OFFICE OF THE VALUER-GENERAL

ANNUAL REPORT

2020 / 2021 FINANCIAL YEAR

OFFICE OF THE
VALUER-GENERAL

Contents

PART A: GENERAL INFORMATION

Office of the Valuer General: General Information

PHYSICAL ADDRESS	:	Praetor Forum Building
	:	3rd Floor
		267 Lilian Ngoyi
	:	Pretoria
	:	0002
POSTAL ADDRESS	:	Private Bag X874
	:	Pretoria
	:	0001
EMAIL	:	vg@ovg.org.za
EXTERNAL AUDITOR	:	Auditor General South Africa
BANKERS	:	Standard Bank

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
PVA	Property Valuations Act 17 of 2014
MAP	Ministerial Advisory Panel
PMO	Project Management Office
ERP	Enterprise Resources Planning
MoA	Memorandum of Agreement
GRAP	Generally Accepted Accounting Practices
IAF	Internal Audit Function

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. In this period we have seen much progress and improvements in 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 and work has commenced on this important task of reviewing the efficiency of the PVA and its regulations and interrogating the strong criticism levelled against the PVA and its regulations. This process is expected to produce a PVA MAP report that outlines the rationale behind PVA criticism and recommendations in terms of feasible and ground-breaking changes that will enhance the mandate and the role of the OVG. The PVA MAP report is expected to be produced together with the draft amendment bill and amendments to the PVA regulations if any are proposed. Stakeholders and members of the general public are invited to make submissions on the role, mandate and valuation methods of the OVG. It is envisaged that the expected PVA MAP report will be completed during the 2021/2022 financial year. To this end we allowed the OVG to create an additional capacity by increasing its staff complement. The increased capacity, particularly in technical professional valuations roles, has contributed towards the entity progressively improving its performance particularly towards eradicating legacy valuations backlog 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 (OCRD). The support from the OCRD enabled the OVG to primarily focus on its core business whilst closing the gap in terms of capacity from Human Capital, Supply Chain Management and Finance Management point of view.

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

Mrs AT 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 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 by such government department.

2. THE OVG ROAD MAP

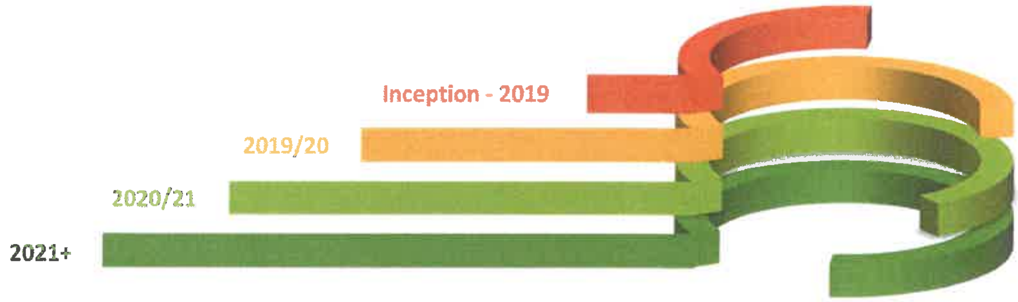
In 2016, the OVG formally undertook a number of initiatives to support its transformation, both in terms of better supporting land reform and also to become a preferred business partner to its clients. Projects to deliver these initiatives began during the 2019/20 financial year, with execution having started in the third quarter of 2019. These projects are now well into delivery with completion expected during the 2021/2022 financial year. The biggest impediment that contributed to delays in completing these projects has been COVID-19.

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 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 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. This has led to improvements in terms of completing all new valuations on time and reducing legacy backlog valuations. 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 "go-live" during Q2 of 2021/22. The delivery of an ERP solution will digitally transform the OVG giving it further autonomy and control over its operations. There have been some notable delays in terms of implementing the ERP system. The project team has been working tirelessly to ensure that the ERP is implemented during September 2021.

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 (Valuations Tracking System) and Project Management.



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 controls in place to ensure traceability
- Tracking and reporting in place to manage performance
- Blockages are identifiable and are managed
- Transformation projects planned and initiated
- Standard templates introduced
- Focus on improving client centricity

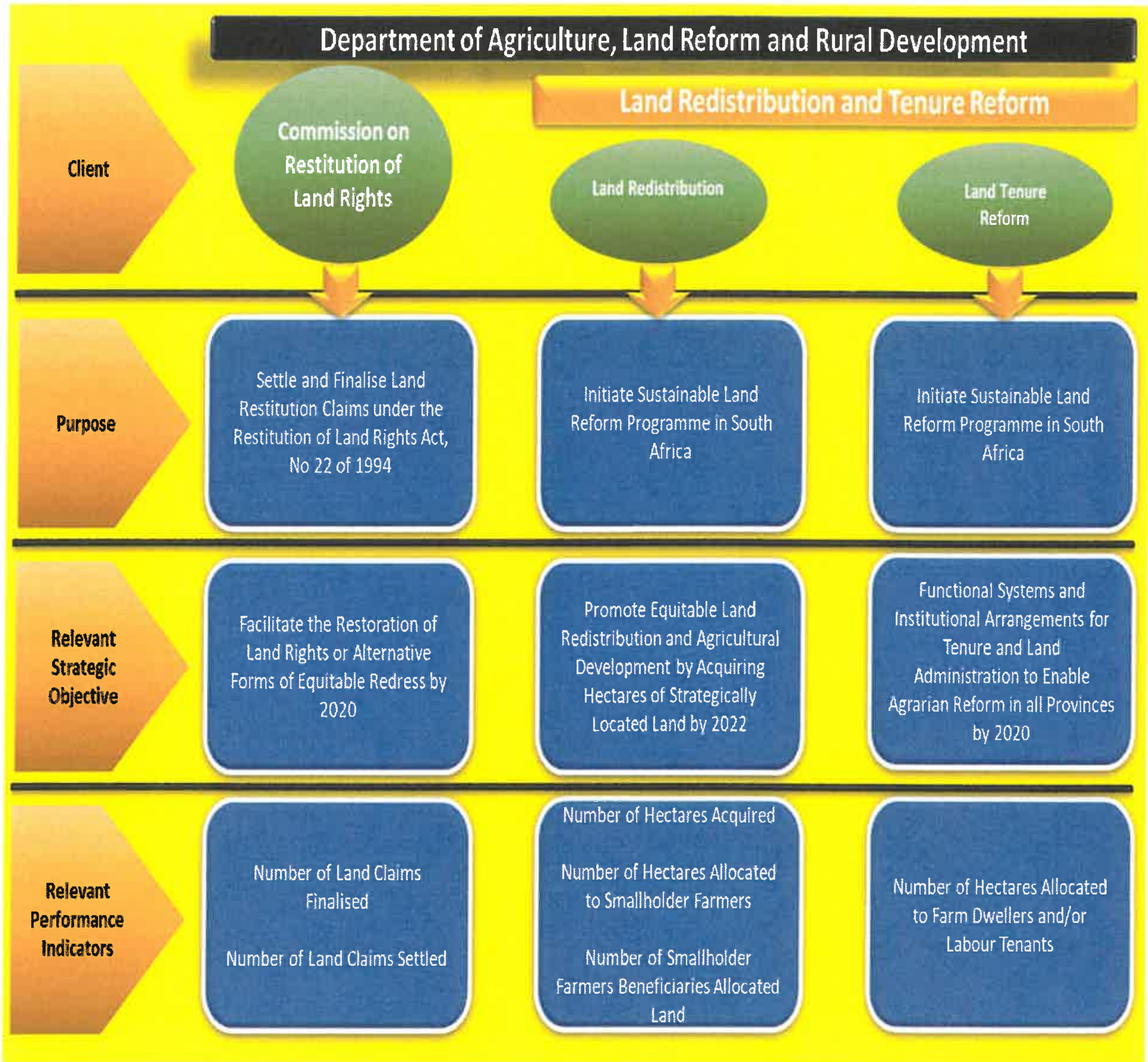
Digital Transformation Begins

- Strong emphasis on standardisation
- Paper based but with improved controls 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

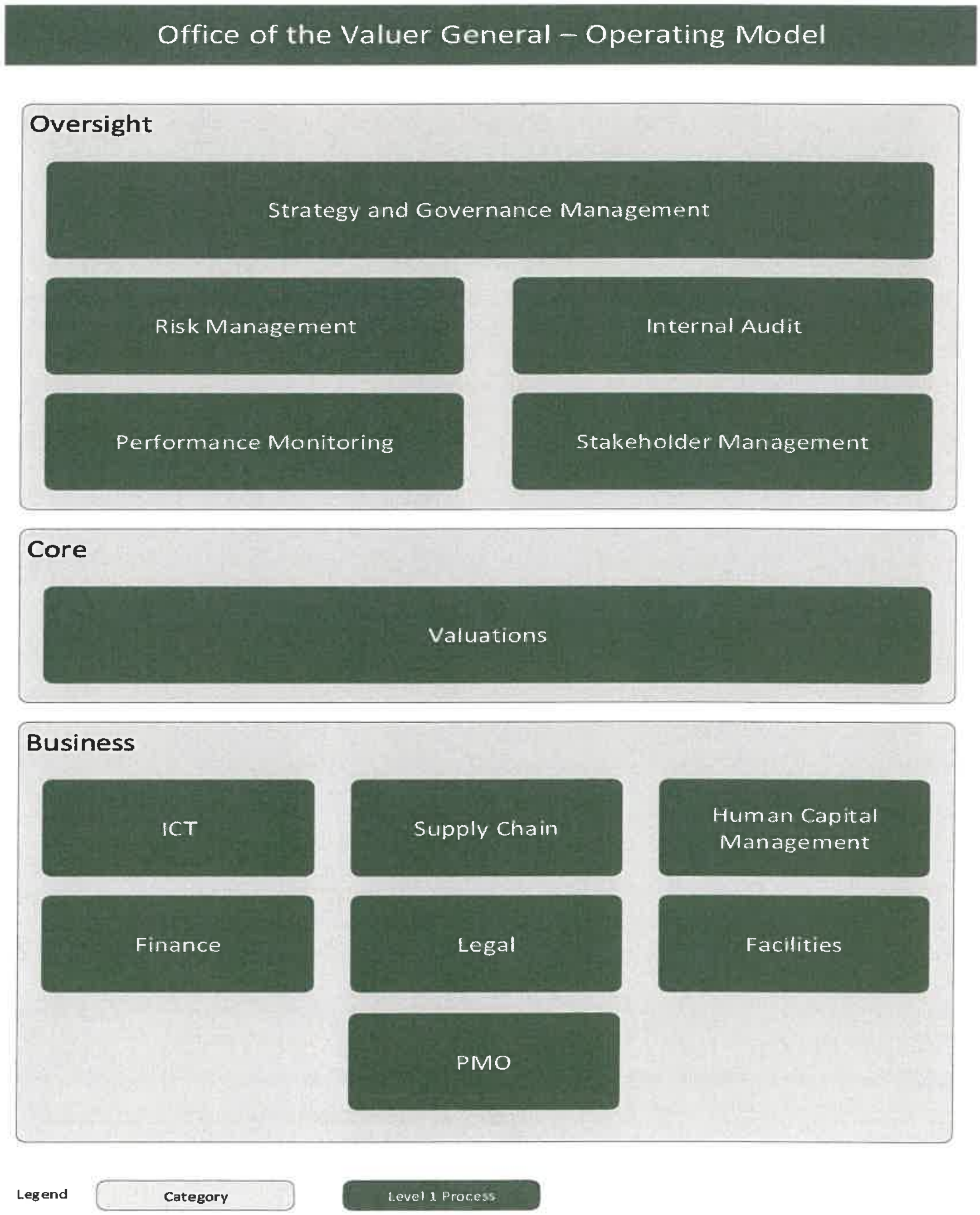
Digitally Transformed

- 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

3. OVG CLIENTS



4. THE OVG BUSINESS OPERATING MODEL

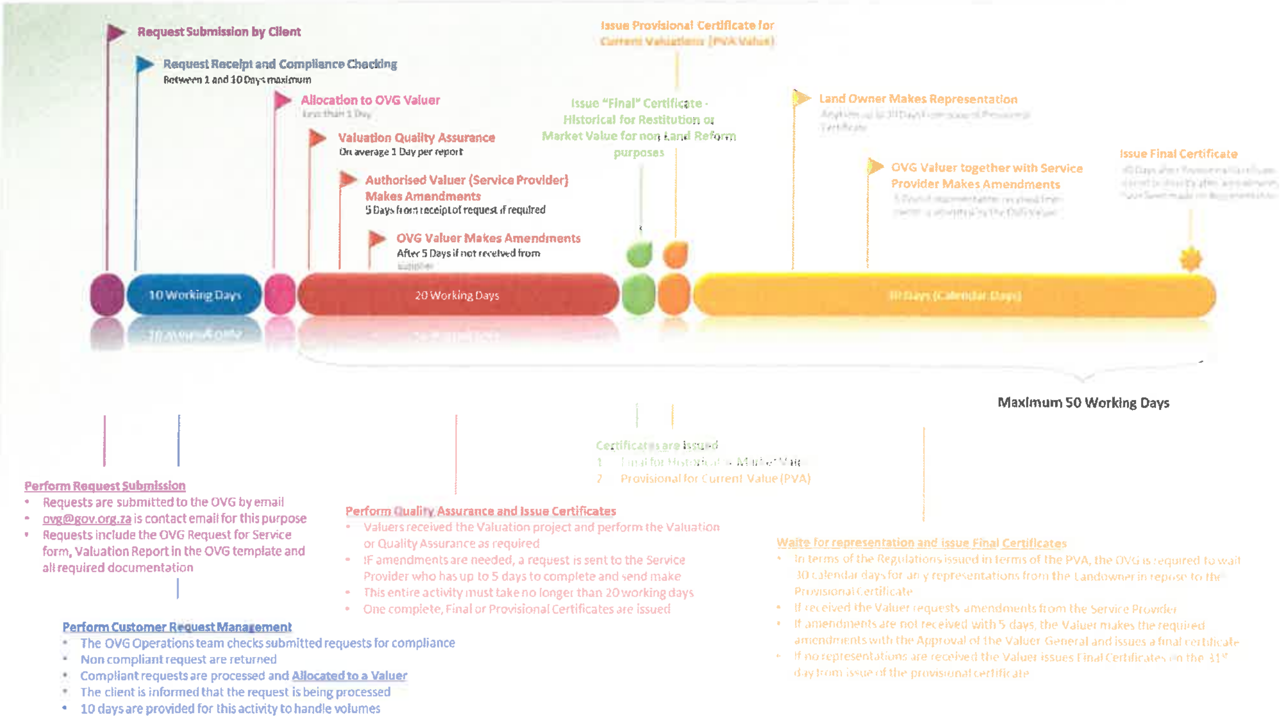


The **Oversight Function** refers to functions that are intended to strengthen governance thereby ensuring accountability by the OVG. These functions are supported by the inclusion of independent resources sourced outside of the OVG.

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 form part of the Valuations Management function which includes a Quality Assurance Branch.

5. OVERVIEW OF THE CURRENT VALUATION PROCESS



The performance of the Office of the Valuer-General (OVG) during the year under review (2021) was guided by a formally tabled 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 Legislation compliance. This year we present an unqualified audit opinion with findings from the AGSA.

In order to discharge its mandate, the OVG was allocated R 100 000 000 through the Estimates of National Expenditure (ENE) and spent R 44 944 000 of this amount. This represents 45% of the allocation which is an expenditure increase of 9% compared to the 2019/20 financial year. This increase is attributed to the increased activity of the OVG given the 100% growth in staff numbers resulting in increased activity attracting additional operational costs. During the year under review, the OVG received Ministerial concurrence to fill any additional post on a fixed term contract. 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 of the OVG. These functions included Finance, Human Resource Management and Supply Chain Management. 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 2020/2021 financial year the OVG deepened the implementation of the regulations issued in terms of the Property Valuation Act. 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 overall 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 173 of the 187 new valuations, 677 of the 991 backlog valuations. This puts the OVG in a better position to finalise legacy backlog in the 2021/22 financial year and focus only on new valuation requests and managing turn around times going forward.

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.

M.M. Maloka

Ms M Maloka
Acting Valuer-General/ Chief Executive Officer
Date: 15/09/2021

5.1 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 2021.

Yours faithfully

M.M

Ms M Maloka
Acting Valuer-General/ Accounting Authority
Date: 15/09/2021

Part A: Our Mandate

1. Constitutional mandate

The constitutional mandate of the Office of the Valuer-General is derived from section 25 of the Constitution of the Republic of 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.

2. Legislative and policy 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)

(Certain administrative legislation is included in this list as it is deemed to have strategic relevance during the start-up phase of the organisation)

3. Institutional Policies and Strategies over the five year planning period

The Office of the Valuer-General's policy mandates derive largely from the following key policies:

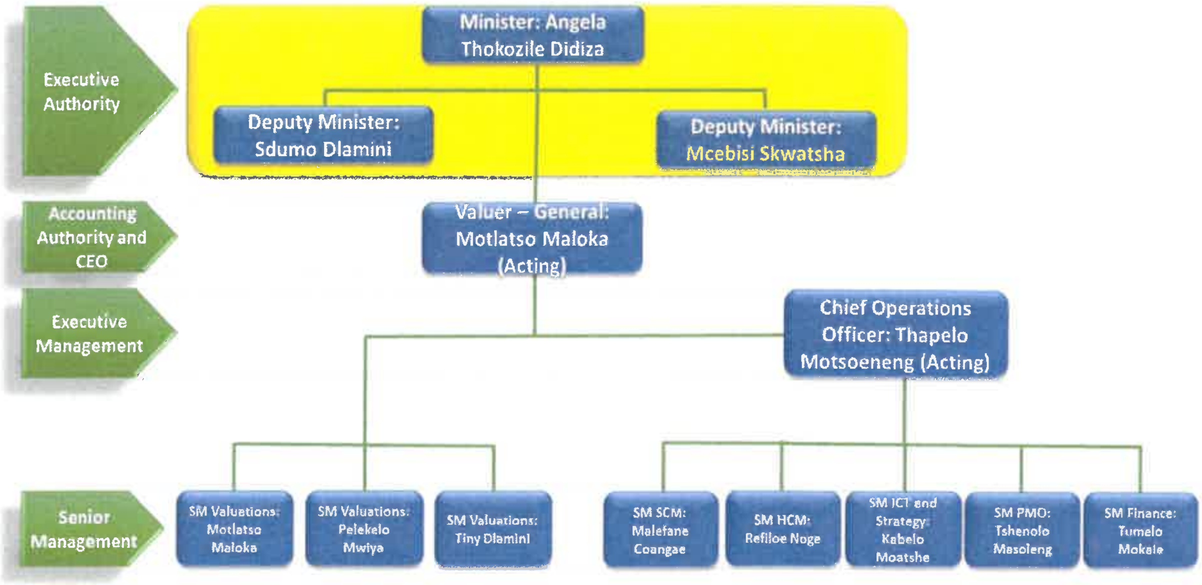
- National Development Plan (2011): Chapter 6 (an Integrated and Inclusive Rural Economy) provides, in respect of land reform, amongst others, for a model that will enable the more rapid transfer of agricultural land to black beneficiaries and the establishment of an institution that must monitor land markets against instances of corruption, speculation and undue opportunism.
- White Paper on South African Land Policy (1997): the land reform programme consists of three components: restitution, redistribution and tenure reform. A fourth component, land development, was subsequently added by Government.
- Green Paper on Land Reform (2011): In order to attain the long-term goal of development, defined as shared growth and prosperity, relative income equality, full employment and cultural progress, provision is made for the establishment and operationalisation of the statutory office of the Land Valuer-General that would be responsible for the determination of fair and consistent land values for land reform purposes.
- Policy Framework for Land Acquisition and Land Valuation in a Land Reform Context and for the Establishment of the Office of the Valuer-General (2012): The protection of the public interest in land acquisition and property transactions is the overarching rationale for the establishment of the Office of the Valuer-General, whose broad mandate includes both land reform valuations as well as valuation and property advisory services across the entire government system.
- The Office of the Valuer-General must comply with all national and provincial policies that provide in one way or another for matters that impact on the operationalisation of, and the exercise of powers, performance of functions and the execution of responsibilities, by the Office of the Valuer-General. These include, but are not limited to, policies that are administered by the Department of Rural Development and Land Reform and the Department of Public Works.

5. Relevant Court Rulings

There are no court rulings that impacted negatively on the operations, exercise of powers, performance of functions or execution of responsibilities by the Office of the Valuer-General.

The OVG is still awaiting the judgement on Minister of Land Reform and Rural Development vs Moloto Community court case to determine if there is any impact on how the OVG currently conducts its valuations. The judgement will be studied appropriately and subsequent steps will be determined by any impact that the judgement might have on the current valuation processes within the OVG.

5.2. Organisational Structure



In this Financial year, the OVG managed to fill critical Senior Manager (SM) positions in order the ensure that there's adequate leadership that will work towards the achievement of the OVG strategy. SM: Project Management Office; SM: Human Capital Management; SM Information Communications Technology and SM: Supply Chain Management were all appointed in the 2020/21 financial year.

PART B: PERFORMANCE INFORMATION

Part B: Our Strategic Focus

6. Vision

To be recognised in the market as the centre of excellence and innovation in respect of all property valuation with primary focus on land reform.

7. 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.

8. Values

- Professionalism and accountability
- Respect and integrity (ethics and honesty)
- Courtesy and compassion
- People centred service standards
- Effective communication and transparency
- Efficiency
- Delivery focus

Political environment	Technological environment
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.	
Economic environment	**Transformational, governance and legislative environment**
- 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 mandate is achievable. - The property market is volatile and this may increase the risk that the OVG will be called upon to defend a valuation in the context of fluctuating and unpredictable economic circumstances	- 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. The Auditor-General will conduct the annual regulatory audit of the OVG. - 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. - The PVA Regulations were gazette by the Minister in the 2018/19 financial year.
Social environment	**Environmental factors**
- 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 Agriculture, Land Reform and Rural Development), it	- 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.

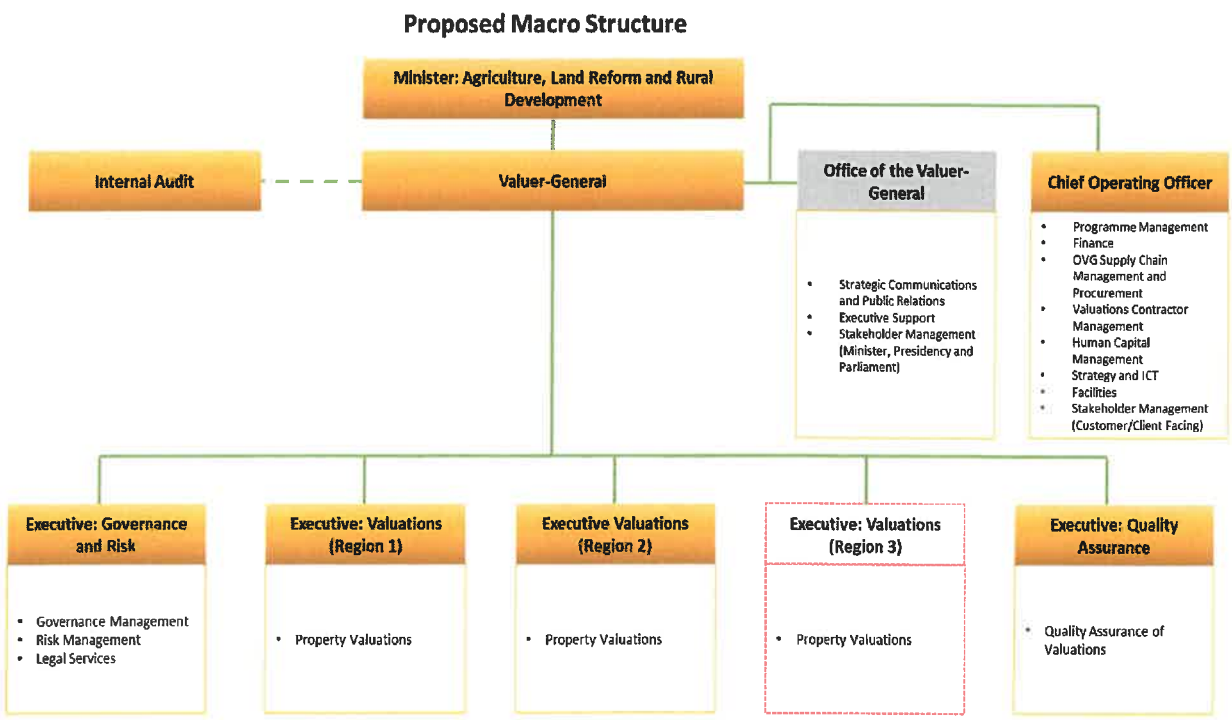
Political environment	Technological environment
is worthwhile considering the social context in which the OVG will need to operate and how this might impact the strategy. - Land reform typically targets rural land and, if well-executed, has the potential to create many new jobs and improve the lives 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. - 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.	

9.2. Internal Environment Analysis

Strengths	Weakness
- Importance of mandate is indisputable and will provide great momentum. - Existing market: • Mandatory valuations provide a guaranteed revenue stream - Financial stability guaranteed by the State: • Budget allocation / appropriation from NRF. - Professional nature of services will support autonomy / impartiality: • Operational Efficiency; • No Government Influence in professional valuation outcomes;	- Financial • Support functions capacity needs to be developed - No approved organisational structure as yet - New systems to be implemented, ensure adequate internal control in the meantime.

• Accountability	
Opportunities	**Threats**
- Potential to grow market • 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".	- New institution: • Unknown, needs to build reputation and standing with customers, suppliers, parliament and general public - Policy and Standards: • Will require cooperation from Government and SACPVP - 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

Current High-Level Organisational Structure



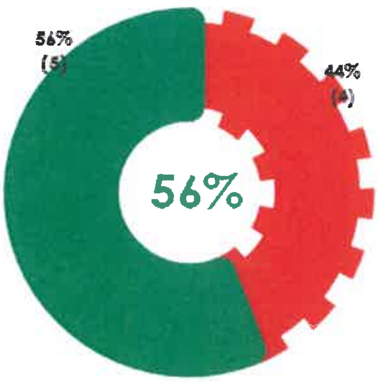
6. PERFORMANCE INFORMATION

6.1 ANNUAL PERFORMANCE SCORECARD

The OVG had planned to achieve nine (9) targets during the 2020/21 financial year. There are two sub-programmes for the planned targets. The table below provide a detailed breakdown of the overall spread of the nine targets in the allocated sub-programmes. The table also provide the OVG's overall performance.

Sub-Programmes	Annual Targets 20/21	Annual Targets achieved
Valuations	3	0
Operations	6	5
Overall	**9**	**5**

The OVG planned to achieve 9 targets during the 2020/21 financial year. A total of 5 targets were achieved, and 4 were not achieved.

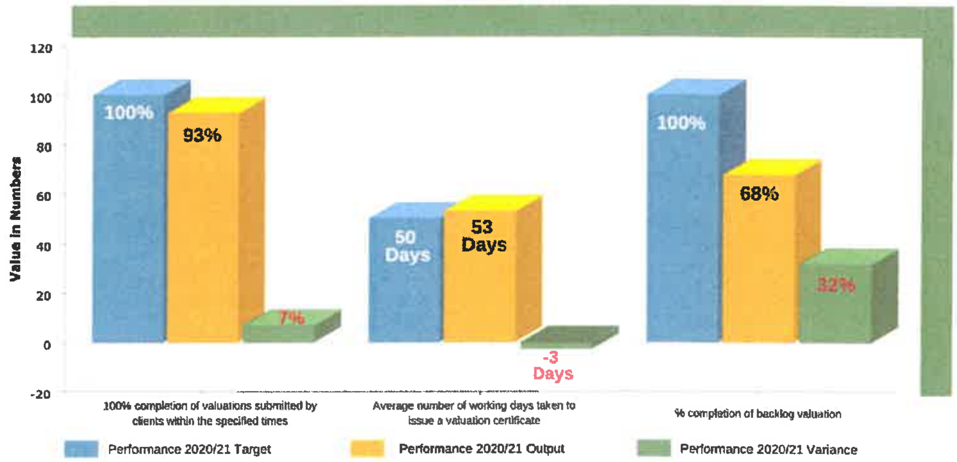


Overall performance of the OVG in 2020/21 financial year translates to 56% achievement against the set Annual Performance Plan targets. This indicates that the OVG has missed the 2020/21 Annual Performance Plan targets by 44%. The reasons for 44% deviation will be dealt with in greater detail as the report addresses the specific indicators where performance targets were not met.

6.1.2 Sub-Programme: Valuations

This sub-programme is focussing on the performance of the OVG with regards to the OVG's core business which is conducting property valuations. As was expected, the OVG received valuations from the clients and efforts were made to ensure that all valuations are completed on time with minimal interruptions. The graph below provide performance data for the sub-programme.

PERFORMANCE 2020/21 FY



Indicator	Target	Output	Variance
100% completion of valuations submitted by clients within the specified times	100%	93%	7%
Average number of working days taken to issue a valuation certificate	50 Days	53 Days	-3 Days
% completion of backlog valuation	100%	68%	32%

The graph indicates that the OVG did not achieve the planned targets in as far as the three (3) indicators of sub-programme valuations are concerned.

Reasons for deviation

At the end of the period preceding the year under review, the OVG received Ministerial concurrence to create and fill an additional 21 roles in both core and business functions. As a result of delays caused by the covid-19 induced lock downs, the recruitment process gained traction only in the 3rd and final quarters of this financial year as a significant number of appointments were made.

We have seen a significant improvement in the sub-programme indicators compared to similar valuations performance in the previous financial year, as a result of the impact of our capacity growth in the 3rd and 4th quarters. Our lack of capacity for the better part of the financial year contributed significantly to our inability to fully achieve this target.

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. Some of the measures put in place to manage service providers' poor performance is the tightening of contract management processes with the recent appointment of the additional supply chain management team and also there are processes in place to appoint a new panel of valuers anticipating to increase on the current capacity.

The 2020/2021 financial year was the second full financial year in which the OVG implemented the PVA Regulations, which amongst others, requires that landowners be 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.

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. We have now fully embedded this requirement into our business processes and should see full achievement of this target in subsequent years.

Planned interventions

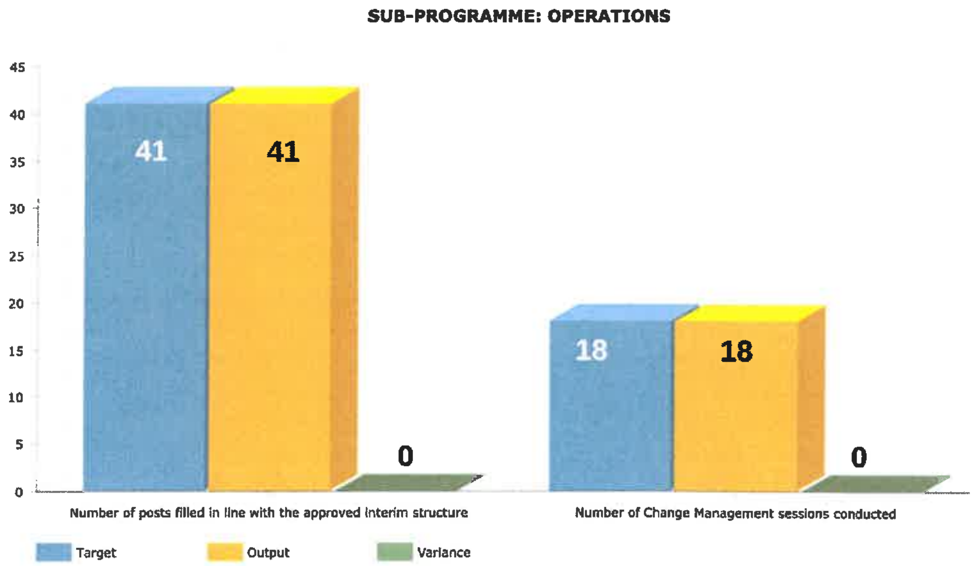
The OVG received ministerial concurrence to create and fill an additional 21 positions (of which 12 are valuations positions) which will alleviate the capacity challenges in valuations. The majority of the 21 positions have already been appointed. The OVG now has a total of 25 valuations positions as opposed to 13 positions in the recent past.

The OVG has further implemented 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.

6.1.3 Sub Programme: Operations

This sub-programme defined APP targets that will assist in enhancing the support that the core business receive from Operations.

The graph below depicts the planned targets and performance against two key indicators for this sub-programme.



The OVG managed to achieve the planned targets for the two (2) indicators that are shown in this above graph. The detailed HR stats section of this report will provide further details in terms of the indicator that talks to 'number of posts filled in line with the approved interim structure'.

The table below provide performance data on the other indicators that are part of sub-programme: operations.

SUB-PROGRAMME: OPERATIONS					
Indicator	**Target**	**Output**	**Status**	**Reasons for Deviations**	**Planned Intervention**
PVA MAP work supported	PVA MAP work support report approved by the VG	PVA MAP work support report approved by the VG	Achieved	N/A	N/A

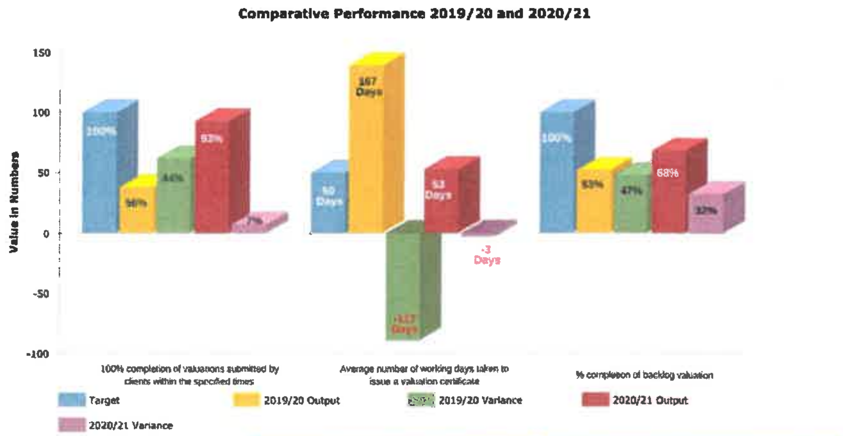
SUB-PROGRAMME: OPERATIONS					
Indicator	Target	Output	Status	Reasons for Deviations	Planned Intervention
PVA regulations implemented	PVA implementation progress report approved by the VG	PVA implementation progress report approved by the VG	Achieved	N/A	N/A
Data Management System implemented	Data Management System implemented	Data Management System not implemented	Not Achieved	The Data management system of the OVG is part of the Enterprise Resource Planning (ERP) System that the OVG is implementing. Significant configuration and customization work had been done on the ERP by year end. As a result of delays experienced at project level mainly due to Covid-19 induced lockdowns that affected the entire country, the OVG was unable to "Go-Live" with the ERP in the period under review as planned.	The OVG has revised plans on the delivery of the ERP and the PMO office is closely monitoring the delivery and go-live of the system.

SUB-PROGRAMME: OPERATIONS					
Indicator	**Target**	**Output**	**Status**	**Reasons for Deviations**	**Planned Intervention**
Corruption and fraud prevention mechanisms implemented	Corruption and fraud prevention mechanisms implemented	Corruption and fraud prevention mechanisms implemented	Achieved	N/A	N/A

Only three (3) out of four (4) indicators were achieved, plans are in place to ensure that there is significant improvement in the 2020/21 period.

Performance Trends

In this sub-section we present data between the financial year 2019/20 and 2020/21 to provide a comparative analysis in terms of the OVG's performance in those two years. Data shows that there are similarities in terms of performance indicators that are in sub-programme: valuations. This analysis will only focus on the performance indicators for sub-programme valuations.



Indicator	2019/2020 Financial Year Target	Output	Variance	2020/2021 Financial Year Target	Output	Variance
100% completion of valuations submitted by clients within the specified times	100%	56%	44%	100%	93%	7%
Average number of working days taken to issue a valuation certificate	50 Days	167 Days	-117 Days	50 Days	53 Days	-3 Days
% completion of backlog valuation	100%	53%	47%	100%	68%	32%

***The tracking of average number of working days for the 19/20 included only Land Redistribution and Tenure Reform, which excluded Restitution. The rational for excluding the Commission on Restitution of Land Rights then was due to the fact that the Commission's Valuations were received as a request for valuation's which required OVG to start commissioning those valuations using SCM processes and therefore extending the turn around times for the commissions valuations to include prolonged SCM turn around times. We therefore preferred to do this comparison using Valuations that only considered Quality Assurance processes as the applicable turnaround and**

processes are very similar. In the current year the processes used with all clients (including restitution) was mainly the submission of valuations reports for Quality Assurance.

Data shows significant improvement in performance compared to the 2019/20 reporting period. We have seen the output regarding 100% completion of valuations submitted by clients within specified times' increasing by 37% compared to the previous financial year.

The average number of working days taken to issue a valuation certificate has decreased by a huge margin from 167 days to 53 days which translates to a difference of 114 days.

There is also reasonable improvements in terms of the speed at which the OVG is processing the backlog valuations. We are noting the increase from 53% to 68% which suggest that the OVG is getting closer to completing all ring-fenced backlog valuations.

PART C: GOVERNANCE

7. 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.

7.1 RISK MANAGEMENT

During the year under review the OVG was still supported by the Office of the Chief Registrar of Deeds (OCRD) 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 (OCRD) for the 2020/21 financial year.

As part of this MoA the OVG continued to comply with all policies of the OCRD and aligned to all the required internal control system requirements of the OCRD. Therefore the Risk management, code of conduct, fraud and corruption policy forms of the OCRD was part of the policies that the OVG had to align to as the OVG did not have its own policies during the 2020/21 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.

7.2 INTERNAL CONTROL UNIT

The OVG was supported by the OCRD 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 OCRD. The OVG had not established its own internal control unit for the 2020/21 financial year.

7.3 INTERNAL AUDIT AND AUDIT AND RISK COMMITTEES

Audit and Risk 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 terms of its terms of reference as of 01 March 2019 and convened 8 meetings between 01 April 2020 to 31 March 2021. The composition of the committee and the number of meeting attended for the 2020/21 financial year was as follows:

Name		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	7/8
Ms Dianne De Wet	Masters-Business Administration (MBA); National Diploma: Property Valuations	Independent Member (External)	1 March 2019	8/8

Name		Internal or external	Date appointed	Number of meetings attended
Ms Phuthanang Motsielwa	Bachelor of Accountancy, CA(SA)	Independent Member (External)	1 March 2019	7/8
Dr Charles Motau	Doctorate: Business Information Systems; Masters-Information Technology, Masters In Business Leadership	Independent Member (External)	1 March 2019	8/8

In the 2021/22 year the Audit and Risk 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
- Oversee 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 for the current financial year 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 Valuer-General administratively.

The purpose of OVG's IAF is to provide an independent, objective assurance and consulting services designed to add value and improve 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 will assist 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.

8 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.

The required audits were conducted and the material findings relates to the late submission of financial statements as a result of a system crash just before the final submission of financial statements and material findings relating to financial statements containing material misstatements.

9 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.

The OVG also drafted a fraud and corruption policy and the implementation of the policy was a part of the Annual Performance Plan and is reported as part of the Performance information on Part B.

10 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.

11 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.

12 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 2021.

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, 08 meetings were held.

Summary of meetings attended per Audit and Risk Committee member:

Name	Internal or external	Date appointed	Number of meetings attended
Mr Phathutshedzo Lukhwareni (Chairperson)	Independent Member (External)	1 March 2019	7/8
Ms Dianne De Wet	Independent Member (External)	1 March 2019	8/8
Ms Phuthanang Motsielwa	Independent Member (External)	1 March 2019	7/8
Dr Charles Motau	Independent Member (External)	1 March 2019	8/8

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. Even though there were material findings due to the system crashing, 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:

- Performed the review of the Annual financial statements prior to submission to the Auditor-General
- Performed the review of the Annual Performance Report 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 responses thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the entities compliance with legislation 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.

Plukhwareni

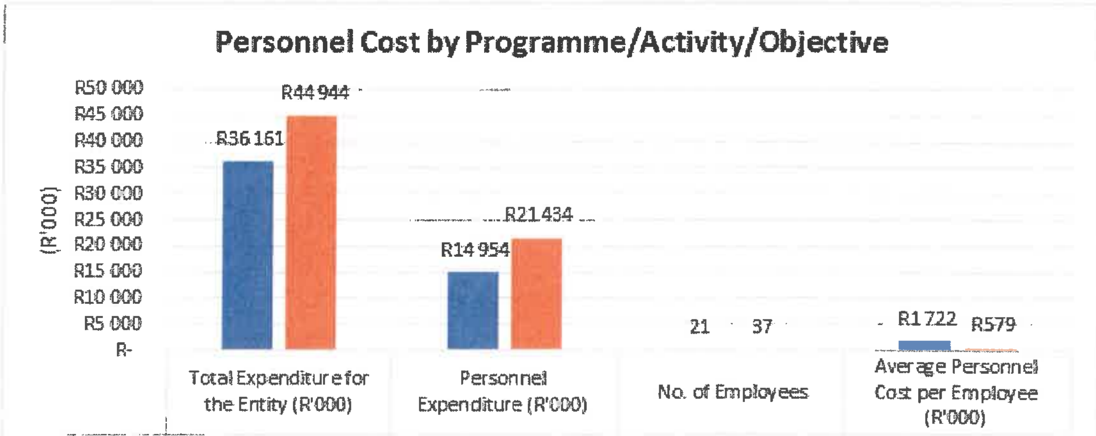
Mr P Lukhwareni

Chairperson of the Audit and Risk Committee

PART D: HUMAN RESOURCES MANAGEMENT

13. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel Cost by programme/activity/objective



	Total Expenditure for the Entity (R'000)	Personnel Expenditure (R'000)	No. of Employees	Average Personnel Cost per Employee (R'000)
2019/20	R36 161	R14 954	21	R1 722
2020/21	R44 944	R21 434	37	R579

■ 2019/20 ■ 2020/21

Total personnel expenditure for the entity has significantly increased in the year 2020/21. The graph shows that the expenditure has increased by just above eight million rand as a result of additional 16 (to 37*) people that have been recruited.

*The total personal costs were accumulated by a headcount of 37 even though at the end of the financial year there were 41 warm bodies. 4 of the officials were not yet paid at the end of the financial year as they started during March 2021.

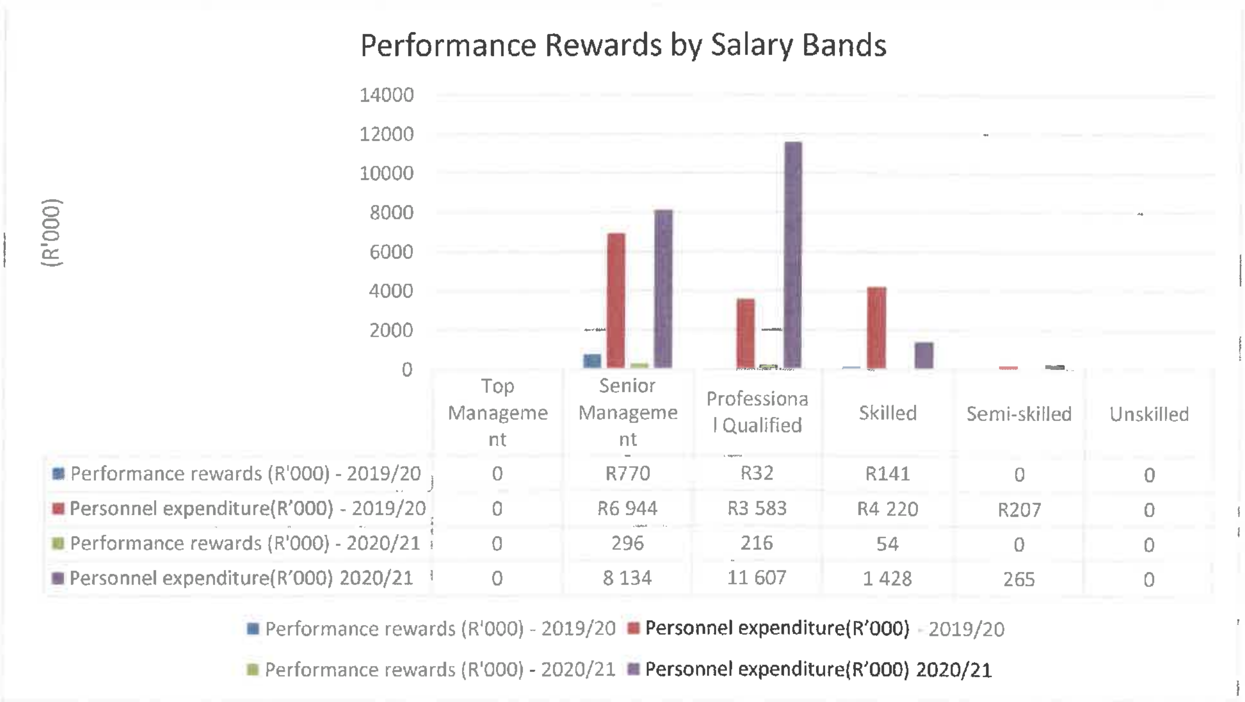
Personnel Cost by Salary Band

	Top Management	Senior Management	Professional Qualified	Skilled	Semi-skilled	Unskilled
Personnel Expenditure (R'000) 2019/20	R-	R6 944	R3 583	R4 220	R207	R-
Average personnel cost per employee (R'000) 2019/20	R-	R1 389	R398	R703	R207	R-
Personnel Expenditure (R'000) 2020/21	R-	R8 134	R11 607	R1 428	R265	R-
Average personnel cost per employee (R'000) 2020/21	R-	R904	R505	R204	R133	R-

Personnel Expenditure (R'000) 2019/20
Average personnel cost per employee (R'000) 2019/20
Personnel Expenditure (R'000) 2020/21
Average personnel cost per employee (R'000) 2020/21

The graph indicates a reasonable increase of cost for Professional Qualified level and Senior Management level for the FY 2020/21 as compared to FY 2019/20. This is as a result of aggressive focus in filling critical positions during the 2020/21 period.

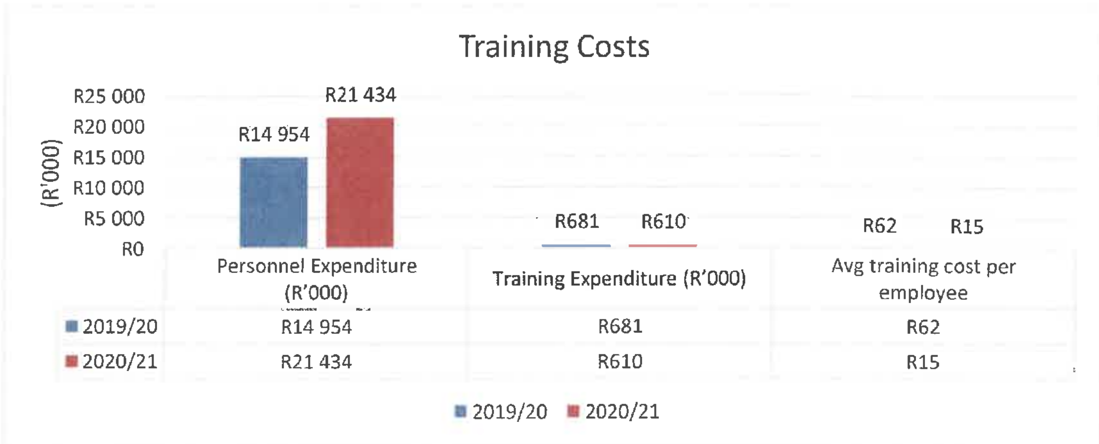
Performance Rewards



	Top Management	Senior Management	Professional Qualified	Skilled	Semi-skilled	Unskilled
Performance rewards (R'000) - 2019/20	0	R770	R32	R141	0	0
Personnel expenditure(R'000) - 2019/20	0	R6 944	R3 583	R4 220	R207	0
Performance rewards (R'000) - 2020/21	0	296	216	54	0	0
Personnel expenditure(R'000) 2020/21	0	8 134	11 607	1 428	265	0

There's a logical decrease in performance rewards between 2019/20 and 2020/21 that is in line with the phasing out of bonuses by National Treasury.

Training Costs



	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Avg training cost per employee
2019/20	R14 954	R681	R62
2020/21	R21 434	R610	R15

Investment in human capital development slightly decreased.

Employment and Vacancies

	No. of Employees	Approved posts	No. of Employees	Vacancies	% of vacancies
2019/20	20	24	20	4	17%
2020/21	41	43	41	2	0,20%

The OVG managed to fill all the vacant posts that were targeted for recruitment in the in this period. This has contributed to an improved performance outcomes as compared to the 2019/20 financial year.

	No. of Employees (2020/21)	No. of Employees (2019/20)	Approved posts (2020/21)	Approved posts (2019/20)	Vacancies (2020/21)	Vacancies (2019/20)	% of vacancies (2020/21)	% of vacancies (2019/20)
Top Management	0	0	0	0	0	0	0%	0%
Senior Management	8	4	9	6	1	2	0,10%	33%
Professional Qualified	19	9	20	9	1	0	0,10%	0%
Skilled	12	6	12	7	0	1	0%	14%
Semi-skilled	2	1	2	2	0	1	0%	50%
Unskilled	0	0	0	0	0	0	0%	0%

There is a consistent increase in professional qualified level as this forms part of the OVG's core business.

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	4	4	0	8
Professional	9	10	0	19
Skilled	6	6	0	12
Semi-Skilled	1	1	0	2
Unskilled	0	0	0	0

The OVG currently has the highest employee retention rate, this may be due to OVG's approach in terms of empowering employees with study bursary opportunities and encouraging employees to learn. This may also be due OVG's open and transparent leadership approach where all employees feel their voice counts.

Reasons for Staff Leaving

Reason	Number	% of total no. of staff leaving
Resignation	0	0

There are no resignation report this period.

Labour Relations: Misconduct and Disciplinary Action

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	0
Written warning	0
Final Written warning	0
Dismissal	0

There are no disciplinary actions reported for this period.

Equity Target and Employment Equity Status

Levels	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top	0	N/A	0	N/A	0	N/A	0	N/A
Snr	6	N/A	0	N/A	0	N/A	0	N/A
Professional	7	N/A	0	N/A	0	N/A	0	N/A
Skilled	3	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	17	N/A	0	N/A	0	N/A	0	N/A

African male account for the highest male employees in the OVG. The Senior Management team consists of a larger number of African males which require employment equity interventions.

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
Snr Management	3	N/A	0	N/A	0	N/A	0	N/A
Professional	12	N/A	0	N/A	0	N/A	0	N/A
Skilled	9	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	24	N/A	0	N/A	0	N/A	0	N/A

Females account for the higher number of employees in the OVG and the majority of them are part of OVG's professional employees who are doing Valuations.

DISABLED STAFF				
Levels	AFRICAN		AFRICAN	
	Current	Target	Current	Target
Top Management	0	N/A	0	N/A
Snr Management	0	N/A	0	N/A
Professional	0	N/A	1	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**	1	**N/A**

The OVG did not have targets for the year under review. The office only appointed a Senior Manager in HR in the 2020/21 financial year and will seek to set targets in the next financial year.

PART E: FINANCIAL INFORMATION

14. 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 63 to 110, which comprise the statement of financial position as at 31 March 2021, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as 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 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Property Valuation Act 17 of 2014 (PVA).

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 my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other 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 code.

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

Emphasis of matters

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

Report on the audit of the annual performance report

Introduction and scope

13. In accordance with the Public Audit Act 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 programme 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 public entity's approved performance planning documents. 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 do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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 following selected programme presented in the public entity's annual performance report for the year 31 March 2021:

Programme	Pages in the annual performance report
Programme: Valuations	28 – 30

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 programme:

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. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

22. Financial statements were not submitted for auditing within two months after the end of the financial year, as required by section 55(1)(c)(i) of the PFMA. The financial statements were submitted for audit purposes on 1 June 2021.

23. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the PFMA. Material misstatements of financial instruments, risk management and contingent liabilities identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information

24. 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 the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

25. 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 on it.

26. 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

27. I did not receive the other information prior to the date of this auditor's report.

28. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

29. 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. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion and the findings on compliance with legislation included in this report.

30. There was no proper and regular review and monitoring of compliance with legislation, resulting in financial statements not having been submitted within the legislated deadline and the financial statements not having been prepared in accordance with the prescribed reporting framework of the entity.

31. Management did not effectively exercise its oversight responsibility over financial reporting, compliance and related controls, as evidenced by the material misstatements in the financial statements.

Pretoria

31 July 2021

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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

15. Annual Financial Statements

OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2021

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Statement of Financial Position as at 31 March 2021

	Note(s)	2021 R '000	2020 R '000
Current Assets			
Inventories	2	216	204
Other receivables from exchange transactions	3	-	445
Receivables from non-exchange transactions	4	-	109 931
Prepayments	5	-	2
Cash and Cash equivalents	10	173 706	-
		173 922	**110 582**
Non-Current Assets			
Property, plant and equipment	6	3 026	1 835
Intangible assets	7	1 622	-
		4 648	**1 835**
Total Assets		**178 570**	**112 417**
Liabilities			
Current Liabilities			
Finance lease obligation	8	40	-
Trade and other Payables from exchange transactions	9	14 044	3 043
Provisions	26	-	1
		14 084	**3 044**
Non-Current Liabilities			
Finance Lease obligation	8	34	-
Provisions	26	7	-
		41	-
Total Liabilities		**14 125**	**3 044**
Net Assets		**164 445**	**109 373**
Accumulated surplus		164 445	109 373
Total Net Assets		**164 445**	**109 373**

OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2021

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Statement of Financial Performance

	Note(s)	2021 R '000	2020 R '000
Revenue			
Revenue from exchange transactions			
Other income		16	-
Interest received	12	-	5 837
Total revenue from exchange transactions		**16**	**5 837**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants		100 000	142 127
Total revenue	12	**100 016**	**147 964**
Expenditure			
Employee costs	13	(21 434)	(14 954)
Depreciation	6	(310)	(271)
Finance costs	14	(6)	(1)
Loss on disposal of assets		(31)	-
General expenses	18	(23 163)	(25 873)
Total expenditure		**(44 944)**	**(41 099)**
Surplus for the year		**55 072**	**106 865**

OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2021

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Statement of Changes in Net Assets

	Accumulated surplus R'000	Total net assets R'000
Balance at 01 April 2019	**2 508**	**2 508**
Changes in net assets		
Surplus for the year	106 865	106 865
Total changes	106 865	106 865
Balance at 01 April 2020	**109 374**	**109 374**
Changes in net assets		
Surplus/ (Deficit) for the year	55 071	55 071
Total changes	55 071	55 071
Balance at 31 March 2021	**164 445**	**164 445**

OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2021

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Cash Flow Statement

	Note(s)	2021 R '000	2020 R '000
Cash flows from operating activitues			
Receipts			
Appropriation Funds Received		204 776	-
Payments			
Cash paid to Service Providers		(29 231)	-
Net cash flows from operating activities	23	175 545	-
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(1 267)	-
Purchase of other intangible assets	7	(510)	-
Net cash flows from investing activities		**(1 777)**	-
Cash flows from financing activities			
Finance Lease payments		(63)	
Net increase/(decrease) in cash and cash equivalents		**173 705**	-
Cash and cash equivalents at the end of the year	10	**173 705**	-

OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2021

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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						
Other income	-	-	-	16	**16**	1
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	100 000	-	**100 000**	100 000	-	2
Total revenue	**100 000**	-	**100 000**	**100 016**	**16**	
Employee costs	(49 053)	-	**(49 053)**	(21 434)	**27 619**	3
Depreciation	-	-	-	(310)	**(310)**	4
Finance cost	-	-	-	(6)	**(6)**	5
Repairs and maintenance	(25)	-	**(25)**	-	**25**	6
General Expenses	(42 743)	-	(42 743)	(23 164)	**19 579**	7
Total expenditure	**(91 821)**	-	**(91 821)**	**(44 914)**	**46 907**	
Operating surplus	**8 179**	-	**8 179**	**55 102**	**46 923**	
Loss on disposal of assets and liabilities	-	-	-	(13)	**(31)**	8
Surplus	**8 179**	-	**8 179**	**55 071**	**46 892**	
Actual amount on comparable	**8 179**	-	**8 179**	**55 071**	**46 892**	
Basis as presented in the Budget and Actual Comparative Statement						

OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2021

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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	210	-	**210**	216	**6**	9
Cash and Cash equivalents	170 000	-	**170 000**	173 706	**3 706**	10
	170 210	-	**170 210**	**173 922**	**3 712**	
Non-Current Assets						
Property, plant and equipment	2 090	-	**2 090**	3 026	**936**	11
Intangible assets	-	-	-	1 622	**1 622**	12
	2 090	-	**2 090**	**4 648**	**2 558**	
Total Assets	172 300		**172 300**	178 570	**6 270**	
Liabilities						
Current Liabilities						
Finance lease obligation	32	-	**32**	40	**8**	13
Trade and payables from exchange transactions	3 075	-	**3 075**	14 043	**10 968**	14
	3 107	-	**3 107**	**14 083**	**10 976**	
Non-Current Liabilities						
Finance lease obligation	80	-	**80**	34	**(46)**	15
Provisions	-	-	-	7	**7**	16
	80	-	**80**	41	**(39)**	
Total Liabilities	**3 187**	-	**3 187**	**14 124**	**10 937**	
Net Assets	**169 113**	-	**169 113**	**164 446**	**(4 667)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	169 113	-	**169 113**	164 446	**(4 667)**	17

OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2021

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Statement of Comparison of Budget and Accrual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R'000	R'000		R'000	R'000	

Explanation for difference between Final and Actual Amounts

1. The amount of R16 thousands relates to a laptop by service provider that was lost after being booked for repair and theft and losses are not budgeted for.

2. The amount of R100 million is the transfer allocation fund received from Department of Agriculture, land Reform and Rural Development on the 7th December 2020 in the current financial year for the Office of the Valuer General for funding their priorities.

3. The variance of R27,9 million is attributed to the delay of approving the OVG organogram.

4. The depreciation amount of R310 thousands is for assets procured since the inception of the OVG. No budget was allocated to depreciation because is a non-cash item and appropriation amount received was allocated to operational items only.

5. Finance costs are related to finance leases and were not budgeted for.

6. The variance of R25 thousands relates to budget for Maintenance and repairs of machinery and equipment for financial year 2020/21. No expenditure occurred during the financial year.

7. The variance of R19,5 million is attributed to the delay in procurement of services such as valuations, computer services ERP, OVG impact study, Consultants: Agency Staff, ICT resources etc. The delay was mainly due to National lockdown regulations and COVID-19.

8. Loss on disposal of assets and liabilities were not budgeted for.

9. The expense is only recognised when store items are issued. The items are budgeted for separately under the specific expenditure items.

10. The actual amount of R173 million is as per OVG bank balance as at 31 March 2021.

11. The actual amount of R3,06 million is the book value of entire property, plant, and equipment since the inception of the Office of the Valuer General.

12. The variance of R1,6 million for intangible Assets was budgeted for under goods and services for ERP Systems.

13. The variance is due to an amount of new finance lease contracts for copy machines that was entered into for period of three (3) years.

14. The variance between budgeted and actual is due to the increase in trade and other payables due to services performed for ICT services, the establishment of a PMO Office, Project Management services and the Deeds administration and support.

15. This amount relates to finance lease liabilities that are due to be settled between 2 to 5 years.

16. The variance amount relates to capped leave for newly appointed Senior Manager.

17. This amount relates to retained surpluses and is accumulated over the years.

OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2021

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Accounting Policies

1. Presentation of 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 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 incorporates the historical cost conventions 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 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 represented 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:

Other receivables

The entity assesses its trade 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 judgement as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade 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, and 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 Agent's 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 reliability.

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 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.

OFFICE OF THE VALUER-GENERAL OF SOUTH AFRICA AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2021

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Accounting Policies

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 asset 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	Average useful
Furniture and fixtures	Straight line	15 - 30 years
Office equipment	Straight line	3 - 5 years
IT equipment	Straight line	3 - 10 years
Leasehold improvements	Straight line	5 – 13 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.

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 values 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 de-recognition 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 de-recognition 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 statement

1.5. Intangible asset

An intangible asset is an identifiable non-monetary asset without physically substance:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential.

Amortisation is not provided for, for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Computer software - ERP Software	Indifine

1.6 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 is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or un-collectability.

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

A 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 account 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.

Impairment and un-collectability of financial assets

The entity assess at the end of reporting period whether there is 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 decreases 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

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 a 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.

1.7 Lease

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.

Finance leases-lessee

Finance leases are recognised as assets 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.

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.

1.8 Inventories

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

Inventories consisting of consumable stores are subsequently measured at the lower of cost and net realisable value. 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 net realisable value or 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 net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

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

1.9 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.

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.

Accounting Policies

A cash-generating unit is the smallest identifiable group 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 group 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 cash-generating assets or noncash-generating assets, are as follows:

Identification

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

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

Reversal of impairment loss

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

1.10 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.

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 cellphones) 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.

1.11 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 reserved if 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 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).

1.12 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.

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 an 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 or 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 amount advanced by the Department of Agriculture, Land Reform and Rural Development, 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.

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.

1.13 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, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion to 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.

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.

1.14 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 grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations 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 flow.

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 as its value as at the date of acquisition.

The disclosure of their nature and type has however been disclosed by way of note to the financial statements in line with GRAP 1. These services may include:

- Administration Services
- Accommodation Services
- Information Technology
- Staff Training

1.15 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 months, they should be classified as noncurrent 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.

1.16 Cash and cash equivalents

Cash for reporting purposes will include cash in the bank and any petty cash.

Cash equivalents - to be included on the cash line in the financial statements - will consist primarily of term deposits, and all other highly liquid investments with a maturity of twelve months or less. Cash equivalents are stated at cost.

The following should be excluded from the cash and cash equivalents line in the financial statements reported in current assets:

Cash subject to restrictions that prevent its use within the next year; and

Cash appropriated for other than its current purposes unless such cash offsets a current liability

Cash is measured at fair value

1.17 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 treament across the entity, and to ensure the operating results of the entity are not misstated as a result of expenses unrecorded or recorded improperly.

1.18 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 commitment.

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.

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.

1.19 Prior period errors and changes in accounting estimates

Prior period error

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

1.20 Contingent Liabilities and 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 existance will be confirmed only by 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 propable, 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.

1.21 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.

Liabilities from exchange transactions will be recognised if:

- It is probable that any future economic benefit or service potential associated with the item from 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/good.

1.22 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 (for example, contracts for computer building maintenance services); 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

1.23 Accounting by principals and agents

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 its behalf and its own benefit.

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

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

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 revenue and expenses it receives or incurs in executing the transaction 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.

1.24 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 before reporting date (adjusting events after reporting date); and
- Those that are indicative of conditions that existed after reporting date (non-adjusting events after reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events once the event has 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 the users taken on the basis of the financial statements

1.25 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 01/04/2018 to 31/03/2019.

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.

1.26 GRAP 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 financial statements in the period of initial application.

	2021 R'000	2020 R'000

2. Inventories

Consumable material on hand	216	204

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 R70 317 (2020: R112 376) 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. Receivables from exchange transactions

Other receivables	-	6
Interest receivables	-	439
	-	**445**

Interest receivable age analysis

Current	-	439

Financials 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	-	109 931

Appropriation Receivable

The appropriation receivable amount of Rnil (2020: R109, 931 million) relates to an amount to be transferred from the National Department of Agriculture, Land Reform and Rural Development 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 19 for the reconciliation

5. Prepayments

Opening Balance	2	1
Add: prepaid during the year	29	58
Less: Expensed during the year	(30)	57
	1	**2**

A carrying amount of R461 (2020: R1 695) is prepaid for CIPS membership fees.

6. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	1 621	(227)	1 394	1 146	(149)	997
Office equipment	103	(31)	72	-	-	-
IT equipment	1 382	(479)	903	1 011	(292)	719
Leasehold Improvement	123	(9)	114	123	(4)	119
IT equipment-WIP	543	-	543	-	-	-
Total	**3 772**	**(746)**	**3 026**	**2 280**	**(445)**	**1 835**

Reconciliation of property, plant and equipment – March 2021

	Opening balance	Additions	Disposal	Depreciation	Total
Furniture and fixtures	997	475	-	(78)	1 394
Office equipment	-	103	-	(32)	71
IT equipment	719	411	(31)	(196)	903
Leasehold Improvement	119	-	-	(5)	114
IT equipment-WIP	-	543	-	-	543
	1 835	1 532	(31)	(311)	3 025

Reconciliation of property, plant and equipment – March 2020

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

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 R71 364 (2020: Rnil). Refer to Note 8 where the finance lease obligation is disclosed.

7. Intangible assets

	2021			2020		
	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying Value	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying Value
Intangible assets - WIP	1 622	-	1 622	-	-	-

	2021 R'000	2020 R'000

Reconciliation of intangible assets- 2021

	Opening balance	Additions	Total
Intangible assets - WIP	-	1622	1622

Intangible assets comprises of licenses for Enterprise Report Programme system that is currently undergoing the testing process.

8. Finance lease obligation

	2021 R'000	2020 R'000
Minimum lease payments due		
Within one year	38	-
In second to fifth year inclusive	42	-
	80	-
Less: future finance charges	(6)	-
Present value of minimum lease payments	**74**	-

	2021 R'000	2020 R'000
Present value of minimum lease payments due		
- Within one year	40	-
- In second to fifth year inclusive	34	-
	74	-
Non-current liabilities	**34**	-
Current liabilities	40	-
	74	-

The average lease term ranges between 2 and 5 years for office equipment, with an average interest rate of 7% 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 R34,394 (2018: R40,998). Contingent rents relates to copy charges per copy machine.

	2021 R'000	2020 R'000

9 Payables from exchange transactions

	2021 R'000	2020 R'000
Trade payables	7 025	660
Management fees payable	-	439
Sundry accruals	1 624	1 156
Accrued leave pay	1 532	455
Accrued bonus	743	333
Other Payables	3 120	-
	14 044	**3 043**

10 Cash and cash equivalents

Cash and cash equivalents consists of :

	2021 R'000	2020 R'000
Bank balances	173 706	-

11 Financial instruments

Categories of financial instruments

Financial assets – March 2021

	At amortised cost	Total
Cash and cash equivalents	173 706	173 706

Financial liabilities – March 2021

	At amortised cost	Total
Trade and other payables from exchange transactions	12 593	12 593

Financial assets – March 2020

	At amortised cost	Total
Trade and 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

None of the financial assets are impaired.

		2021 R'000	2020 R'000
12 Revenue			
Other income- Miscellaneous		16-	-
Interest received- Bank		-	5 837
Government grants - Appropiation		100 000	142 127
	1	**100 016**	**147 964**
The amount included in revenue arising from exchanges of goods or services are as follows:			
Other income- Miscellaneous		16-	-
Interest received- Bank		-	5 837
		16	**5 837**
The amount included in revenue arising from non-exchange transactions is as follows:			
Transfer revenue			
Government grants - Appropriation		100 000	142 127
13 Employee related costs			
Basic salary		15 690	10 624
Service Bonus		1 036	566
Performance Bonus		566	943
Medical aid - Employer contributions		318	298
Pension contribution plans		1 794	1 179
Overtime payments		-	536
Car allowance		446	417
Housing benefits and allowances		451	282
Employer contribution: Bargaining council		3	2
Leave: Accumulated short term		1 123	106
Bonus : Accumulated short term		7	-
		21 434	**14 953**
14 Finance costs			
Finance leases		6	1

	2021 R'000	2020 R'000

15 Operating Lease

The following amounts are due in future financial years due to contractual obligations. Operating leases relate to service level agreements for leasing of parking bays for officials

	2021 R'000	2020 R'000
Minimum lease payment due:		
- Due within 1 year	186	186
- Due within 2- 5 years	155	341
	341	527

16 Commitments

	2021 R'000	2020 R'000
Authorised future capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	987	3 847
Total capital commitments		
Already contracted for but not provided for	987	3 847
Authorised future operational expenditure		
Already contracted for but not provided for		
• Due within 1 year	1 182	1 912
• Due within 2 – 5 years	-	562
	1 182	**2 474**
Total operational commitments		
Already contracted for but not provided for	2 169	6 321

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:

	2021 R'000	2020 R'000
Operational commitments due within 1 year	9 100	14 814
Operational commitments due between 2 - 5 years	7 446	4 832
Capital commitments due within 1 year	1 193	4 357
Capital commitments due between 2-5 year	-	206
	17 739	**24 209**

	2021 R'000	2020 R'000

17 Related parties

Relationships

DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT

The Department of Agriculture, Land Reform and Rural Development is the designated department of the Office of the Valuer- General and certain services between the DALRRD 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 Agriculture, Land Reform and Rural Development paid the office accommodation for the office of the Valuer- General.

DEEDS REGISTRATION TRADING ENTITY (DEED)

The Deeds Registration Trading Entity is a trading entity of the Department of Agriculture, Land Reform and Rural Development. The memorandum of agreement was entered into between Deeds and the OVG for rendering of services for the period 1 April 2020 - 31 March 2021 was signed on the 21 April 2021. Therefore, there were no binding arrangement as required in accordance with GRAP 109.

The remainder of the transactions resulting from the Principal Agent Arrangement between Deeds and OVG have been disclosed in note number ***19*** - Principal Agent Arrangements.

Related party balances

Management fees payable – Deeds Registration Trading Account	-	439

Related party transaction

Amounts paid on behalf of OVG (paid by DALRRD)

Office accommodation	983	932
Salary Coangae MES	427	-

Remuneration of management

Executive management

2021 March

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Post-employment benefits	Total
Mwiya P – Land and property valuer	872	75	260	113	1 320
Motsoeneng TS – Acting COO	898	90	507	117	1 612
Maloka MM* - Land and property valuer	876	68	1019	105	2 068
Mokale RT – Director: Finance Management	751	64	224	98	1 137
Ndala-ka- Dlamini Land and property valuer	493	-	106	64	663
Noge RRM- Director HRM	432	-	93	56	581
Moatshe NK – Senior Manager: ICT	436	-	94	57	587
Masoleng TB- Senior Manager: PMO	123	-	27	16	166
Coangae MES- Director SCM	387	-	63	42	492
	5 268	**297**	**2 393**	**668**	**8 626**

*Ms MM Maloka acted as the Valuer General during the period of 01/04/2020 - 31/03/2021.

2020 March

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Post-employment benefits	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
Nthebe A - Land and property valuer	336	-	57	34	427
Mokale RT – Director: Finance & Supply Chain	740	141	221	96	1 198
	3 709	**770**	**2 001**	**464**	**6 944**

	2021 R'000	2020 R'000

Audit and Risk Committee Member's fees

Name		
Lukwareni P-Chairperson	95	62
Motsiela P	94	93
De Wet D	55	43
Motau C	102	65
	346	**263**

Valuation and Quality Review Committee's Fees

Name		
*Baleni E-Chairperson	96	161
*Serfontein M	20	148
Senyolo G	88	179
*Boshoff D	-	158
Fihlani Z	72	165
	276	**811**

*Serfontein M resigned as a committee member on 20 October 2020. Baleni E (Chairperson) resigned as on 21 January 2021. Boschoff D resigned on 18 June 2020.

18 General Exepenses

Advertising	492	245
Auditors remuneration	1 894	2 523
Cleaning	222	237
Consulting and professional fees	17 165	19 439
Consumables	98	82
Entertainment	8	47
IT expenses	1 397	-
Printing and stationery	134	350
Repairs and maintenance	-	9
Staff welfare	-	42
Subscriptions	139	97
Telephone and fax	195	225
Transport and freight	139	1 111
Training	610	681
Travel - local	281	398
Theft and losses	-	33
Legal expense	180	290
Operating leases	209	65
	23 163	**25 874**

19 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. Section 4 and 5 of the Act established the office as a juristic person.

Due to unavailability of resources as this office had not been structurally established, a memorandum of understanding was entered into with the Deeds Registration Trading Entity (Deeds) who is the "Agent". This MOU states that the OVG will pay Deeds for services rendered and that the DALRRD will transfer funds due to the OVG to Deeds. The MOU ended 31 March 2020. The MOA/MOU between Agent and Principal was signed on the 21 April 2021, therefore there was no binding arrangement as required in accordance with GRAP 109.

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

Assets
The following assets are held by the Deeds Registration Trading Account:

Appropriation Receivables- Grants

Balance at the beginning of the year	109 931	127 065
Grants received during the year	-	142 127
Transfer of appropriation funds from Deeds	(104 776)	-
Operational expenditure	(23 666)	(36 161)
Re-imbursive payment-Deeds	15 453	(123 100)
	(3 058)	**109 931**

No other assets are held by the Deeds Trading Entity on behalf of the Office of the Valuer-General. The balance of the unspent portion of the grant was remitted to the OVG bank account.

No fees were paid to the Deeds Registration Trading Entity as compensation for services rendered. The amount payable as at year end by the OVG is recognised as a receivable in the Deeds Registration Trading Entity for R3 058 million (2020: NIL).

Management fees paid	-	9 104

	2021 R'000	2020 R'000

Resource implication on Termination

The Deeds Trading Entity has remitted the balance of grants received to the OVG on the beginning of 2020/21 financial year.

20 Contingents

Contingent Liabilities

The accumulated surplus of R159, 662 million (2020: R83, 573 million) has been classified as a contingent liability at 31 March 2021 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

Contingent assets

Theft and losses for officials amounting to R83 492 (2020: R48 776) are under investigation for the entities assets lost or damaged by officials, liability depends on the outcome of thefts and losses committee.

21 Services in kind

Administrative services in kind

Office of Valuer General falls under the administration of the Department of Agriculture, Land Reform and Rural Development. 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.

Deeds Registration Trading Entity has rendered free services to the Office of the Valuer General during the current financial year.

22 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 the relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amount disclosed in the table are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

	2021 R'000	2020 R'000

At 31 March 2021	**less than 1 year**	**between 1 and 2 years**
Trade and other payables	12 593	
At 31 March 2020	**Less than 1 year**	**Between 1 and 2 years**
Trade and other payables	2 588	

Credit risk
Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2021	2020
Deposits with bank	173 706	-

23 Cash generated from operations

	2021	2020
Surplus	55 071	-
Adjustment for:		
Depreciation and amortisation	310	-
Loss/(Gain) on sale of assets	31	-
Finance cost- Finance leases	6	-
Debt impairment	-	-
Movements in provisions	6	-
Other income non-cash items	16	-
Other non-cash items	(1 262)	-
Changes in working capital:		-
Inventories	(12)	-
Receivables from exchange transactions	445	-
Other receivables from non-exchange transactions	109 931	-
Repayments	1	-
Trade and other payables from exchange transactions	11 002	-
	175 545	-

24 Auditors' remuneration

	2021	2020
Audit fees	1 894	2 523

External audit fees (Auditor General) amounted to R1,894 million (2019/20 R2,523 million).

25 Irregular expenditure

	2021	2020
Opening balance	-	28
Correction of prior year error	-	(28)
	-	-

	2021 R'000	2020 R'000

26 Provisions

Reconciliation of provisions - March 2021

	Opening Balance	Additions	Utilised during the year	Total
Provision	1	7	(1)	7

Reconciliation of provisions - March 2020

	Opening Balance	Additions	Total
Provision	-	1	1

Non-current liabilities	7	-
Current liabilities	-	1
Current liabilities	7	1

The leave pay provision relates to long term / capped leave that accrued to employees. It is not possible to anticipate the timing of the utilisation or the timing of the cash-out of this balance. Accordingly the uncertainty related to the balance is limited to the timing of realisation. A review of the utilisation trends has however evidenced that it is unlikely that the full balance will be realised within the short term. Accordingly the balance is classified as non-current.

27. Prior period error

Disclosures:

Operating leases		
Increase in operating leases	-	527

An ommission was made on the operating lease note 15 by not disclosing an amount of R527 594 thousand in 2019/20 financial year.

RP and ISBN number to be printed at the back of the book

RP361/2020

ISBN: 978-0-621-48862-3