

ANNUAL REPORT

2019/20

PRESENTATION TO PORTFOLIO
COMMITTEE ON AGRICULTURE, RURAL
DEVELOPMENT AND LAND REFORM

02 FEBRUARY 2021



INGONYAMA
TRUST BOARD



Presentation Outline

General Information
Accounting Authority
Programme Performance
Human Resource Management
Financial Performance

Vision, Mission & Values

Vision

To become a leader in sustainable communal land management, and rural development.

Mission

To contribute to the improvement of the quality of life of the members of the traditional communities living on Ingonyama Trust land by ensuring that land management is to their benefit and in accordance with the laws of the land.

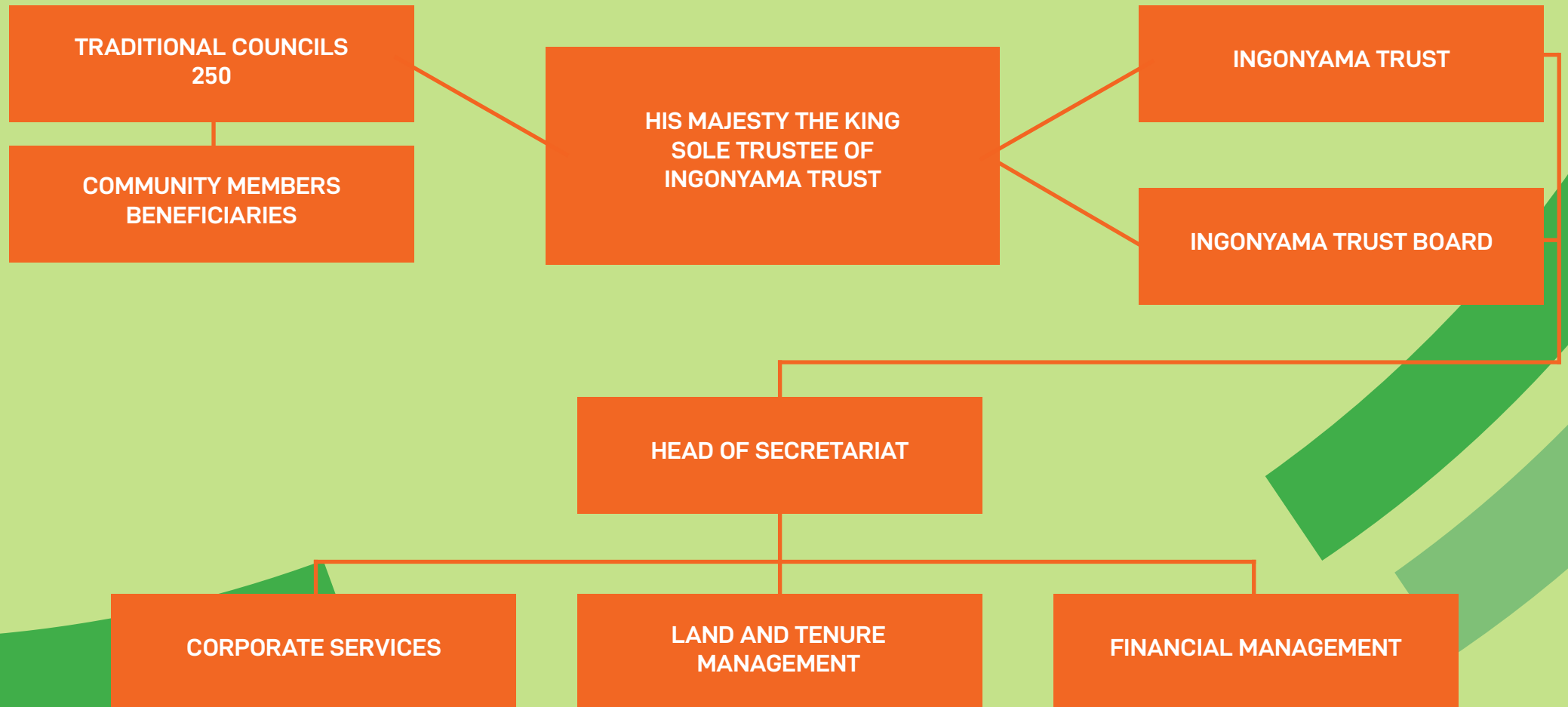
To develop progressive business models for the social and economic upliftment and the empowerment of the members of traditional communities on land administered by the Trust, and administered by Ingonyama Trust Board.

Values

- Transparency
- Service Excellence
- 3 - Consultation
- Open Communication
- Value for money

- Professionalism
- Honesty
- Integrity
- Non – discrimination

Organisational structure



Accounting authority

The Accounting Authority/The Board

The Ingonyama Trust is administered by the The Ingonyama Trust Board (ITB) "the Board".

In line with its statutory mandate, the Board is responsible for:

- Providing strategic leadership for management of Trust land;
- Oversee operational performance of the organisation and the Trust;
- Provide leadership and policy direction in matters pertaining to communal land under the leadership of Amakhosi in the province.

Board Committees

- Executive Committee of the Board (EXCO);
- Human Resource and Organisational development Committee;
- Finance Committee (FINCO);
- Audit Committee;
- 5 - Tenure Committee;
- Mining Committee.

The Board



His Majesty the King (Trustee)



Mr S J Ngwenya (Chairperson and Royal nominee)

Committees: EXCO, HR & OD, Tenure



Ms J T Bhengu (Vice Chairperson)

Committees: EXCO, HR & OD, Tenure

RESIGNED 31 /08/ 2019

The Board



Dr M S Mbatha

Committees: EXCO, FINCO, Audit,
Tenure **RESIGNED 10 /09/ 2019**



Advocate W E R Raubenheimer

Committees: EXCO, FINCO, Tenure



Mr B L Shabalala

Committees: EXCO, FINCO, HR & OD,
Tenure, Audit



Inkosi W T Mavundla

Committees: EXCO, Tenure, FINCO



Inkosi S E Shabalala

Committees: EXCO, Tenure



Inkosi P R Bele

Committees: EXCO, Tenure, Mining



Inkosi Z T Gumede

Committees: EXCO, Tenure, FINCO

Meetings attended

Committee	No. of meetings held	No. of members	Name of members
Board meeting	25	9	Mr S J Ngwenya (chairperson) Ms J Bhengu Adv W E R Raubenheimer Dr T Mbatha Mr B L Shabalala Inkosi Z T Gumede Inkosi P R Bele Inkosi W T Mavundla Inkosi S E Shabalala
Tenure Committee	15	9	Mr S J Ngwenya (chairperson) Ms J Bhengu Adv W E R Raubenheimer Dr T Mbatha Mr B L Shabalala Inkosi Z T Gumede Inkosi P R Bele Inkosi W T Mavundla Inkosi S E Shabalala

Meetings attended

Committee	No. of meetings held	No. of members	Name of members
Finance Committee (FINCO)	8	7	Inkosi Mavundla (chairperson) Advocate W E R Raubenheimer Dr T Mbatha Mr S J Ngwenya Mr B L Shabalala Inkosi P R Bele Inkosi Z T Gumede
Mining Committee	2	3	Inkosi P R Bele Mr S J Ngwenya Ms J Bhengu
Human Resources & Organisational Development	1		Mr S J Ngwenya Advocate W E R Raubenheimer Inkosi P R Bele MR B L Shabalala

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Mining Committee	2	3	Inkosi P R Bele Mr S J Ngwenya Ms J Bhengu
Human Resources & Organisational Development	1		Mr S J Ngwenya Advocate W E R Raubenheimer Inkosi P R Bele MR B L Shabalala

Programme Performance

Programme 1 : Administration

Description of Programme

The purpose of this programme is to provide strategic leadership, corporate services, logistical support services and financial management to the Trust.

Programme Structure

The administration programme comprises of the following:

- Board
- Administration (Secretariat)
- Corporate Services
- Financial services

Programme 2 : Land and Tenure Management

Description of Programme

The purpose of this programme is to provide a secure tenure right and establish a comprehensive land tenure information system.

Programme Structure

The Land and Tenure Management programme comprises of the following:

- Provision of tenure rights
- Maintenance of Land tenure information system

Programme 3 : Traditional Council Support

Description of Programme

The purpose of this programme is to look into the financial resources of the Trust in advancing economic growth, creating employment and eradication of poverty.

Programme Structure

The Traditional Council support programme comprises of the following:

- Provision of training to Traditional Councils
- Provision of educational awards to community members

Programme 1 : Administration

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic Objectives	Performance Indicator	Actual Achievement			Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
		2016/2017	2017/2018	2018/2019				
1.1. To ensure that internal resources are efficiently managed	Number of policies approved by the Board	4	-	3	5	2	-3	There were three (3) draft policies which were undergoing internal consultation process. This has been completed and they await approval before the end of quarter 2 of 2020/21 period.
	Percentage acquired movable assets recorded in the asset register	100%	100%	-	100%	100%	N/A	N/A
	Percentage of vacant positions filled	97%	93%	-	100%	100%	N/A	N/A
	Number of IT solutions implemented	New Indicator	New Indicator	New Indicator	2	2	N/A	N/A

Programme 1 : Administration (continued)

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic Objectives	Performance Indicator	Actual Achievement			Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
		2016/2017	2017/2018	2018/2019				
1.2. Provision of skills development to employees to improve service delivery	Number of training programmes conducted	14	2	-	10	4	-6	The training programmes identified took longer to implement because of capacity constraints.
1.3. To improve customer relationship	Percentage undisputed invoices paid within 30 days upon receipt by finance	100%	100%	-	100%	100%	N/A	N/A
	Communication strategy approved by the Board	1	-	-	1	-	-1	The communication strategy is being processed internally for approval during the 3rd quarter of the 2020/21 financial year

Programme 1 : Administration

Linking performance with budgets

Programme/activity/ objective	2018/2019			2019/20		
	Budget (in millions)	Actual Expenditure (in millions)	(Over) / Under Expenditure (in millions)	Budget (in millions)	Actual Expenditure (in millions)	(Over) / Under Expenditure (in millions)
Administration	R 41,04	R 41,04	-	R 65,6	R 46,6	R 19

The underspending in 2019/20 is due to a contingent provision made in the budget for salaries to be paid in respect of the proposed revised organogram on a phased in approach.

Programme 2 : Land and Tenure Management

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic Objectives	Performance Indicator	Actual Achievement			Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
		2016/2017	2017/2018	2018/2019				
2.1. Provision of secured tenure rights to facilitate development on Ingonyama Trust land	Number of land tenure rights approved by the Board	1058	715	1713	1000	1409	+ 409	
2.2. To maintain an integrated and comprehensive land tenure administration system/ (database of land tenure rights)	Number of quarterly updates on land holdings register	4	4	4	4	4	N/A	N/A

Programme 3 : Traditional Council Support

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic Objectives	Performance Indicator	Actual Achievement			Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement for 2019/2020	Comment on deviations
		2016/2017	2017/2018	2018/2019				
3.1. Provide training programs to Traditional councils	Number of traditional councils trained	11	-	-	45	-	-45	This is an unfunded expense however the Trust from its limited resources has made money available to appoint a Training Coordinator
3.2. Facilitate Corporate Social Investment to communities living on Trust land	Number of educational awards granted	111	43	-	50	-	-50	This is an unfunded expense and a reconciliation of beneficiaries is being prepared.

Programme 2 & 3 : Land and Tenure Management & Traditional Council Support

Linking performance with budgets

Programme/activity/ objective	2018/2019			2019/20		
	Budget (in millions)	Actual Expenditure (in millions)	(Over) / Under Expenditure (in millions)	Budget (in millions)	Actual Expenditure (in millions)	(Over) / Under Expenditure (in millions)
Ingonyama Trust pro- grammes	R 139,02	R 55,96	R 83,06	R 171,39	R 82,49	R 88,9

Notes

Programme 2 and Programme 3 relate to the core activities of the Ingonyama Trust and the expenditure is paid for by the Ingonyama Trust from non appropriated funds.

The underspending mainly relates to the non payment of municipal rates on IT land. The rates claims by municipalities is the subject of continuous discussions with municipalities which is being given priority by the ITB.

Ingonyama Trust Board

Source of funding

The Ingonyama Trust Board receives transfer payment from the Department of Agriculture, Rural Development and Land Reform amounting to R 20 million per annum. This is however not sufficient to fund the Ingonyama Trust Board budget. The balance of the Ingonyama Trust Board budget had been paid for by the Ingonyama Trust.

Sources of revenue	2018/2019			2019/20		
	Estimate (in millions)	Actual Amount Received (in millions)	(Over) / Under funding (in millions)	Estimate (in millions)	Actual Amount Received (in millions)	(Over) / Under funding (in millions)
Transfer payment and Ingonyama Trust funding	R 41,03	41,03	-	R 65,6	R 46,62	R 18,98

Notes

Underspending is due to limited funds provided by the state.

Human Resource Management

Human Resources Oversight Statistics

Personnel Cost by programme/activity/objective

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	46,62	31,88	71.45%	62	0,51

Human Resources Oversight Statistics

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	1,905	5.97	1	1,905
Senior Management	9,199	28.86	7	1,314
Professional qualified	2,625	8.23	4	656
Skilled	1,629	50.58	42	384
Semi skilled	2,026	6.36	8	253
Unskilled				
TOTAL	31,884	100	62	514

Human Resources Oversight Statistics

Training costs

Programme / activity / objective	Personnel Expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of Personnel Cost	No of employees trained	Avg training cost per employee
Health and Safety committee to be equipped				5	2,547.83
First Aiders to gain knowledge				3	826.09
Gain knowledge on Sage system				2	2,300
				2	10,300

Human Resources Oversight Statistics

Employment and vacancies

Programme / activity / objective	2018/19 No of employees	2019/20 Approved posts	2019/20 No of employees	2019/20 Vacancies	% of vacancies
	62	62			
Top management	1	1			
Senior Management	7	7			
Professional qualified	4	4			
Skilled	42	42			
Semi - skilled	8	8			
Unskilled					
Total	62	62			

Human Resources Oversight Statistics

Employment changes

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management		01		
Senior Management				
Professional qualified				
Skilled				
Semi skilled				
Unskilled				
TOTAL		01		

Human Resources Oversight Statistics

Reasons for staff leaving

Reason	Number	% of total no of staff leaving
Death		
Resignation	01	
Dismissal		
Retirement		
Ill health		
Expiry of contract		
Other		
TOTAL	01	

Financial Performance

Introduction

The Auditor General has audited two sets of Financial Statements namely :

- Ingonyama Trust
- Ingonyama Trust Board

The financial performance and audit results of the Ingonyama Trust Board and the Ingonyama Trust's are disclosed in the annual report and also highlighted in the slides that follow.

Ingonyama Trust Board

Statement of financial position

	R 2019/2020	R 2018/2019
Total Assets	2 709 117	2 165 698
Total Liabilities	3 158 800	2 081 813
Total Net Assets	(449 683)	83 885

Net assets decreased by 636.07% due to increase in payables from exchange transactions and Bank overdraft.

Ingonyama Trust Board Cash Flow Statement

	Notes	R 2019/2020	R 2018/2019
Net cash flow from operating activities	1	-632 309	595 249
Increase/(Decrease) in cash and cash equivalents	2	-632 309	595 249
Cash and Cash Equivalents at the beginning of the year	3	603 242	7 993
Cash and cash equivalents at end of year		-29 067	603 242

Ingonyama Trust Board Management of Cash

1.

There was an decrease in cash flow from operating activities since 2018/2019 due to an increase in expenditure.

2.

The decrease in cash and cash equivalents from 2018/2019 amounted to R632 309.00

Ingonyama Trust Board Statement of Net Assets

	R 2019/2020	R 2018/2019
Total Net (Liabilities)/Assets	(449 683)	83 885

There is a decrease of 636,07 % in the net asset value due to an increase in payables at year end, which after year end had been paid.

Ingonyama Trust Board Performance per economic classification

	R
Current payments	
Compensation of employees	31 883 503
Goods and services	14 741 403
Total	46 624 906
30 TOTAL EXPENDITURE FOR THE YEAR	46 624 906

Ingonyama Trust Board

Notes on Budget and Spending

1) Administration Programme

- The Board has spent 100 % of the Transfer payment received from the Department for the year under review.
- 71,06 % of the annual budget was spent during the year. The 2019/2020 budget made a provision for employee cost which catered for employment of additional staff in terms of the proposed organogram, however due to the limited transfer payment allocation to the Board, the budget remained unspent.

Ingonyama Trust Board

Operating Expenditure trends

Current year

- Total expenditure increased by 13.62 % from 2018/2019 mainly due to an increase in Audit fees and employee cost.
- Compensation of employees increased by 20.14 % due to the annual increment and appointment of new staff.
- Goods and services includes general operating and administrative expenses (excluding employee cost).
- The Transfer payment received during the year amounting to R 21.48 m was fully utilised.

Future years

- Employee cost will decrease due to the current retrenchment process.

Ingonyama Trust Board

Goods and services for the year ended 31/03/2020

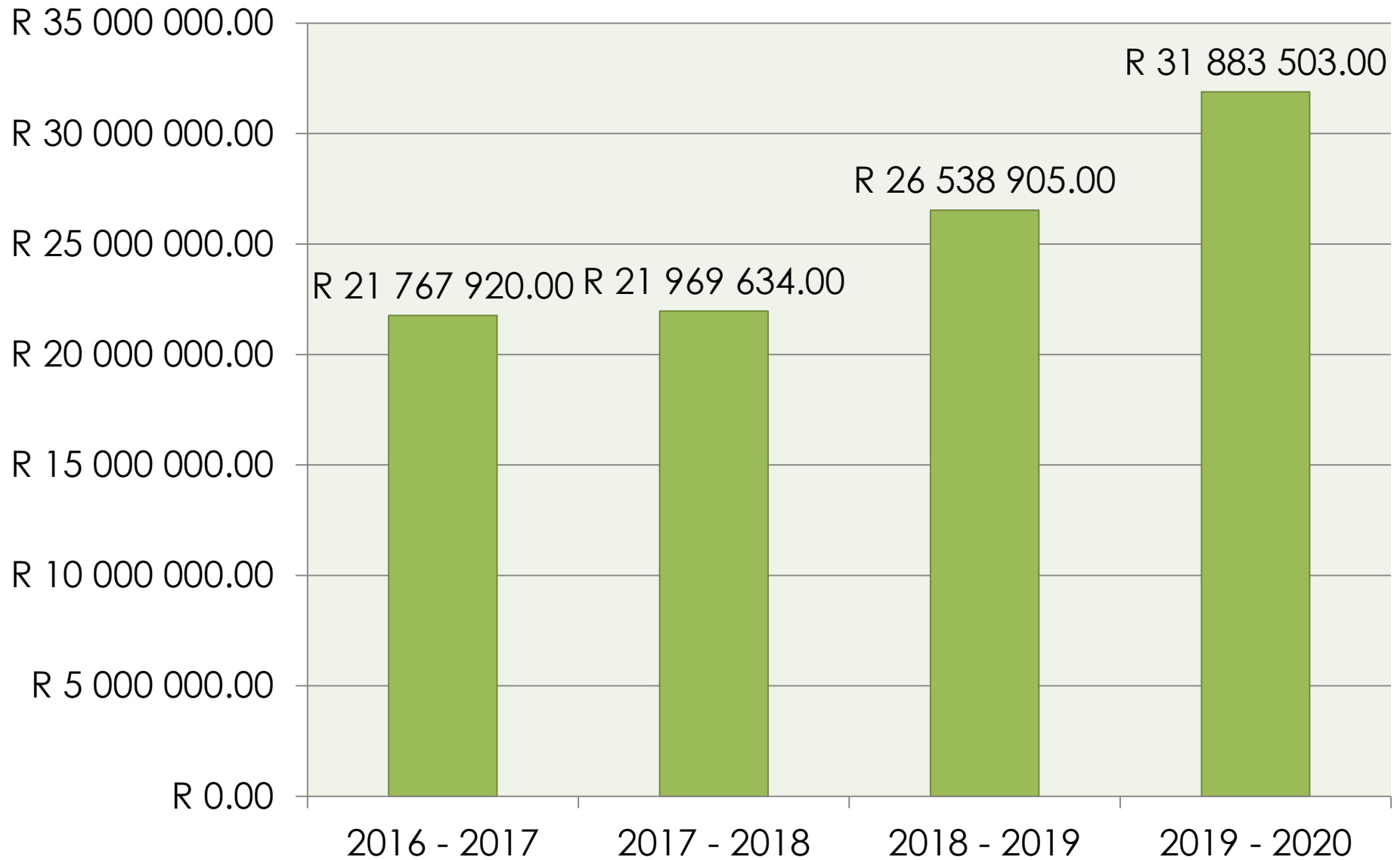
	R
Audit fees - External	2 740 813.00
Internal audit committee members' fees	22 074.00
Bank charges	10 562.00
Board members' fees (Including travel allowances)	5 306 221.00
General expenses	1 169.00
Computer Software/ licensing and maintenance	143 146.00
Depreciation/amortisation of assets	22 316.00
Internal Audit fees	276 076.00
Organogram – restructuring cost	13 450.00
Security expenses	877 135.00
Telephone	352 354.00

Ingonyama Trust Board

Goods and services for the year ended 31/03/2020

	R
Cleaning, repairs and general expenses	565 682.00
Motor vehicle expenses	183 401.00
Stationery and printing	683 701.00
Electricity and water	709 341.00
Accounting fees - GRAP	341 707.00
Staff training	182 311.00
TOTAL AMOUNT	14 741 403.00

EMPLOYEE COST TO COMPANY



Ingonyama Trust Board

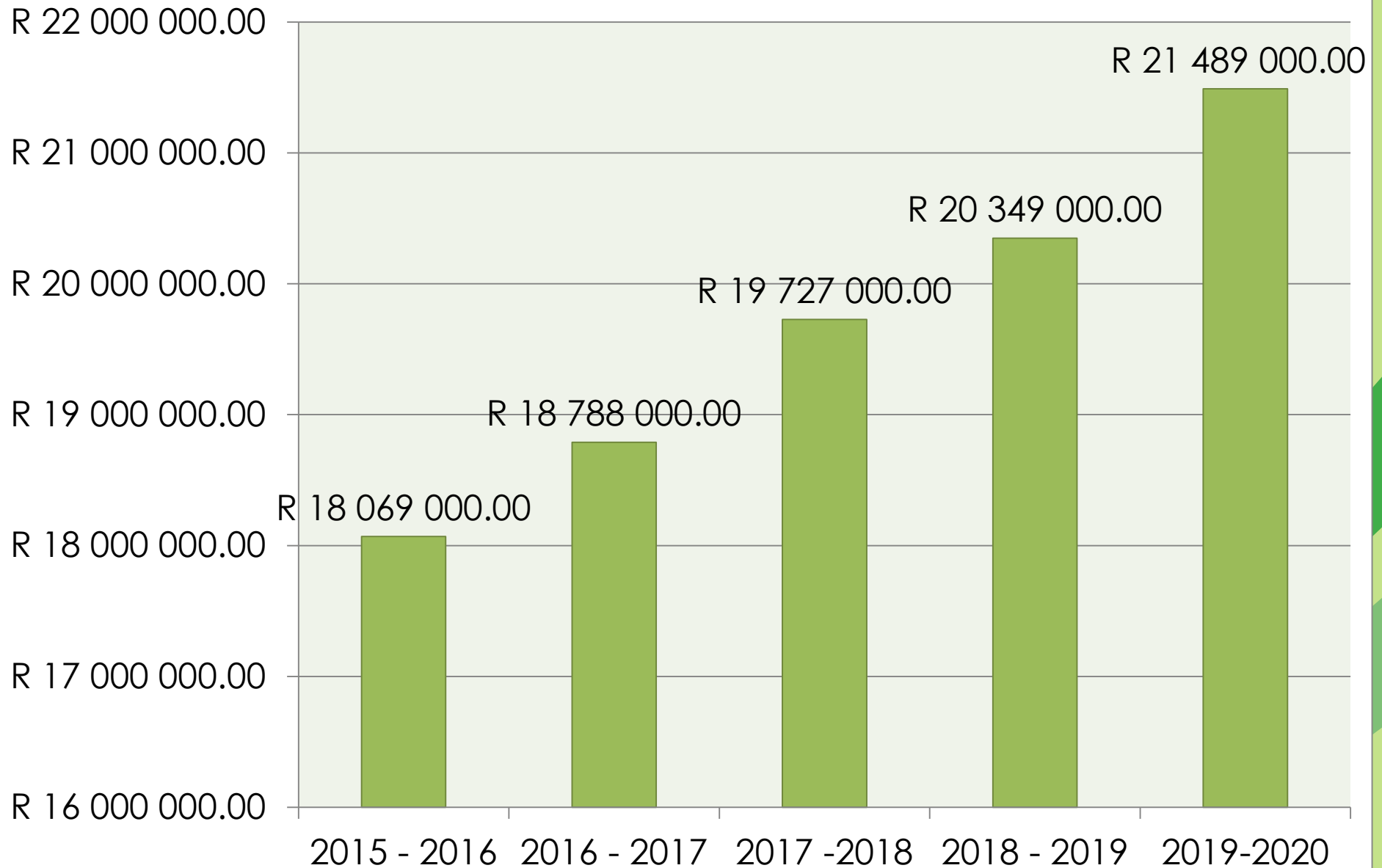
Transfer payment funding and expenditure incurred

	R
TRANSFER PAYMENT FUNDING RECEIVED	21 489 000
Current payments	
Compensation of employees and goods and services	21 489 000
TOTAL EXPENDITURE FOR THE YEAR (excluding depreciation)	21 489 000

The total amount of the transfer payment funding received for 2019/2020 was fully utilized on operational/administrative expenditure.

The committee is to note that capital expenditure has been paid for by the Ingonyama Trust.

TRANSFER PAYMENT RECEIVED – Historical trend



Ingonyama Trust

Statement of financial position

	R 2019/2020	R 2018/2019
Total Assets	25 290 278 753	25 187 705 384
Total Liabilities	22 159 338	24 054 010
Total Net Assets	25 268 119 415	25 163 651 374

Net assets increase of 0.41 % due to increase in Receivables.

Ingonyama Trust

Statement of Financial Performance

Income	R 2019/2020	R 2018/2019
Rental Income (including straight lining lease income)	172 124 445	114 807 839
Interest Income	12 651 596	14 398 347
Contractual Royalty Revenue	769 689	1 170 437
Other income /servitudes	2 883 041	1 678 213
Sugar cane sales	706 147	-
Interest on overdue debtors accounts	742 372	762 268
TOTAL REVENUE	189 786 547	132 704 141

Ingonyama Trust

Notes on Rental Revenue

- Rental income noted in the financial statements comprises of the following :

Actual amounts Invoiced and recoverable	R 70,04
Straight lining lease income	R 102,09
Total Rental income	R 172,13

- The straight- lining lease income is a non-cash entry recorded in the financial statements to comply with GRAP standards.

Ingonyama Trust Capital Expenditure 2019/20

	R
Computer equipment	189 294
Furniture and equipment	141 123
Intangible assets – computer software/ website design	38 000
Motor vehicles	2 900 000
TOTAL	3 268 417

Ingonyama Trust

Notes on Capital Expenditure

Capital expenditure was incurred for the administrative purposes of the Trust, i.e. day to day operations.

Report on planned capital projects

There are no significant capital projects planned over the short to medium term for administrative purposes of the Board.

Ingonyama Trust

Goods and services for the year ended 31/03/2020

	R
Advertisement	115 918
Bank Charges	49 055
Cleaning, Repairs and General expenses	662 515
Legal fees	3 240 362
Communication expenses	77 123
Agricultural project expenses	1 556 340
Land tenure management and planning expenses	8 147 260
Increase in provision for doubtful debts	31 431 507
Workshops	3 889 676

Ingonyama Trust

Goods and services for the year ended 31/03/2020

	R
Computer fees	88 648
Travel, Accommodation and meetings	165 990
Donations	50 000
Bursaries	17 983
Insurance	709 160
Bad debt written off	506
Ingonyama Trust Payment for re-imburement of Board operational expenses	26 485 290
TOTAL	101 499 967

Ingonyama Trust Board Auditor General's Report

1.

The Ingonyama Trust Board obtained a qualified audit opinion based on the non-disclosure of the full extent of the irregular expenditure.

2.

The Ingonyama Trust Board disclosed an amount of R 943 824 as irregular expenditure in the Annual financial statements based on its interpretation of irregular expenditure which was submitted to the AGSA for audit purposes.

3.

45 The AGSA noted that the Board did not disclose the full extent of the irregular expenditure. It is not a specific requirement of section 55 (2)(b) (i) of the PFMA to disclose the full extent of irregular expenditure.

Ingonyama Trust Board

Response to aspects of Auditor General's Report

1.

The basis of the audit opinion is of concern in that the AGSA implies that there is still further irregular expenditure which even the AGSA is unable to provide evidence and the determine the extent of.

2.

The Board has complied with the PFMA in disclosing the extent of irregular expenditure based on its assessment of irregular expenditure and further amended the financial statements based on the AGSA's amount.

3.

46 The Accounting authority is committed to ensure that irregular expenditure will be closely monitored and be at a minimal in future years.

Ingonyama Trust Auditor General's Report

The Ingonyama Trust obtained an adverse opinion based on the following issues :

1.

Property, plant and equipment/(land valuation disclosure)

2.

Non- disclosure of Investment Property

3.

Expenditure – Non- Recognition of municipal rates as an expense and liability in the AFS.

Ingonyama Trust

Response to aspects of Auditor General's Report

The Ingonyama Trust is a non-trading statutory Trust created to own land for the benefit of its beneficiaries. Its finances are regulated by Treasury regulation 14 which reads as follows:

- Responsibility for trust money and property [Section 76(1)(c) of the PFMA]
- "14.2.1 For purposes of this regulation, trust money or property is money or property that does not belong to the State and that is held by an institution on behalf of other persons or entities in terms of a deed of trust or equivalent instrument that details the specific purposes for which it may be used."
- The expenditure of the Ingonyama Trust is not funded by the state and is paid for from self-generated land related income sources. The Public Finance Management Act (PFMA) does not apply to the Ingonyama Trust.
- The AGSA has qualified the books of the Trust on matters based on its interpretation of GRAP standards, on which the accounting authority has its own views due to the legal nature and circumstances impacting on these matters. The qualification matters go beyond their basic interpretation in terms of the GRAP disclosure requirements because they are impacted on by current circumstances noted below.

Ingonyama Trust

Response to aspects of Auditor General's Report

Recording of land values and extent in the Land holdings register as required by GRAP standards.

- Land vested at no cost to the Ingonyama Trust in terms section 3(a) of the Ingonyama Trust Act, 1994.
- The Trust has saved millions of state funds by making use of municipal valuations and not undertaking a physical valuation exercise to value 2,8 m hectares of land.
- The Trust for the first time in 2017/2018 reflected a land of R 25 billion based on municipal valuations in the AFS.
- Significant amount of work was done since 2017/2018 to ensure that municipal values are captured in the land holdings register for each land parcel.
- Significant work was done in the current year under audit to ensure that all survey diagrams were made available to the Auditor General and that the register included more reliable land valuations as compared to previous years.
- The Board is working towards achieving a land register that will satisfy audit requirements.

Ingonyama Trust

Response to aspects of Auditor General's Report

Investment Property

- Ingonyama Trust land was not acquired but vested to the Ingonyama Trust in terms of the Ingonyama Trust Act. Land owned by the Ingonyama Trust is held in Trust for community beneficiaries and was never intended to be held for rental purposes.
- The land held in Trust is held for multiple purposes at any given time, where portions of the land, and these are very insignificant, are leased out, the control is excised by the Traditional Authorities which are the true institutions that control the Trust land.
- It is for this reason that any encumbrance of the Trust land, must as a matter of law (section 2 (5), be preceded by a prior written consent of the relevant Traditional Authority. Therefore, the conclusion is that the subject land is not investment property and has therefore not been disclosed under Property, Plant and Equipment.

Ingonyama Trust

Response to aspects of Auditor General's Report

Rates expenditure & payable not disclosed in the AFS

With reference to the Ingonyama Trust we submit that save for the Treasury Regulation 14, the provisions of the PFMA do not apply to Ingonyama Trust. Our submission in this regard is premised on the following:

- Ingonyama Trust is not a listed public entity in terms of the PFMA.
- Ingonyama Trust does not receive any funding from the State.
- Ingonyama Trust is neither a constitutional institute nor a government department.
- Ingonyama Trust is only associated with the state by virtue of being created by statute. Nothing more and nothing less.

As a result it is bound to be administered in accordance with the founding legislation. The provisions of such must first be exhausted before other legislation could be looked at.

The finding pertaining to rates expenditure and payables is erroneous.

The finding further fails to appreciate that save the offices where the Trust operates, the rest of the Trust owned land "vests in and is held in trust by the Ingonyama as Trustee of the Ingonyama Trust." The beneficiaries of this land are the occupiers of it including a number of government institutions and departments as well as commercial enterprises.

It would further be noted that the Trust has no other material source of income other than that received by those beneficiaries who agree to take leases and in turn pay rental.

Ingonyama Trust

Response to aspects of Auditor General's Report

Rates expenditure & payable not disclosed in the AFS

Suffice is here to state the following:

- The invoices issued by the municipalities are not accurate and valid. This is also confirmed by the Auditor General's audit findings. Furthermore the invoices are not issued pursuant compliance with the Municipal Property Rates Act. They thus fall to be ignored. In any event the Board has raised various legal objections in a case between the Mandeni Local Municipality and the Trust. While this case is still pending, some of the objections raised to date have been upheld in favour of the Trust.

- Municipalities concerned are multiple dipping. They raise invoices in respect of the same property against the Trust and the beneficiaries. In any event except those which have taken to court, most of these municipalities have not persisted with their claims.

- The Trust and the Accounting Authority remain firmly of the view that it is the beneficiary concerned that is liable for rates. As a matter of interest no formal dispute has been declared by any of those.

- It is noteworthy that the AGSA has not provided any reason why the provisions of Regulation 14 of the National Treasury Regulations do not apply to the Trust. We conclude accordingly on this score that no obligation has arisen to the Trust as a result of the invoices referred to.

Internal Audit Committee Overview

- The Audit Committee comprised of three members.
- Two meetings were held during the course of the year.
- The Audit Committee reviewed the financial statements, audit work of the internal auditors and the external audit report of the entities.

Matters raised by the audit committee	Action taken by the Board
Valuation of land and disclosure thereof in the Annual financial statements.	<p>The Board has disclosed a land value based on municipal valuations in the AFS for 2019/2020.</p> <p>The Board will ensure that average land values will be recorded in the land holdings register for land that is not recorded in the valuation rolls.</p>
Disclosure of Municipal rates	The Trust is engaging with COGTA and municipalities to achieve a uniform basis of determining the rates liability. The process is not yet finalised.

Internal Audit Committee Overview

Matters raised by the audit committee	Action taken by the Board
Improving supply chain practices in line with treasury regulations	The Board has approved a revised SCM policy and will train existing staff members and appoint a specialist as a matter of urgency
Improving Debt control (payments by lessees)	The Board is in the process of revising its credit control policy, and developing a debt management strategy.
Contractual royalty income	The Department of Mineral Resources has accepted that contractual royalties accrue to the Ingonyama Trust and that state royalties accrue to the State.

Requested adjustments for the 2020/2021 Financial Year

Shortfall in the Transfer payment funding from Department of Agriculture, Land Reform and Rural Development	R in millions
Current transfer payment allocation	22,29
Total Budget requirement of the Ingonyama Trust Board	43,75
Estimated shortfall	21,46

Internal Audit Committee Overview

- For 2020/2021 financial year, the transfer payment allocated to the ITB amounts to R22.29m
- The estimated shortfall not catered for by the transfer payments is R 21,46 m.
- The Board is required in terms of section 2A(2), Ingonyama Trust Act to administer the affairs of the Trust and Trust land.
- In terms of section 4 of the Ingonyama Trust Act, the Department of Land affairs, shall bear the cost of the administration of the Board (as stated in the act).
- The Department is requested to increase the transfer payment allocation as it is not realistic for the Board to administer 2,8 m hectares with a funding of R 22,29 m.
- The Board requires human and financial resources for the following reasons (the list is not exhaustive) :
 - Attainment of legislative compliance and obtaining a clean audit
 - Assist in improving the quality of life of beneficiary communities living on Ingonyama Trust land
 - Contributing to governments plan relating to food security and poverty alleviation.
 - Ensuring security of tenure rights for beneficiary communities

Ingonyama Trust Board funding requirements for 2021/2022 and the MTEF period

Financial Years	Estimated Budget	Estimated transfer payment allocation in R m	Shortfall R m
2021/2022	30,00	24,05	5,95
2022/2023	31,50	26,52	6,25
2023/2024	33,07	26,51	6,56
2024/2025	34,73	27,83	6,90

NGIYATHOKOZA

DANKIE KE A LEBOGA

NGIYABONGA

NDIYABULELA

INKOMU NDI KHOU
LIVHUHA

Thank you