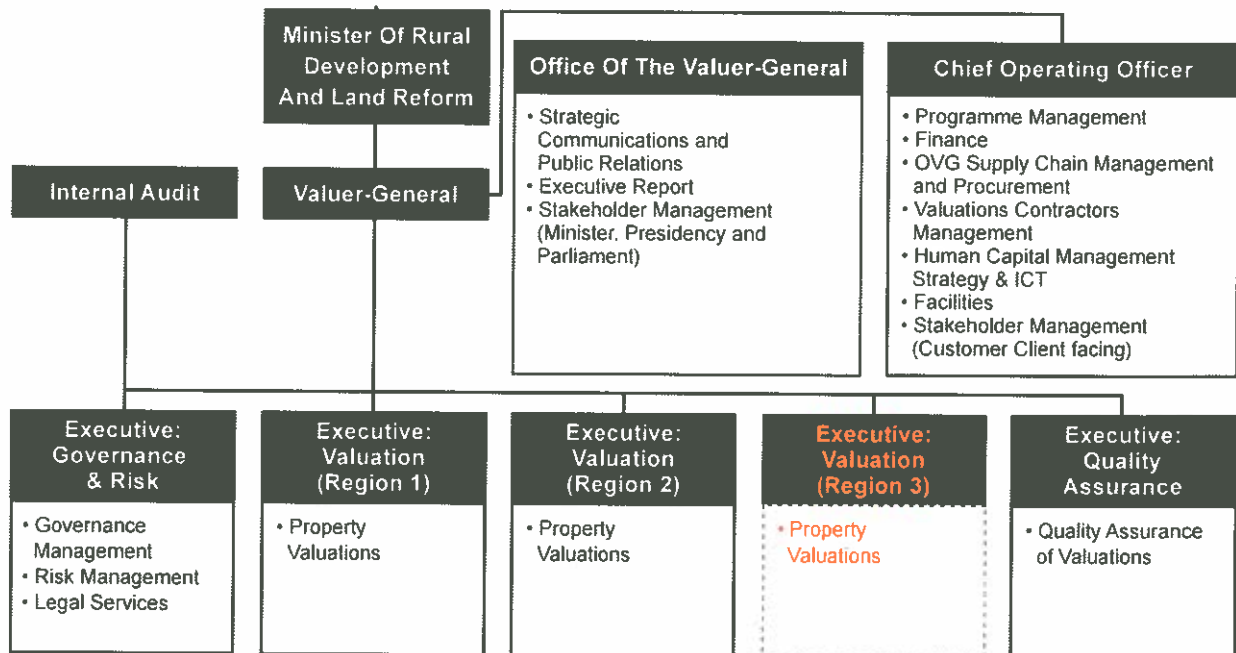
1. Situational Analysis

Organisational Environment

Strengths	Weakness
	<ul style="list-style-type: none"> Financial PVA is not clear on aspects of the business model to be developed and requires legal interpretation. In particular, revenue in respect of mandatory s12(a) valuations can only be recovered through appropriations from the NRF, which appears to contradict the vision for a self-sustainable and autonomous entity.

B: The Proposed Organisational Structure

Proposed Macro Structure



2. Performance Information

GOAL 1: Support Land Reform

Purpose: Just and equitable values determined for properties earmarked for land reform

Programme/activity/objective:							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation From Planned Target To Actual Achievement For 2019/2020	Comment On Deviations
Strategic objective: Execute all valuations for land reform							
% completion of Valuations submitted by Restitution within the specified times	N/A	N/A	N/A	100%	50% (553 of 1107)	50%	<p>During the year under review, the OVG operated on a start-up organizational structure that was designed to get the OVG to commence operations. The process of finalizing a more realistic structure took longer than expected to finalize and this lack of sufficient capacity, in both core valuations and business functions, led to the non-achievement of this target.</p> <p>This lack of capacity implied reliance on private sector valuers appointed using the supply chain management prescripts. Private sector valuers have proven to be a bottleneck in the OVG operations as unacceptably lengthy periods of time are taken to conclude valuations. This bottleneck contributed significantly to the lack of achievement of this target.</p> <p>The 2019/2020 financial year was the first full financial year in which the OVG implemented the PVA Regulations, which amongst others, introduced a new requirement in which landowners are given 30 days in which to consider the provisional valuations of the OVG and submit representations if they so elect. Such representations are then duly considered by the OVG prior to issuing final valuation reports and certificates.</p> <p>This is a necessary provision that brings an important element of fairness in the processes of the OVG. It however does add additional time to the completion of the work of the OVG which contributed to the non-achievement of this indicator.</p> <p>Towards the end of the period under review, the OVG received ministerial</p>



2. Performance Information

GOAL 1: Support Land Reform

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Programme/activity/objective:							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation From Planned Target: Actual Achievement For 2019/2020	Comment On Deviations
Strategic objective: Execute all valuations for land reform							
% completion of Valuations submitted by LTA and LRD within the specified times	N/A	N/A	N/A	100%	87%(187 of 214)	13%	<p>The OVG has further begun to implement a programme management office (PMO), which is responsible for improved case management of all valuations instructions received from clients. The PMO is also responsible for mapping of valuations processes which has begun to unblock the blockages that exist within the OVG system itself.</p> <p>During the year under review, the OVG operated on a start-up organizational structure that was designed to get the OVG to commence operations. The process of finalizing a more realistic structure took longer than expected to finalize and this lack of sufficient capacity, in both core valuations and business functions, led to the non-achievement of this target.</p> <p>This lack of capacity implied reliance on private sector valuers appointed using the supply chain management prescripts. Private sector valuers have proven to be a bottleneck in the OVG operations as unacceptably lengthy periods of time are taken to conclude valuations. This bottleneck contributed significantly to the lack of achievement of this target.</p> <p>The 2019/2020 financial year was the first full financial year in which the OVG</p>



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Programme/activity/objective:						
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation From Planned Target To Actual Achievement For 2019/2020
Strategic objective: Execute all valuations for land reform						
						<p>implemented the PVA Regulations, which amongst others, introduced a new requirement in which landowners are given 30 days in which to consider the provisional valuations of the OVG and submit representations if they so elect. Such representations are then duly considered by the OVG prior to issuing final valuation reports and certificates.</p> <p>This is a necessary provision that brings an important element of fairness in the processes of the OVG. It however does add additional time to the completion of the work of the OVG which contributed to the non-achievement of this indicator.</p> <p>Towards the end of the period under review, the OVG received ministerial concurrence to create and fill an additional 21 positions (of which 12 are valuations positions) which will alleviate the capacity challenges in valuations. 11 of the 21 positions have already been shortlisted and interviews will follow shortly. The OVG now has a total of 25 valuations positions as opposed to 13 positions in the recent past.</p> <p>The OVG has further begun to implement a programme management office (PMO), which is responsible for improved case management of all valuations instructions received from clients. The PMO is also responsible for mapping of valuations processes which has begun to unblock the blockages that exist within the OVG system itself.</p>



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GOAL 1: Support Land Reform

Purpose: Just and equitable values determined for properties earmarked for land reform

Programme/activity/objective:							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation From Planned Target To Actual Achievement For 2019/2020	Comment On Deviations
Strategic objective: Execute all valuations for land reform							
Number of completed backlog valuations	N/A	N/A	N/A	995	525	470	<p>During the year under review, the OVG operated on a start-up organizational structure that was designed to get the OVG to commence operations. The process of finalizing a more realistic structure took longer than expected to finalize and this lack of sufficient capacity, in both core valuations and business functions, led to the non-achievement of this target.</p> <p>This lack of capacity implied reliance on private sector valuers appointed using the supply chain management prescripts. Private sector valuers have proven to be a bottleneck in the OVG operations as unacceptably lengthy periods of time are taken to conclude valuations. This bottleneck contributed significantly to the lack of achievement of this target.</p> <p>The 2019/2020 financial year was the first full financial year in which the OVG implemented the PVA Regulations, which amongst others, introduced a new requirement in which landowners are given 30 days in which to consider the provisional valuations of the OVG and submit representations if they so elect. Such representations are then duly considered by the OVG prior to issuing final valuation reports and certificates.</p> <p>This is a necessary provision that brings an important element of fairness in the processes of the OVG. It however does add additional time to the completion of the work of the OVG which contributed to the non-achievement of this indicator.</p> <p>Towards the end of the period under review, the OVG received ministerial</p>



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GOAL 1: Support Land Reform

Purpose: Just and equitable values determined for properties earmarked for land reform

Programme/activity/objective:							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation From Planned Target To Actual Achievement For 2019/2020	Comment On Deviations
Strategic objective: Execute all valuations for land reform							
Average number of days taken to issue a valuation certificate for valid valuation reports (LRD and LTA)	N/A	N/A	N/A	50	167	-117	<p>The OVG has further begun to implement a programme management office (PMO), which is responsible for improved case management of all valuations instructions received from clients. The PMO is also responsible for mapping of valuations processes which has begun to unblock the blockages that exist within the OVG system itself.</p> <p>During the year under review, the OVG operated on a start-up organizational structure that was designed to get the OVG to commence operations. The process of finalizing a more realistic structure took longer than expected to finalize and this lack of sufficient capacity, in both core valuations and business functions, led to the non-achievement of this target.</p> <p>This lack of capacity implied reliance on private sector valuers appointed using the supply chain management prescripts. Private sector valuers have proven to be a bottleneck in the OVG operations as unacceptably lengthy periods of time are taken to conclude valuations. This bottleneck contributed significantly to the lack of achievement of this target.</p> <p>The 2019/2020 financial year was the first full financial year in which the OVG</p>



2. Performance Information

GOAL 1: Support Land Reform

Purpose: Just and equitable values determined for properties earmarked for land reform

Programme/activity/objective:						
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation From Planned Target To Actual Achievement For 2019/2020
Strategic objective: Execute all valuations for land reform						
						<p>Comment On Deviations</p> <p>implemented the PVA Regulations, which amongst others, introduced a new requirement in which landowners are given 30 days in which to consider the provisional valuations of the OVG and submit representations if they so elect. Such representations are then duly considered by the OVG prior to issuing final valuation reports and certificates.</p> <p>This is a necessary provision that brings an important element of fairness in the processes of the OVG. It however does add additional time to the completion of the work of the OVG which contributed to the non-achievement of this indicator.</p> <p>Towards the end of the period under review, the OVG received ministerial concurrence to create and fill an additional 21 positions (of which 12 are valuations positions) which will alleviate the capacity challenges in valuations. 11 of the 21 positions have already been shortlisted and interviews will follow shortly. The OVG now has a total of 25 valuations positions as opposed to 13 positions in the recent past.</p> <p>The OVG has further begun to implement a programme management office (PMO), which is responsible for improved case management of all valuations instructions received from clients. The PMO is also responsible for mapping of valuations processes which has begun to unblock the blockages that exist within the OVG system itself.</p>



2. Performance Information

GOAL 2: Develop Criteria, Procedures And Guidelines

Purpose: Standardised valuation practices for land reform valuations

Programme/activity/objective:							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation From Planned Target To Actual Achievement For 2019/2020	Comment On Deviations
Strategic objective: Criteria, procedures and guidelines determined in accordance with plan							
Implementation of the approved valuation criteria, procedures and guidelines	N/A	N/A	N/A	100% implementation of the approved valuation criteria, procedures and guidelines	100% implementation of the approved valuation criteria, procedures and guidelines	N/A	N/A

GOAL 3: Organisational Sustainability

Purpose: An autonomous, efficient service delivery organisation

Programme/activity/objective:							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation From Planned Target To Actual Achievement For 2019/2020	Comment On Deviations
Strategic objective: Grow the business from non-land-reform valuations							
Number of Potential target clients surveyed	N/A	N/A	N/A	11	19	8	The OVG issued more survey questionnaires than the target number to make up for potential non-responses. We



2. Performance Information

GOAL 3: Organisational Sustainability

Purpose: An autonomous, efficient service delivery organisation

Programme/activity/objective:							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation From Planned Target To Actual Achievement For 2019/2020	Comment On Deviations
Strategic objective: Grow the business from non-land-reform valuations							
							received back more questionnaires than anticipated hence the target being exceeded.
Revenue from other non-land reform valuations as a percentage of annual fixed operating costs	N/A	N/A	N/A	0.25%	0	-0.25%	As a result of the capacity constraints referred to above, the OVG focused in the main on land reform valuations and not as much on non-land reform valuations.
Strategic objective: Produce high quality valuations							
Establish an independent quality review and assurance mechanism within the OVG	N/A	N/A	N/A	12 committee meetings	12 Committee meetings		



2. Performance Information

GOAL 3: Organisational Sustainability

Purpose: An autonomous, efficient service delivery organisation

Programme/activity/objective:							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation From Planned Target To Actual Achievement For 2019/2020	Comment On Deviations
Strategic objective: Produce high quality valuations							
Percentage of valuations reviewed by the quality review committee	N/A	N/A	N/A	5%	6.7%	1.7%	A larger sample was selected as a contingency to ensure that the OVG does not fall short of the annual target. The OVG will continue to select a slightly larger sample as a contingency measure.
Strategic objective: Establish operational and governance processes							
Development of property data management tool	N/A	N/A	N/A	Implement a property data management tool in accordance with project plan approved by the Valuer General – 50% implementation	Implement a property data management tool in accordance with project plan approved by the Valuer General – 50% implementation		



2. Performance Information

GOAL 3: Organisational Sustainability

Purpose: An autonomous, efficient service delivery organisation

Programme/activity/objective:							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation From Planned Target: To Actual Achievement For 2019/2020	Comment On Deviations
Strategic objective: Achieve Operational sustainability							
*Filling of professional vacancies and retention thereof in terms of the approved structure	N/A	N/A	N/A	80%	83%	3%	The OVG intensified recruitment against the start-up structure and did not experience too high a turn-over in staff hence the over achievement in this target. *This indicator is based on the number of positions in the start-up organogram and not the end state organogram of the OVG.
Number of people attending the designated land reform valuation training courses	N/A	N/A	N/A	12	40	28	More valuers attended than anticipated. This is due to increasing interest in the course. The OVG will continue to refine its targeting based on market responses towards the course.



3. Plans Put In Place To Overcome Under Performance

Towards the end of the period under review, the OVG received ministerial concurrence to create and fill an additional 21 positions (of which 12 are valuations positions) which will alleviate the capacity challenges in valuations. 11 of the 21 positions have already been shortlisted and interviews will follow shortly. The OVG now has a total of 25 valuations positions as opposed to 13 positions in the recent past.

The OVG has further begun to implement a programme management office (PMO), which is responsible for improved case management of all valuations instructions received from clients. The PMO is also responsible for mapping of valuations processes which has begun to unblock the blockages that exist within the OVG system itself.

4. Changes To The APP

During the year under review, the OVG made changes to the Annual Performance Plan. This was to ensure that internal and external audit findings identified at interim audit are addressed. These changes resulted in an additional indicator under goal 1. These changes were reviewed by the internal audit function, the monitoring and evaluation team of the DRDLR and the Auditor-General before final approval by the Minister.

5. Revenue Collection

In the 2019/20 financial year the OVG did not collect revenue as part of the normal business activities of the OVG. Revenue disclosed by the OVG was due to recoveries from staff members, interest received and grants received.

6. Capital Investment

The OVG has in the past procured fixed assets and office equipment. These items have been disclosed in the Audited financial Statements as property, plant and equipment.



PART

C

Governance



Introduction

During the year under review, the OVG subjected itself to the oversight of the Executive Authority and also appeared before Parliament's Portfolio Committee on Agriculture, Land Reform and Rural Development on a number of occasions. The OVG consistently reported to the Minister during this period.

1. Risk Management

During the year under review the OVG was still supported by the Office of the Chief Registrar of Deeds (OCD) in so far as the corporate functions of Finance, Supply Chain management and Human resources are concerned. The OVG concluded a new Memorandum of Agreement (MoA) with the Office of the Chief Registrar of Deeds (OCD) for the 2019/20 financial year.

As part of this MoA the OVG continued to comply with all policies of the OCD and aligned to all the required internal control system requirements of the OCD. Therefore the Risk management, code of conduct, fraud and corruption policy forms of the OCD was part of the policies that the OVG had to align to as the OVG did not have its own policies during the 2019/20 financial year.

The OVG appointed an Audit and Risk Committee (ARC) on the 1st of March 2019 and its role is to advise the OVG on the following:

- the effectiveness of the internal control systems;
- the effectiveness of internal audit;
- the risk areas of the entity's operations to be covered in the scope of internal and external audits;
- the adequacy, reliability and accuracy of financial information provided to management and other users of such information;
- any accounting and auditing concerns identified as a result of internal and external audits;
- the entity's compliance with legal and regulatory provisions; and
- the activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations; and
- where relevant, the independence and objectivity of the external auditors.
- ICT and related governance.

2. Internal Control Unit

The OVG was supported by the OCD in the execution of its business functions (i.e. Finance, Supply Chain management and Human Resource) and therefore was reliant on the internal control unit of the OCD. The OVG had not established its own internal control unit for the 2019/20 financial year.



3. Internal Audit And Audit Committee

Audit Committee

The OVG appointed members to the Audit and Risk Committee (ARC) on 01 March 2019 in accordance with section 51(1)(a)(ii) of the PFMA and Treasury Regulation 27.1. The Committee has adopted an appropriate formal terms of reference as its Charter, which regulates its affairs and all its responsibilities as contained therein.

The purpose of the ARC is to provide a structured, systematic oversight of the OVG's governance, risk management and internal control practices. The committee assists the Valuer-General in providing advice and guidance on the adequacy of the OVG's initiatives relating to the:

- Values and ethics
- Governance
- Risk management
- Internal Control Framework
- Oversight of the Internal audit Activity, External Audit and Other Service Providers
- Financial Statements and Performance Reporting

The Committee commenced executing its duties in accordance with its terms of reference as of 01 March 2019 and convened 5 meetings between 01 April 2019 to 31 March 2020. The composition of the committee and the number of meeting attended for the 2019/20 financial year was as follows:

Name	Qualifications	Internal Or External	Date Appointed	Number Of Meetings Attended
Mr Phathutshedzo Lukhwareni (Chairperson)	BCOM HONS, Certified Fraud Examiner, Certified Government Auditor	Independent Member (External)	1 March 2019	4/5
Ms Dianne De Wet	Masters - Business Administration (MBA); National Diploma: Property Valuations	Independent Member (External)	1 March 2019	5/5
Ms Phuthanang Motsielwa	Bachelor of Accountancy, CA(SA)	Independent Member (External)	1 March 2019	5/5
Dr Charles Motau	Doctrate. Computer Science; Masters - Information Technology, Masters In Business Leadership, Bachelor of Commerce, Higher Diploma in computer Auditing, Certificate in Digital Transformation Strategy	Independent Member (External)	1 March 2019	4/5



3. Internal Audit And Audit Committee

In the 2020/21 year the Audit Committee will focus on:

- Ensuring that the ARC performs its roles and responsibilities in accordance with its terms of reference;
- Ensuring that the Internal Audit function performs, in accordance with its terms of reference;
- Ensuring all the necessary governance structures have been set up and established within the OVG;
- Evaluating the reviews performed by Internal Audit;
- Management of the improvement plan relating to the performance reporting process; and
- Assessing the progress of the OVG filling its organisational structure
- Oversight of the implementation of the Enterprise Resource Planning (ERP) system
- Oversight of the transition from the Office of the Chief Registrar of Deeds to OVG own business functions

Internal Audit

The Internal Audit Function (IAF) was established on 01 March 2019 and has been outsourced to an independent service provider, who operate in terms of an approved Terms of Reference and associated service level agreement. The outsourced Internal Audit function reports to the ARC functionally and to the Chief Operating Officer administratively.

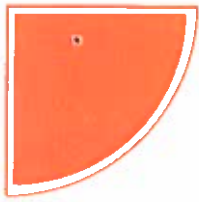
The purpose of OVG's IAF is to provide an independent objective assurance and consulting service designed to add value and improve the OVG's operations. The mission of internal audit is to enhance and protect the OVG's value by providing risk-based and objective assurance, advice, and insight. The IAF helps the OVG accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The IAF assists the Valuer-General in achieving the objectives of the entity by evaluating and developing recommendations for enhancement or improvement of the processes through which:

- objectives and values are established and communicated;
- the accomplishment of objectives is monitored;
- accountability is ensured; and
- corporate values are preserved

The ARC is responsible for ensuring that the OVG's outsourced Internal Audit function is independent and has the necessary resources, standing and authority within the organisation to enable it to discharge its duties. Furthermore, the ARC oversees co-operation between the internal and external auditors, and serves as a link between the Valuer General and these functions.





4. Compliance With Laws And Regulations

The OVG was supported by the OCRD in the execution of its business functions (i.e. Finance, Supply Chain Management and Human Resource Management) and therefore was reliant on the Fraud policy, procedures and guidelines as adopted by the OCRD.

5. Fraud And Corruption

The OVG was supported by the OCRD in the execution of its business functions (i.e. Finance, Supply Chain Management and Human Resource Management) and therefore was reliant on the Fraud policy, procedures and guidelines as adopted by the OCRD.

6. Minimising Conflict Of Interest

The OVG was supported by the OCRD in the execution of its Supply Chain Management and therefore was reliant on the SCM policy, procedures and guidelines as adopted by the OCRD. In line with the policy, officials are required to declare any conflict of interest.

7. Code Of Conduct

The OVG was supported by the OCRD in the execution of its Supply Chain Management and Human Resource Management and therefore was reliant on the policies, procedures and guidelines as adopted by the OCRD.



8. Audit And Risk Committee Report

The report of the Audit and Risk Committee has been prepared in accordance with the Treasury Regulation 27.1 issued in terms of the Public Finance Management, 1999 (Act No. 1 of 1999) (PFMA) as amended by Act 29 of 1999.

We are pleased to present our report for the financial year ended 31 March 2020.

Audit And Risk Committee Members And Attendance

The Audit and Risk Committee consists of the members listed hereunder and is required to meet a minimum of four times per annum as per its approved terms of reference. During the current year, 05 meetings were held.

Summary of meetings attended per Audit Committee member:

Name	Internal Or External	Date Appointed	Number Of Meetings Attended
Mr Phathutshedzo Lukhwareni (Chairperson)	Independent Member (External)	1 March 2019	4/5
Ms Dianne De Wet	Independent Member (External)	1 March 2019	5/5
Ms Phuthanang Motsielwa	Independent Member (External)	1 March 2019	5/5
Dr Charles Motau	Independent Member (External)	1 March 2019	4/5



AUDIT AND RISK COMMITTEE RESPONSIBILITIES

The Audit and Risk Committee reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter as well as the recommendations of the King IV Code of corporate Governance, and has discharged all its responsibilities as contained in the code.

EFFECTIVENESS OF INTERNAL CONTROL

The system of internal controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are effectively managed. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective.

This is achieved through a risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the AGSA, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The Internal auditors were appointed for the period under review and completed the following activities for the year under review:

- Developed 1 year operational and 3 year strategic plan
- Developed the Internal and audit committee charters
- Facilitated an organisation wide risk assessment
- Provided advisory support relating to Enterprise Risk Management and Compliance
- Performed internal audit reviews relating to Finance, Operations and Performance Information for all 4 quarters
- Performed the review of the Annual financial statements prior to submission to the Auditor-General
- Performed the review of the Annual Performance Plan prior to submission to the Auditor-General



EVALUATION OF FINANCIAL STATEMENTS AND ORGANISATIONAL PERFORMAN

The Audit and Risk Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the AGSA and the Accounting Authority;
- Reviewed the AGSA's management report and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the entities compliance with legal and regulatory provisions;
- Reviewed adjustments resulting from the audit.

The Audit and Risk Committee concurs with and accepts the AGSA's report on the Annual Financial Statements, and are of the opinion that the audited Annual Financial Statements should be accepted and read together with the report .

Mr P Lukhwareni _____

Chairperson Of The Audit And Risk Committee



PART

D

Human Resource Management



Introduction

Human Resource Oversight Statistics

Programme/ Activity/ Objective	Total Expenditure for the Entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. As a % of total exp (R'000)	No. of employees	Average personnel cost per employee (R'000)
Administration	41 099	14 954	36%	21	712

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	0	0	0	0
Senior Management	6944	46%	5	1389
Professional Qualified	3583	24%	9	398
Skilled	4220	28%	6	703
Semi-skilled	207	1%	1	207
Unskilled	0	0	0	0
Total	14954	100%	21	712

Performance Rewards Per salary bands

Level	Performance rewards (R'000)	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	0	0	0
Senior Management	770	6944	5%
Professional Qualified	32	3583	0.2%
Skilled	141	4220	0.9%
Semi-skilled	0	207	0
Unskilled	0	0	0
Total	943	14954	6%

Training costs

Programme/ Activity/ Objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of personnel costs (R'000)	No of employees trained	Avg training cost per employee
Administration	14 954	182	1%	11	16.54



Employment and vacancies

Programme/ Activity/ Objective	2019/ 2020 No. of Employees	2019/ 2020 Approved posts	2019/ 2020 No. of Employees	2019/ 2020 Vacancies	% of vacancies
Administration	20	24	20	4	17%

Programme/ Activity/ Objective	2019/ 2020 No. of Employees	2019/ 2020 Approved posts	2019/ 2020 No. of Employees	2019/ 2020 Vacancies	% of vacancies
Top Management	0	0	0	0	-
Senior Management	4	6	4	2	33%
Professional Qualified	9	9	9	0	-
Skilled	6	7	6	1	14
Semi-skilled	1	2	1	1	50%
Unskilled	0	0	0	0	-
Total	20	24	20	4	17%





Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at the end of the period
Top Management	0	0	0	0
Senior Management	5	0	1	4
Professional Qualified	6	3	0	9
Skilled	6	0	0	6
Semi-skilled	0	1	0	1
Unskilled	-	-	-	-
Total	17	4	1	20

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Resignation	1	5%

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal warning	None
Written warning	None
Final Written warning	None
Dismissal	None



Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	N/A	0	N/A	0	N/A	0	N/A
Senior Management	3	N/A	0	N/A	0	N/A	0	N/A
Professional Qualified	4	N/A	0	N/A	0	N/A	0	N/A
Skilled	1	N/A	0	N/A	0	N/A	0	N/A
Semi-skilled	1	N/A	0	N/A	0	N/A	0	N/A
Unskilled	0	N/A	0	N/A	0	N/A	0	N/A
Total	9	N/A	0	N/A	0	N/A	0	N/A

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	N/A	0	N/A	0	N/A	0	N/A
Senior Management	1	N/A	0	N/A	0	N/A	0	N/A
Professional Qualified	5	N/A	0	N/A	0	N/A	0	N/A
Skilled	5	N/A	0	N/A	0	N/A	0	N/A
Semi-skilled	0	N/A	0	N/A	0	N/A	0	N/A
Unskilled	0	N/A	0	N/A	0	N/A	0	N/A
Total	11	N/A	0	N/A	0	N/A	0	N/A



Equity Target and Employment Equity Status

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	N/A	0	N/A
Senior Management	0	N/A	0	N/A
Professional Qualified	0	N/A	0	N/A
Skilled	0	N/A	0	N/A
Semi-skilled	0	N/A	0	N/A
Unskilled	0	N/A	0	N/A
Total	0	N/A	0	N/A

The OVG did not have targets for the year under review. The office only appointed a Senior Manager; Human Capital Services in the 2020/21 financial year and will set targets in the 2020/21 financial year.



PART

E

Financial Information



Report Of The External Auditor



Report of the auditor-general to Parliament on the Office of the Valuer-General.***Report on the audit of the financial statements*****Opinion**

1. I have audited the financial statements of the Office of the Valuer-General set out on pages **60 to 102**, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Office of the Valuer-General as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with General Recognised Accounting Practices and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) and the Property Valuation Act, 2014 (Act No. 17 of 2014).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

4. I am independent of the Public entity in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of these matters.

Restatement of prior year figures

7. As disclosed in note 18 to the financial statements, the corresponding figures for 31 March 2019 were restated as a result of errors in the financial statements of the public entity for the year ended 31 March 2020.





Material Underspending On Their Grant

8. As disclosed in the Statement of Comparison of Budget and Actual Amounts, included as part of the Annual Financial Statements as at 31 March 2020, the public entity materially underspent on their budget by R95 820 000. This is as a result of the delay in the concurrence of the OVG Organogram and underspending on valuations completed.

Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Generally Recognised Accounting Practices and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

10. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

13. In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected goal presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.



14. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the below selected goal presented in the annual performance report of the public entity for the year ended 31 March 2020:

Goals	Pages In The Annual Performance Report
Goal 1: Support Land Reform	26-35

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

17. I did not identify any material findings on the usefulness and reliability of the reported performance information for this goal:

- Goal 1: Support Land Reform

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

19. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year and explanations provided for the under achievement of a number of targets.



Report on the audit of compliance with legislation

Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

21. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected goals presented in the annual performance report that have been specifically reported in this auditor's report.

23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected goals presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

25. If based on the work I performed, I conclude that there is a material misstatement in this other information, I am required to report to that fact. I have nothing to report in this regard.

Internal control deficiencies

26. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Pretoria
30 September 2020



Auditing to build public confidence



OFFICE OF THE
VALUER-GENERAL

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected goal and on the public entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
- conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Office of the Valuer-General to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



Annual Financial Statements



OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Statement of Financial Position as at 31 March 2020

		2020	2019
	Note(s)		Restated*
		R '000	R '000
Current Assets			
Inventories	2	204	259
Other receivables from exchange transactions	3	445	396
Receivables from non-exchange transactions	4	109 931	127 065
Prepayments	5	2	1
		110 582	127 721
Non-Current Assets			
Property, plant and equipment	6	1 835	1 371
TOTAL		112 417	129 092
Current Liabilities			
Finance lease obligation	7	-	17
Payables from exchange transactions	8	3 041	3 465
Provisions		1	
		3 043	3 482
Total Liabilities		3 043	3 482
Net Assets		109 374	125 610
Accumulated surplus		109 374	125 610
Total Net Assets		109 374	125 610



OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Statement Of Financial Performance

		2020	2019
	Note(s)		Restated*
		R '000	R '000
Revenue			
Revenue from exchange transactions			
Other income		-	3
Interest received	10	5 837	2 980
TOTAL Revenue From Exchange Transactions		5 837	2 983
Revenue from non-exchange transactions			
Transfer revenue			
Government grants		142 127	141 123
TOTAL Revenue	10	147 964	144 106
Expenditure			
Employee costs	11	(14 954)	(13 543)
Depreciation	6	(247)	(155)
Finance costs	6	(1)	(3)
General expenses	15	(25 873)	(21 557)
TOTAL Expenditure		(41 099)	(35 258)
Surplus for the year		106 865	108 848



OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Statement Of Changes In Net Assets

	Accumulated Surplus R'000	Total Net Assets R'000
Restated *balance at 01 April 2018	(57 862)	(57 862)
Changes in net assets		
Surplus for the year	108 848	108 848
Funds surrendered to National Treasury	(41 100)	(41 100)
TOTAL Changes	67 748	67 748
Opening balance as previously reported	125 581	125 581
Prior Period Error	28	28
Restated *balance at 01 April 2018	125 609	125 609
Changes in net assets		
Surplus/ (Deficit) for the year	106 865	106 865
Funds surrendered to National Treasury	(123 100)	(123 100)
TOTAL Changes	(16 235)	(16 235)
Balance at 31 March 2020	109 374	109 374



OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Cash Flow Statement

	2020	2019
Note(s)		Restated*
	R '000	R '000

GRAP 2 requires the cash flow statement presented to report cash flows during the period classified by operating, investing and financial activities.

Cash flows are defined as inflows and outflows of cash equivalents. The Office of the Valuer General does not hold any cash and cash equivalent therefore these has not been presented in their statements. All cash flows are accounted for under the cash flow statement related to the bank account of the agent. Refer to note 16 – Agents Principal Arrangements.

The Office of the Valuer General does not have unrestricted access to the cash and cash equivalent held by agents and these cash and cash equivalent cannot be drawn by the OVG, but can only be utilised on instruction by the OVG (principal) for OVG's operational purpose.



OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Statement Of Comparison Of Budget And Actual Amounts

Budget On Accrual Basis	Approved Budget R'000	Adjustments R'000	Final Budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest Received - Investment	-	-	-	5 837	5 837	1
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	142 127	-	142 127	142 127	-	2
	142 127	-	142 127	147 964	5 837	
Personnel	(75 680)	-	(75 680)	(14 954)	60 726	3
Depreciation	-	-	-	(247)	(247)	4
Finance cost	-	-	-	(1)	(1)	5
Repairs and maintenance	-	-	-	(9)	(9)	6
General Expenses	(61 238)	-	(61 238)	(25 863)	35 375	7
Total expenditure	(136 918)	-	(136 918)	(41 099)	95 820	
Operating before taxation	5 209	-	5 209	106 866	101 657	
Actual amount on comparable Basis as presented in the Budget and Actual Comparative Statement	5 209	-	5 209	106 866	101 657	



OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Statement of Comparison of Budget and Actual Amounts

Budget On Accrual Basis	Approved Budget R'000	Adjustments R'000	Final Budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	-	-	-	204	204	8
Other receivables from exchange transactions	-	-	-	445	445	9
Receivables from non-exchange transactions	-	-	-	109 931	109 931	10
Prepayments	-	-	-	2	2	11
	-	-	-	110 582	110 582	
Non-Current Assets						
Property, plant and equipment	5 209	-	5 209	1 835	(3 374)	12
TOTAL Assets	5 209	-	5 209	112 417	107 208	
Liabilities						
Current Liabilities						
Payables from exchange transactions	-	-	-	3 041	3 041	13
Provisions	-	-	-	1	1	14
	-	-	-	3 042	3 042	
TOTAL Liabilities	-	-	-	3 042	3 042	
Net Assets	5 209	-	5 209	109 375	104 166	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	5 209	-	5 209	109 375	104 166	15



OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA

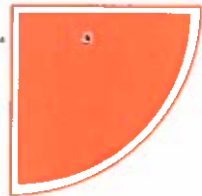
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Statement Of Comparison Of Budget And Actual Amounts

Budget On Accrual Basis	Approved Budget R'000	Adjustments R'000	Final Budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000
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1. The interest received was due to the high opening balance of R127 million in the current financial year, and the appropriation transferred allocation fund of R142.1 million in the current year. An amount of R123.1 million was also surrendered to the National Revenue fund during the current financial year.
2. The amount of R142.1 million was the appropriation allocation fund received in the current financial year for the Office of the Valuer-General (OVG) to fund their priorities.
3. The variance of R60.7 million is attributed to the delay of approving the OVG organogram.
4. The depreciation amount of R271 thousand is funds the assets procured for OVG. No budget was allocated to depreciation because it is a non-cash item and appropriation funds received were allocated to operational items only.
5. Finance costs are related to finance leases. In the current year all finance leases expired and therefore no finance costs were budgeted to be paid.
6. No repairs and maintenance expenditure was budgeted as all assets are relatively new and no maintenance was anticipated in the current year. The current year expenditure relates to the repair of a laptop and the replacement of a safe locking mechanism.
7. The general expenditure variance is attributed to the delay of approving the OVG organogram which results in delays in procurement of services relating to operational requirements of the entity.
8. The expense is only recognised when store items are issued. The items are budgeted for separately under the specific expenditure items.
9. The amount of R445 thousand is due to the OVG as per Deeds trading entity's favourable bank balance as at 31 March 2020 and this amount was not budgeted.
10. In the current year the entity was expected to fill all the vacant posts and therefore increase expenditure related to compensation of employees. This would have had an effect of increasing other expenses in line with the budget, however due to the fact that the organogram was not approved there was underspending which resulted in a high receivable balance.
11. Prepayments are not budgeted for due to their nature.
12. The actual amount of R1.8 million is the carrying value of property plant and equipment since the inception of the OVG. Additions to the value of R768 thousand were acquired in the current financial year. More additions were anticipated in lieu of the structure being approved, but this structure was not approved hence the underspending.
13. Payables from exchange transactions are not budgeted for.
14. Provisions are not budgeted for.
15. This amount relates to the retained surplus and was accumulated over the years and it is not budgeted for as it is a function of assets less liabilities.



**OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA**

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Accounting Policies

1. Presentation of Audited Annual Financial Statements

The audited annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

The audited annual financial statements have been prepared on an accrual basis of accounting and incorporated the historical cost conversion as the basis of measurement, except where specified otherwise. All amounts have been presented in the currency of the South African Rand (R), which is also the functional currency of the entity. Unless otherwise stated all financial figures have been rounded to the nearest One Thousand Rand (R'000). Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a standard of GRAP.

1.1 Going concern assumption

These audited annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.2 Comparative Figures

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the audited annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the audited annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the audited annual financial statements. Significant judgements include:



OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Accounting Policies

Other receivables

The entity assesses its other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgment as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment for other receivables is calculated on amounts that are 90 days or more overdue. Assessment for the impairment has been made on individual debtors based on specific probability of recovery. Consideration is also given with regard to payment received from long outstanding debtors after year end, as well as information obtained from any debt collector used by the Entity.

Depreciation

Depreciation recognised on property, plant and equipment is determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating how the condition and use of assets informs the useful life and residual value, management considers the impact of technology and minimum service requirements of the assets.

Impairment of non-financial assets

In testing for, and determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets).

Interest Assumption

The amount of interest received/ receivable from the bank is based on the apportionment of the bank balance between the principal and agents cash and cash equivalents after taking into account the amount of expenditure (cash expenditure) that has been incurred by the agent on behalf of the principal. The allocation of such expenditure is based on average monthly figures after taking into account the total cash expenditure of the entity.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the supply of goods or services, or for administrative purposes and are expected to be used during more than one period. The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the entity; and the cost of the item can be measured reliably.



OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Accounting Policies

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition, which is recognised as the deemed cost thereof. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value.

Subsequent to initial recognition, items of property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on the depreciable amount using the straight -line method over the estimated useful live of the asset. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an assets residual value, where applicable.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation Method	Average Useful Life
Furniture and fixtures	Straight line	15 - 30 years
Office equipment	Straight line	3 - 10 years
IT equipment	Straight line	3 - 10 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately



OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Accounting Policies

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern.

Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.





OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Accounting Policies

financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

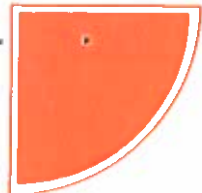
Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.



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Impairment and uncollectability of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition**Financial assets**

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.



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The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

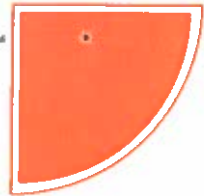
Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.



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Finance leases - lessee

Finance leases are recognised as assets (PPE) and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments.

The discount rate used in calculating the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Inventories consisting of consumable stores are subsequently measured at the lower of cost and current replacement cost. The basis of determining cost is the weighted-average method.

Differences arising on the valuation of inventory are recognised in the statement of financial performance in the year in which they arose. The amount of any reversal of any write-off of inventories arising from an increase in the current replacement cost is recognised as a reduction of inventories recognised as an expense in the period in which the reversal occurs.

If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

1.8 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.



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Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed or determinable contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.



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Accounting Policies

1.9 Provisions

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

1.10 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.



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Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

Bank balances held by agents yield interest; the calculation and accrual of this interest is based on the the amount advanced by the Department of Rural Development and Land Reform, from which the even distribution of expenses on a monthly basis is deducted from to calculate the closing balance of debtor (monies held by agents) from which interest accrues.



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Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

1.11 Revenue from exchange transactions

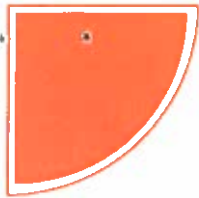
Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.



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Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

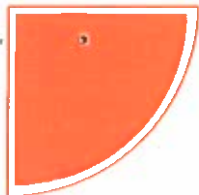
Interest income

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.



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1.12 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue received from conditional or operational grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations if any embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. Measurement Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition.

1.13 Prepaid Expenses

Prepaid expenses are cash paid amounts that represent costs incurred from which a service or benefit is expected to be derived in the future.

The future write-off period of the incurred cost will normally be determined by the period of benefit covered by the prepayment. When the period arrives to which a prepaid cost relates the costs will be treated as a period cost for the period in question. Normally such prepaid costs will be written off based on the lapse of time and receipt of services rendered/goods received.

Prepaid expenses should be classified as current assets unless a portion of the prepayment covers a period longer than 12 months. If they are prepayment costs with a benefit beyond 12-month, they should be classified as noncurrent assets in the Statement of Financial Position.

Prepaid expenses will be measured at the value of services or goods to be received/receivable in the future



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1.14 Expense recognition

The entity reports its expenses on the accrual basis, meaning when the expenses are incurred, not when they are paid. Expenses are incurred when goods are received and services are rendered, whether or not an invoice has been received or payment has been made.

The policy exists to ensure adherence with GRAP, to promote consistent accounting treatment across the entity, and to ensure the operating results of the entity are not misstated as a result of expenses unrecorded or recorded improperly.

1.15 Related parties

Where the entity has had related party transactions during the period covered by the financial statements, it discloses the nature of the related party transaction during the period covered by the financial statements. The nature, information about those related party transactions and outstanding balances including commitments.

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.



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The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its audited annual financial statements.

1.16 Prior period errors and changes in accounting estimates

Prior period errors. Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that;

- was available when financial statements for those periods were authorised for issue; and
- could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors may include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretation of facts, and fraud.

Material prior period errors are retrospectively corrected by:

- restating the comparative amounts for the prior period presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

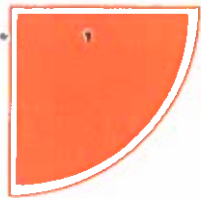
Changes in accounting estimates.

As a result of uncertainties inherent in delivering services, conducting trading or other activities, many items in financial statements cannot be measured with precision but can only be estimated. The use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their reliability. An estimate may need revision if changes occur in the circumstances on which the estimates was based or as a result on new information or more experience. By its nature, the revision of an estimates does not relate to prior periods and is not the correction of an error.

The effect of a change in accounting estimate shall be recognised prospectively by including it in surplus or deficit in:

- The period of the change, if the change affects that period only; or
- The period of the change and future periods, if the change affects both.



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Accounting Policies

1.17 Contingent Liabilities and Contingent Assets

Contingent liability Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the entity; or

A present obligation that arises from past events that is not recognised because;

- It is not probable that an out flow of resources and embodying economic benefits will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.
- The contingent liability is recognised awaiting the outcome of legal action or dispute between the two parties.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

Contingent Assets

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

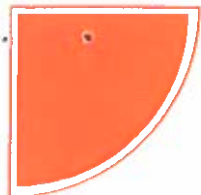
An entity shall not recognise a contingent asset.

Where an inflow of economic benefits or service potential is probable, an entity shall disclose a brief description of the nature of the contingent assets at the reporting date, and , where practicable, an estimate of their financial effect, measured using the principles set out for provisions.

1.18 Payable from exchange transactions

A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.



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Accounting Policies

- it is probable that any future economic benefit or service potential associated with the item will flow from the entity; and
- The item has a cost or value that can be measured reliably

As part of the process of maintaining the accounting records in conformity with Generally Recognised Accounting Practice, once a transaction or obligating event has taken place, the liability shall be recorded in the accounting records. This will normally occur upon the earlier of receipt of the invoice or delivery of services/goods.

1.19 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost; and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Additional disclosure is made for unrecognised contractual commitments for routine, steady state business of the entity. These are aggregated to the commitments above except for commitments relating to salary commitments.

1.20 Accounting By Principal And Agent Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).



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Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.21 Events After Reporting Date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.22 Budget Information An

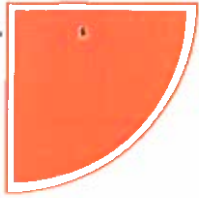
Entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification. The approved budget covers the fiscal period from 01/04/2019 to 31/03/2020.

The audited annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.





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Accounting Policies

1.23 GRAP Standards Approved and Not Yet Effective

The following standards have been approved but not yet effective and have not been adopted by the entity:

GRAP 34- Separate Financial Statements

GRAP 35- Consolidated Financial Statements

GRAP 36- Investment in Associates and Joint Ventures

GRAP 37- Joint Arrangements

GRAP 38- Disclosure of Interest in Other Entities

GRAP 110- Living and Non-living Resources

All the **GRAP** standards above have no impact to the entities annual financial statements in the period of initial application.



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Notes to Audited Annual Financial Statements

	2020 R'000	2019 R'000
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2. Inventories

Stationary and consumable material on hand	204	259
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None of the entity's inventory is carried at current replacement cost. Accordingly, the balance as presented, represents the cost of inventories on hand. Inventories consist mainly of stationery and consumables material.

Inventory to the value of R112 376 (2019: R57 783) was recognised as an expense during the year. The inventories are recognised as an expense as and when consumed within the entity and the related expense is included in the printing and stationery expense line item.

3. Other Receivables from Exchange Transactions

Other receivables	6	3
Interest receivables	439	393
	<u>445</u>	<u>396</u>

Interest Receivable Age Analysis

Current	<u>439</u>	<u>393</u>
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Financial assets have been assessed for impairment, and no impairment loss has been recognised in the current or previous financial periods.

4. Receivables From Non-Exchange Transactions

Appropriation Receivable	<u>109 931</u>	<u>127 065</u>
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Appropriation Receivable

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Notes to Audited Annual Financial Statements

	2020 R'000	2019 R'000
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Appropriation Receivable

The appropriation receivable amount of R109, 931 million (2019: R127, 065 million) relates to an amount transferred from the National Department of Rural Developments and Land Reform for the operations of the entity. The closing balance is the balance of grants received minus all the expenditure incurred by the Office of the Valuer-General and funds surrendered to the National Treasury.

Refer to note 16 for the reconciliation.

5. Prepayments

Opening Balance	1	-
Add: prepaid during the year	58	1
Less: Expensed during the year	(57)	-
	<u>2</u>	<u>1</u>

A carrying amount of R2 (2019: R1) is prepaid for the SABC TV Licenses and CIPS membership fees.

Figures in Rand thousand

6. Property, Plant and Equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	1 146	(149)	997	1 076	(74)	1 002
Office furniture	-	-	-	65	(50)	15
IT equipment	1 011	(292)	719	479	(120)	354
Leasehold improvements	1 011	(292)	719	479	(120)	354
TOTAL	2 280	(445)	1 835	1 615	(244)	1 371



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Figures in Rand thousand

Reconciliation Of Property, Plant And Equipment – March 2020

	Opening Balance	Additions	Disposal	Depreciation	TOTAL
Furniture and fixtures	1 002	70	-	(75)	997
Office furniture	15	-	-	(15)	-
IT equipment	354	575	(33)	(177)	719
Leasehold improvements	-	123	-	(4)	119
	1 371	768	(33)	(271)	1 835

Reconciliation Of Property, Plant And Equipment – March 2019

	Opening Balance	Additions	Disposal	Depreciation	TOTAL
Furniture and fixtures	925	146	(4)	(65)	1 002
Office furniture	37	-	-	(22)	15
IT equipment	175	259	(12)	(68)	354
	1 137	405	(16)	(155)	1 371

Office equipment comprises of photocopy machines which are leased in terms of finance lease agreements. The period of the lease agreements is between 2 - 5 years and the carry value is RNil (2019: R15 450 00) . Refer to Note 7 where the finance lease obligation is disclosed.



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	2020 R'000	2019 R'000
7. Finance Lease Obligation		
Minimum Lease Payments Due		
- Within one year	-	18
	-	18
Less: future finance charges	-	(1)
Present value of minimum lease payments		17
Present value of minimum lease payments due		
- Within one year	-	17

The average lease term ranges between 2 and 5 years for office equipment, with an average interest rate of 9.75% applied to the leases. The finance leases are secured by the asset leased in terms of the agreement. Please refer to note 6 where the assets held under the finance leases are disclosed as part of office equipment

Contingent rent recognized as an expense in the period amounted to R40,998 ((financial year 2019: R27, 089). Contingent rents relates to copy charges per copy machine.

8. Payables From Exchange Transactions

Trade payables	658	1 350
Management fees payable	439	393
Sundry accruals	1 156	1 030
Accrued leave pay	455	397
Accrued bonus	333	295
	3 042	3 465



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9. Financial instruments**Categories Of Financial Instruments****Financial Assets – March 2020**

	At amortised cost	TOTAL
Other receivables from exchange transactions	439	439

Financial Liabilities – March 2020

	At amortised cost	TOTAL
Trade and other payables from exchange transactions	2 588	2 588

Financial Assets – March 2019

	At amortised cost	TOTAL
Other receivables from exchange transactions	393	393

Financial Liabilities – March 2019

	At amortised cost	TOTAL
Trade and other payables from exchange transactions	3 084	3 084

None of the financial assets are impaired.

10. Revenue

Other income - Staff Debt	-	3
Interest received - Bank	5 837	2 980
Government grants - Appropriation	142 127	141 123
	147 964	144 106



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The amount included in revenue arising from exchanges of goods or services are as follows:

Other Income - Staff Debts	-	3
Interest received - Interest Received	5 837	2 980
	5 837	2 983

The amount included in revenue arising from non-exchange transactions is as follows:**Transfer Revenue**

Government grants - Appropriation	142 127	141 123
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11. Employee Related Costs

Basic salary	10 624	9 932
Bonus	1 510	1 230
Medical aid - company contributions	298	244
Defined contribution plans	1 179	1 179
Overtime payments	536	199
Car allowance	417	482
Housing benefits and allowances	282	248
Employer contribution: Bargaining council	2	1
Leave: Accumulated short term	106	26
	14 945	13 541

12. Finance Costs

Finance Leases	1	3
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	2020 R'000	2019 R'000
13. Commitments		
Authorised Future Capital Expenditure		
Already contracted for but not provided for		
• Due within 12 months	3 847	238
Total capital commitments		
Already contracted for but not provided for	3 847	238
Authorised future operational expenditure		
Already contracted for but not provided for		
• Due within 12 months	1 912	963
• Due within 2 - 5 years	562	-
	2 474	963
Total Commitments		
Already contracted for but not provided for	6 321	1 201
Commitments relate to operating and capital contracts due in future years. The future commitments detailed above are either non-cancellable or are only cancellable at a significant cost and relate to something other than the routine, steady, state business of the entity. Below is total commitments including those that are routine, steady, state business of the entity:		
Operational commitments due within 1 year	14 814	11 399
Operational commitments due between 2 - 5 years	4 832	46
Capital commitments due within 1 year	2 065	466
Capital commitments due between 2-5 year	206	-
	24 209	11 911



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14. Related Parties**Relationships****DRDLR**

The Department of Rural Development and Land Reform is the designated department of the Office of the ValuerGeneral and certain services between the DRDLR and OVG are rendered in kind and are not at arm's length, the ones that can be quantified have been disclosed below. The Department of Rural Development and Land Reform paid the office accommodation for the office of the Valuer- General.

DEEDS

The Deeds Registration Trading Entity is a trading entity of the department of Rural Development and Land Reform. A memorandum of agreement was entered into between Deeds and the OVG for rendering of services, the transaction is not at arm's length and has been disclosed below.

The remainder of the transactions resulting from the Principal Agent Arrangement between Deeds and OVG have been disclosed in note number 16 - Principal Agent Arrangements.

Related Party Balances

Management fees payable – Deeds Registration Trading Account	439	393
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Related Party Transaction**Amounts paid on behalf of OVG (paid by DRDLR)**

Office accommodation	932	733
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Remuneration Of Management**Executive Management****2020**

NAME	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Other benefits received	Total
Mwiya P* – Land and property valuer	872	166	627	113	1 778
Motsoeneng TS – Acting COO	898	314	496	117	1 825
Maloka MM* - Land and property valuer	863	149	600	104	1 716
Mokale RT – Director: Finance & Supply Chain	740	141	221	96	1 198
Nthebe A - Land and property valuer	336	-	57	34	427
	3 709	770	2 001	464	6 944

2019

NAME	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Other benefits received	Total
Gavor CK – Valuer General	1 397	108	411	167	2 083
Mwiya P* – Land and property valuer	829	101	337	108	1 375
Motsoeneng TS – Acting COO	853	148	525	111	1 637
Maloka MM* - Land and property valuer	839	89	167	101	1 196
Mokale RT – Director: Finance & Supply Chain	746	-	171	96	1 198
Nthebe A - Land and property valuer	819	88	163	91	1 008
	5 483	543	1 774	676	8 467



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*Mr Mwiya and Ms MM Maloka acted as the Valuer-General during the period of 01/04/2019 – 31/03/2020 for the financial year under review.

The performance bonuses paid to some senior managers relate to two different financial years and were only approved for payment in the financial year under review

Audit and Risk Committee Member's fees

Lukwareni P	62	31
Motsiela P	93	17
De Wet D	43	17
Motau C	65	32
	263	97

Valuation and Quality Review Committee's Fees

Baleni E - Chairperson	161	-
Serfontein M	148	-
Senyolo G	179	-
Boshoff D	158	-
Fihlani Z	165	-
	811	-



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	2020 R'000	2019 R'000
15. General Exepenses		
Advertising	245	135
Auditors Remuneration	2 523	1 813
Cleaning	237	250
Consulting and proffessional fees	19 439	16 869
Consumables	82	16
Entertainment	47	13
Printing and stationery	350	148
Repairs and maintanance	9	-
Staff welfare	42	-
Subscriptions	97	71
Telephone and fax	225	115
Transport and freight	1 111	830
Training	681	499
Travel - local	398	384
Theft and losses	33	16
legal expense	290	448
Operating leases	65	-
	25 874	21 557

16. Accounting by Principal and Agent

In July 2014 the Property Valuation Act brought into existence the Office of the Valuer General (OVG), the "Principal"; whose responsibility in accordance with the act is to perform property valuations for the Department of Rural Development and Land Reform (DRDLR). Section 4 and 5 of the Act established the Office as a juristic person."



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Due to unavailability of resources as this office had not been structurally established, a memorandum of understanding was entered into with the Deeds Trading Account (Deeds) who is the Agent, this MOU states that the OVG will pay Deeds for services rendered and that DRDLR will transfer funds due to the OVG to Deeds.

The following transactions will be undertaken by the Agent on behalf of the Principal:

Transactions relating to Human Resource Management will include:

- Recruitments,
- Administration of leave and
- Payments of Salaries and other benefits.

Transactions relating to Finance includes:

- Recognition of revenue
- Payment of expenses and liabilities
- Preparation of the financial statements

Transactions relating to Supply Chain Management includes:

- Contracts management
- Procurement of goods and services

All transaction are performed in line with the internal policies of the Agent. The management fee paid by the Principal is based on the assumption that there is even distribution or spending of funds during any given financial period. This management fee is the interest received resulting from Principal monies held in the Agent's bank account.

All transactions are performed in line with the internal policies of the agent.



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Assets		
The following assets are held in the Deeds Trading Entity:		
Appropriation Receivable - Grants		
Balance at the beginning of the year	127 065	57 743
Grants received during the year	142 127	141 123
Operational expenditure	(36 161)	(30 701)
Money surrendered to National Treasury	(123 100)	(41 100)
	109 931	127 065

No other assets are held by the Deeds Registration Trading Account on behalf of the Office of the Valuer-General. The balance of the unspent portion of the grant will be remitted to the OVG once the OVG bank account is open or on termination of the MOU.

Fees were paid to the Deeds Trading Account as compensation for services rendered. The amount payable as at year end by the OVG is recognised as a payable. Refer to note 14.

Management fees paid	9 104	3 290
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Resource Implication On Termination

The Deeds Trading Account will be required to remit the balance of grants received to the OVG on termination.

17. Contingents**Contingent Liabilities**

The accumulated surplus of R83, 573 million (2019: R112, 365 million) has been classified as a contingent liability at 31 March 2020 as there is no approval received as yet to retain the surplus funds. In terms of the PFMA Section 53 (3) public entities are not allowed to accumulate surplus unless approved by the National Treasury. The OVG is obliged to return to the National Treasury any amount of the surplus not granted for retention.



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Contingent Assets

Theft and losses for officials amounting to R48 776 (2019: R15 973) are under investigation for the entities assets lost or damaged by officials, liability depends on the outcome of thefts and losses committee.

18. Prior Period Errors

Depreciation for prior years was overstated by R1 447 on office equipment (Finance lease asset).

Incorrect recognition of payables relating to pay progression amounting to R28 383 recognised incorrectly in prior years.

A classification adjustment to the value of R295 024 was made to correct a misallocation within the employee costs.

A classification adjustment to the value of R15 973 was made to correct the a misallocation within the general expenses.

Statement Of Financial Position

Decrease in Accumulated Depreciation - Office Equipment	-	1
Decrease in Creditors - AP Sundry control	-	28

Statement Of Financial Performance

Decrease in Depreciation – Office equipment	-	(1)
Decrease in salaries and wages: Basic salary	-	(28)
Increase in salaries and wages: Service Bonus	-	295
Decrease in salaries and wages: accumulated short term bonus	-	(295)
Decrease in Losses on sale of assets	-	(16)
Increase in Thefts and Losses	-	16



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Disclosure		
In determining financial instruments for disclosure in accordance with GRAP 104, errors were made when applying the definitions and financial assets and financial liabilities.		
Decrease in Financial Assets	-	(3)
Decrease in Financial Liabilities	-	27
	-	24
The OVG previously disclosed a transaction as an irregular, however, the transaction had not been recognized in the statements of the entity and has since been cancelled		
Irregular expenditure	-	(28)

Re-allocations were done on Note 14 - Related Parties under Remuneration of Management to ensure that it is line with the categories of remuneration in accordance with GRAP 20. 35.

Statement Of Financial Performance

Increase in Basic salaries	-	284
Decrease in Bonuses and performance related payments	-	(282)
Decrease in Other short term employee benefits	-	(459)
Increase in Post employment benefits	-	457
	-	-

19. Services in Kind**Administrative services in kind**

Office of Valuer General falls under the administration of the Department of Rural Development and Land Reform. The executive of the department spends some of their time on the affairs of the Valuer General.

All services paid for by the Department which could be quantified have been disclosed as related party transactions.



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20. Risk Management

The entity's activities exposes it to liquidity risk.

Liquidity Risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and the budgeting process which monitors spending against available resources.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2020	Less than 1 year	Between 1 and 2 years
Trade and other payables	2 588	-
At 31 March 2019	Less than 1 year	Between 1 and 2 years
Trade and other payables	3 084	-

21. Repairs and maintenance

IT Equipment	3	-
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Repairs And Maintenance To PPE

Repairs and maintenance to PPE amounted to R3 459.

22. Irregular expenditure

Opening balance	28	28
Correction of prior year error	(28)	-
	<u>-</u>	<u>28</u>

Irregular expenditure relates to an order that has since been cancelled and no services were rendered to the entity.



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