



OFFICE OF THE
VALUER-GENERAL

ANNUAL REPORT 2022/23

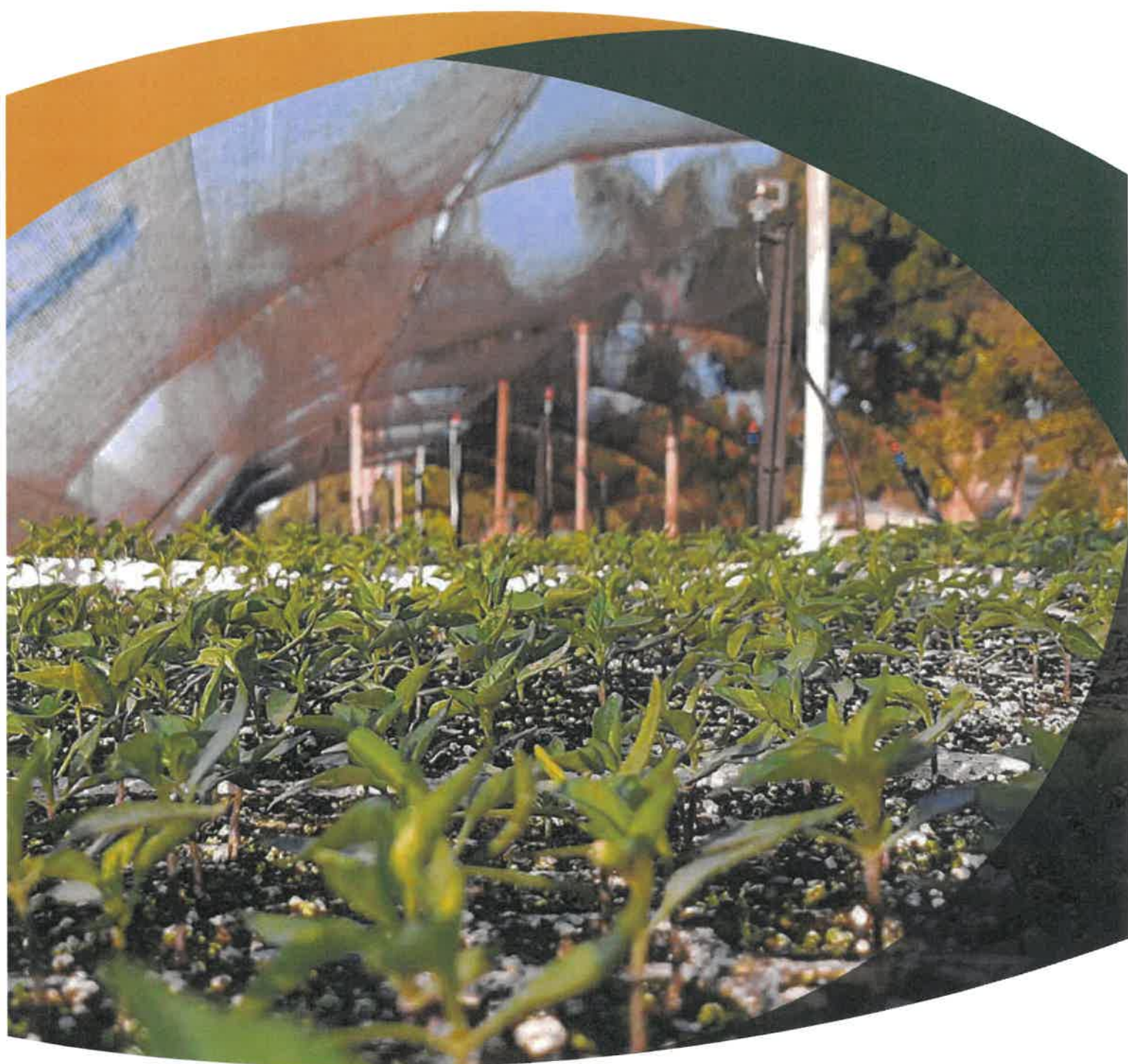




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PART A: General Information



1. Office of the Valuer-General: General Information

NATURE OF BUSINESS:	Property valuations for land reform and government departments
PRINCIPAL ACTIVITIES:	To value all properties for government departments in line with PYA S12(1), primary focus being land reform in accordance with prescribed criteria based on S12(1)(a)
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BANKERS:	Standard Bank

2. List of abbreviations and acronyms

AA	Accounting Authority
AG	Auditor-General
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
ARC	Audit and Risk Committee
CEO	Chief Executive Officer
CRLR	Commission on Restitution of Land Rights
DALRRD	Department of Agriculture, Land Reform and Rural Development
ERP	Enterprise Resources Planning
EXCO	Executive Committee
FOSAD	Forum of South African Directors-General
GRAP	Generally Recognised Accounting Practice
HRM	Human Resource Management
IAF	Internal Audit Function
IAP	Internal Audit Plan
ICT	Information and Communication Technology
LRTR	Land Redistribution and Tenure Reform
MAP	Ministerial Advisory Panel
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
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
PMO	Project Management Office
PSSC	Provincial Shared Services Centre
PVA	Property Valuation Act 17 of 2014
RFQ	Request for quote
SCM	Supply Chain Management
SLA	Strategic Land Acquisition
VG	Valuer-General
VTs	Valuations Tracking System



3. Foreword by the Minister of Agriculture, Land Reform and Rural Development

Mrs AT Didiza, MP

Minister: Agriculture, Land Reform and Rural Development

In fulfilling its vision of setting itself apart in the market as the centre of excellence and innovation in respect of all property valuations with a primary focus on land reform, the Office of the Valuer-General (OVG) is making remarkable progress.

The Office of the Valuer-General continues to play a critical role in the completion of land reform transactions in alignment with the targets as set out in the annual performance plan (APP) of the Department of Agriculture, Land Reform and Rural Development for the 2022/2023 financial year.

The reported performance illustrates that the period has been a challenging one for the OVG, and it calls for the planned projects and interventions to be implemented in a focused manner with agility in order to ensure that the identified opportunities are realised for the benefit of the South African land reform programme.

The Ministerial Advisory Panel on the Review of the Property Valuation Act 17 of 2014 (PVA) established in 2019 has completed its groundwork, and its report is in the final stages of consideration. The need to continuously assess and strengthen the OVG's strategic impact was identified through a review of the PVA by various experts in property

valuation and related sectors. This report, through its recommendations, is expected to trigger and drive initiatives of change that will affect the OVG's nature, role, and mandate.

We will continue to collaborate with our various internal and external stakeholders to ensure that we follow the guidelines set out in our plan for the year ahead. I am confident that with the implementation of planned performance for 2022/2023, the OVG will continue to make a meaningful contribution towards the attainment of land restitution, land redistribution, and land tenure performance targets.

It thus gives me great pleasure to endorse the 2022/2023 Annual Report for the Office of the Valuer-General. I look forward to providing the political guidance and leadership needed to support the office of the Valuer-General. I would like to further extend my sincere gratitude to the acting Valuer-General and her team for the execution of this pertinent mandate.



Mrs AT Didiza, MP
Minister: Agriculture, Land Reform and Rural
Development



4. Chief Executive Officer's Overview

Ms Motlatso Maloka
Valuer-General (Acting)

It gives me great pleasure to present the 2022/2023 Annual Report of the Office of the Valuer-General. The legislative mandate of the Office of the Valuer-General is derived from its establishment legislation, the PVA, which states that the Office of the Valuer-General (OVG) must be impartial, exercise its powers and functions, and be accountable to the Minister of Agriculture, Land Reform, and Rural Development. Schedule 3A of the Public Finance Management Act lists the Office of the Valuer-General as a national public entity.

The OVG's allocation was reduced from R131 million in the 2021/2022 financial year to R107 million in the 2022/2023 financial year. The funds were reallocated to be used by the department. Expenditure increased from R68 million in the 2021/2022 financial year to R83 million in the 2022/2023 financial year. This is due to an increase in capacity. Unspent funds decreased from R64 million in the 2021/2022 financial year to R26 million in the 2022/2023 financial year. The OVG does not retain these funds. The OVG is currently working on action lists to address the previous year's findings. The Forum of South African Directors-General (FOSAD) has implemented 10% cuts on the budgets over the Medium Term Expenditure Framework (MTEF) period, and the office is still considering the impact on the delivery of the mandate.

The operations of the entity are in line with the OVG's Strategic Plan 2020-2025, the National Development Plan (NDP) 2030, and the Medium Term Strategic Framework. This report outlines the OVG's achievements against strategic imperatives, as articulated in the entity's Strategic Plan 2020-2025.

While cognisant of the impact of the fiscal challenges faced by public entities, the senior management had consistently endeavoured to effectively utilise its resources to give effect to the mandate of the Office of the Valuer-General. The planned performance has directed that valuations are completed during this MTEF period.

The planned targets are to ensure that all accepted valuations are completed within the turnaround times, and that all valuations are standardised and of an acceptable quality.

The OVG is further working towards investing in a formal programme of digital transformation, which will be driven through the design and implementation of a structured strategy and roadmap. The digital strategy and technology roadmap is expected to transform and accelerate the delivery of the set strategic outcomes to the benefit of the OVG's internal business processes and the performance expectations of the clients.

The OVG's officials are committed to the delivery of the projects and programmes reflected in the APP by utilising the existing resources and will continue to engage in partnerships with all its clients. It is against this backdrop that the PVA's impact on land reform remains an important area to monitor and assess.

In this reporting period, the OVG faced a dramatic increase in requests for valuations from land reform stakeholders. This increase in valuations made the OVG aware of the following:



- Stakeholders are increasing their performance, and business is returning to normalcy in the aftermath of COVID-19.
- Stakeholders are responding to the need to fast-track land reform to expeditiously achieve the initial 30% land reform target that was set to be achieved by 2014.

The increase in valuations led the OVG to a very tight spot, which meant quicker delivery with limited resources that did not match the demand. The challenges in the OVG were aggravated by the OVG's decision to commission valuations on behalf of the Department of Agriculture, Land Reform and Rural Development's (DALRRD) Provincial Shared Services Centre (PSSC), which led to delays in finalising critical valuations.

The OVG responded to these challenges by establishing strategic partnerships with DALRRD's branches to prioritise valuations that significantly impacted DALRRD's 2022/2023 land reform annual performance targets captured in the APP. These partnerships provided targeted interventions that ensured that APP targets for land reform were not compromised. We greatly appreciate the positive APP target achievements reported by our partners in the Land Redistribution and Tenure Reform (LRTR) and the Commission on Restitution of Land Rights (CRLR). We remain resolute that we will continuously work hand in hand with our land reform stakeholders to achieve more.

The following are some of the key projects presently executed by the OVG as medium- and long-term interventions to close capacity gaps and improve performance:

- The review of the OVG's operating model, organisation structure, and valuation capacity will assist the OVG in clearly redefining its business in the current property valuation and land reform context. The redefined business of the OVG will then assist in designing the new operating model and organisational structure with sufficient human capacity and skills fit for purpose.
- Review of the PVA Regulations to address key issues that were raised by clients, OVG valuers, and external valuers that will change the way valuations are processed. Furthermore, it will assist in managing certain issues at the centre of OVG valuations.
- Development and implementation of a valuation sourcing strategy that will enable the OVG to expeditiously source private valuation services in instances where the OVG's internal valuation capacity is unable to cope with the increasing demand for valuation requests.
- Analysis of the root cause of the increase in offer and/or compensation rejections by property owners and land claimants in determining the extent of rejections and the rationale behind the rejections. The analysis will also lead to recommendations and an explicit implementation plan for the recommendations with clear timelines.



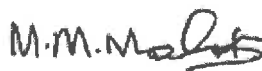
- The development of a historical property sales database will assist in providing a central database of historical sales, leading to agility in completing the historical market valuations.

In terms of the Public Finance Management Act No. 1 of 1999 as amended, Section 51(1)(iii), the accounting authority must ensure that the public entity has and maintains a procurement and provisioning system that is fair, equitable, transparent, competitive, and cost-effective. The OVG has an established functional unit for supply chain management (SCM). The unit is adequately staffed, and the OVG is positioned to process all its procurement needs in accordance with the Public Finance Management Act (PFMA) and Treasury prescripts. The SCM systems and processes comply with the minimum requirements in line with the Treasury regulations; the signed SCM policy provides for the process to be followed when procuring goods and services; and SCM delegations also ensure that officials are empowered to do their work to standard. There is also a clear separation of duties to ensure accountability, and bid committees are established in line with set requirements. In the financial year under review, the OVG has not entered into an unsolicited bid arrangement with any service provider. The OVG will also ensure continuous training of its SCM officials as a means of stretching capacity, including recruitment methods as and when the need arises.

It is also important to note the the OVG has no Public Private Partnership arrangement for the 2022/2023 financial year.

I would like to take this opportunity to thank the Director-General of the Department of Agriculture, Land Reform and Rural Development for the engagement and support we frequently continue to receive. I further extend a token of appreciation to our clients, namely, the Department of Forestry, Fisheries and the Environment and the Department of Water and Sanitation, for their continued confidence and support.

It is therefore with great humility that I, on behalf of the OVG's management and staff, present the 2022/2023 Annual Report.



Ms M Maloka

Acting Valuer-General/Chief Executive Officer

Date:

5. 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 are consistent with the annual financial statements audited by the Auditor-General of South Africa.

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

The annual report was prepared in accordance with the guidelines for the annual report issued by the National Treasury.

The annual financial statements (Part E) were prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) applicable to the public entity.


The accounting authority is responsible for the preparation of the annual financial statements and for making judgements based on this information.

The accounting authority is responsible for establishing and implementing a system of internal control that was 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, human resources information, performance information, and financial affairs of the entity for the 2022/2023 financial year.

Yours faithfully



Ms M Maloka

Acting Valuer-General/Accounting Authority

Date:

6. Strategic overview



VISION

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



MISSION

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



VALUES

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

7. Legislative and other mandates

The Office of the Valuer-General discharges its legislative mandate by implementing its foundational act, the Property Valuation Act 17 of 2014, which determines that the Office of the Valuer-General must be impartial, exercise its powers, perform its functions, and be accountable to the Minister of Agriculture, Land Reform and Rural Development. 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 a government department. The Valuer-General may make recommendations to the Minister of Agriculture, Land Reform and Rural Development relating to criteria, procedures, and guidelines, as well as 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 Agriculture, Land Reform and Rural Development.

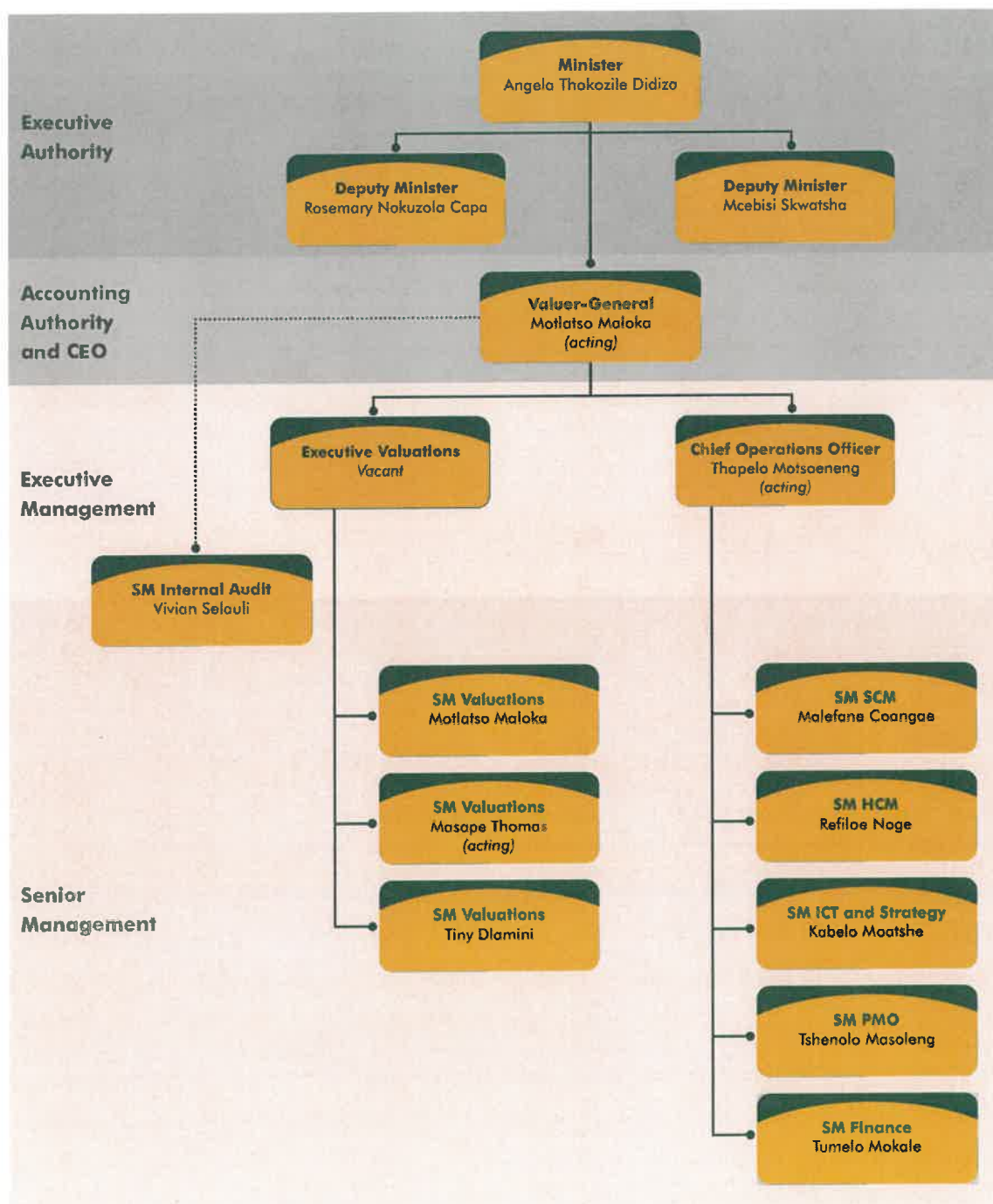
The Valuer-General, staff members appointed as valuers by the Office of the Valuer-General, as well as external valuers contracted to perform valuations in accordance with the PVA, must comply with the following Acts to the extent that they provide for matters pertaining to valuation and valuers:

- 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
- Local Government: Municipal Property Rates, 2004 (Act 6 of 2004) - administered by the Department of Cooperative Governance.

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

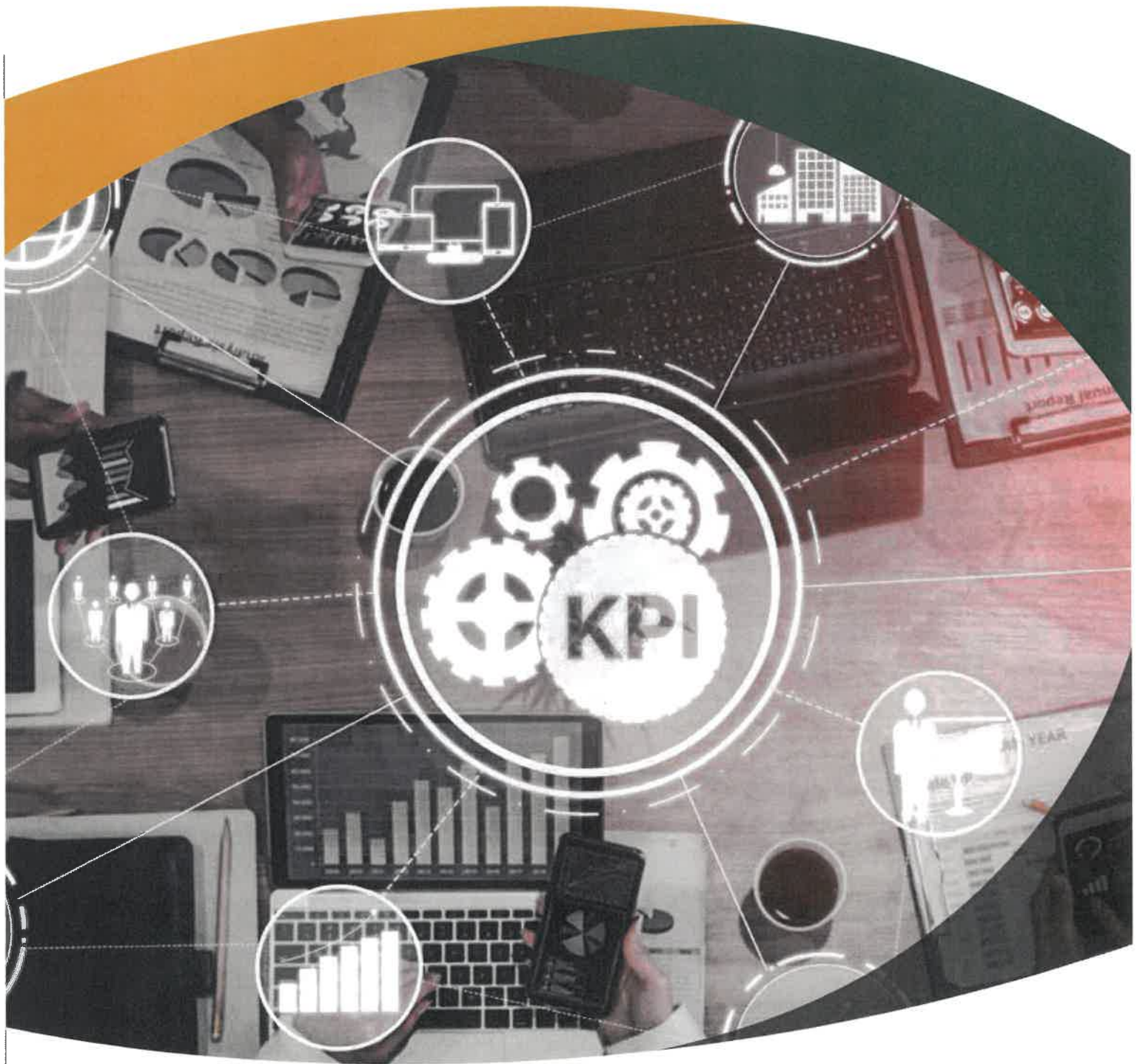
- The Abolition of Certain Title Conditions Act, 1999 (Act 43 of 1999)
- Communal Property Associations Act, 1996 (Act 28 of 1996)
- Conversion of Certain Rights into Leasehold Act, 1988 (Act 81 of 1988)
- Deeds Registries Act, 1937 (Act 47 of 1937)
- Distribution and Transfer of Certain State Land Act, 1993 (Act 119 of 1993)
- Extension of Security of Tenure Act, 1997 (Act 62 of 1997)
- Geomatics Profession Act, 2013 (Act 19 of 2013)
- Government Immovable Asset Management Act, 2007 (Act 19 of 2007)
- Interim Protection of Informal Land Rights Act, 1996 (Act 31 of 1996)
- Kimberley Leasehold Conversion to Freehold Act, 1961 (Act 40 of 1961)
- KwaZulu-Natal Ingonyama Trust Act, 1994 (Act 3 of 1994)
- Land Reform (Labour Tenants) Act, 1996 (Act 3 of 1996)
- Land Administration Act, 1995 (Act 2 of 1995)
- Land Survey Act, 1997 (Act 8 of 1997)
- Land Reform: Provision of Land and Assistance Act, 1993 (Act 126 of 1993)
- Land Titles Adjustment Act, 1993 (Act 111 of 1993)
- Planning Profession Act, 2002 (Act 36 of 2002)
- Provincial State Land Acquisition, Management and Disposal legislation

8. Organisational structure



The OVG is an organisation that is operating in a dynamic environment that is fairly regulated and that is expected to provide a service in a society that evolves. The current macro-organisational structure, which is depicted above, has its limitations in terms of the speed and efficiency with which it responds to service delivery. It is in this context that the OVG is set to review its current operating model, organisational structure, and valuation capacity to strengthen its resilience to the ever-changing environment and increasing demand for OVG services.

PART B: Performance Information





1. Performance information

This section of the report highlights the OVG's 2022/2023 performance against the Annual Performance Plan (APP) targets. The 2022/2023 financial year has been a dynamic one that has presented its own challenges and opportunities. This section also details performance planning for the reporting period.

1.1 Overview of the public entity's performance

Service delivery environment

The Office of the Valuer-General (OVG) discharges its primary legislative mandate by implementing its foundational Act, the Property Valuation Act 17 of 2014, which determines that it must be impartial, exercise its powers, perform its functions, and be accountable to the Minister of Agriculture, Land Reform and Rural Development. The Act states that the OVG 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 OVG 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. The Valuer-General may make recommendations to the Minister of Agriculture, Land Reform and Rural Development relating to criteria, procedures, and guidelines, as well as compliance monitoring. Such recommendations, and any other matters the OVG is required or permitted to determine in terms of the Act, may be published as regulations by the Minister of Agriculture, Land Reform and Rural Development.

At the centre of the challenges experienced by the OVG is the issue of reaching consensus on the difference between the property value determined by the OVG and an offer or financial compensation offered to a land claimant or property owner after the issuing of a final valuation certificate.

There is a view that suggests that the OVG's property value determination is an offer that the Land Redistribution and Tenure Reform (LRTR) or the Commission on Restitution of Land Rights (CRLR) should provide to either a claimant or property owner as compensation. This is mainly because, in the absence of any official guiding policy or prescripts that empower LRTR and CRLR on how to proceed in determining compensation after the issuing of a valuation certificate, the OVG will be viewed as an entity that determines compensation by some stakeholders. The development of a compensation policy is a very urgent and necessary process for clarifying roles and responsibilities for the provision of compensation, including the provision of further clarity regarding the relationship between a property valuation and compensation. The existing ambiguity is putting a strain on the OVG, as it is also expected to play a role in compensation processes, especially in instances where there is a rejection of compensation by either property owners or land claimants. The focus on post-valuation processes negatively impacts the speed at which work in progress is delivered.

The DALRRD Executive Committee (EXCO) has mandated the OVG, LRTR and CRLR to analyse instances of rejection by property owners and land claimants and provide findings and recommendations. It is expected that the recommendations will provide guidelines on how the compensation processes should be executed after the issuing of a final certificate. This report will assist in clarifying the role of property valuation and compensation processes within land reform transactions.

Increases in the demand for land reform valuations have put a strain on the limited valuation capacity in the OVG. The OVG is in the process of analysing and determining a suitable target operating model, organisation structure, and valuation capacity to implement an operating model and provide valuation capacity that will meet the current demand for valuations.

The OVG also adopted a model for conducting valuations internally to optimise the speed at which valuations are delivered. The increase in the number of valuation requests led to the use of the OVG's panel of external valuers. Key challenges that were experienced with the use of external valuers were the delayed processing speed at which they were appointed through the request for quote (RFQ) process. This has negatively impacted the OVG's turnaround times for the issuing of valuation certificates. The OVG is in the process of implementing a new supply chain management (SCM) strategy that will enable quicker turnaround times regarding the appointment of external valuers, thus ensuring adequate capacity and speedy delivery.

The OVG managed to increase demand for its non-land reform valuations (Section 12 (1)(b)) through a memorandum of understanding (MoU) with the Department of Forestry, Fisheries and Environment. Although the OVG has yet to market its services to government departments, it is encouraging that already there are departments that approach the OVG with a view to partnering with the OVG on property valuations.

Organisational environment

In its experience, the OVG has admitted that it is operating in a scarce skills environment as the demand for the profession far exceeds the available resources that are qualified and experienced. It is in this context that the OVG is competing for scarce valuations with various valuation companies, municipalities, and state entities.

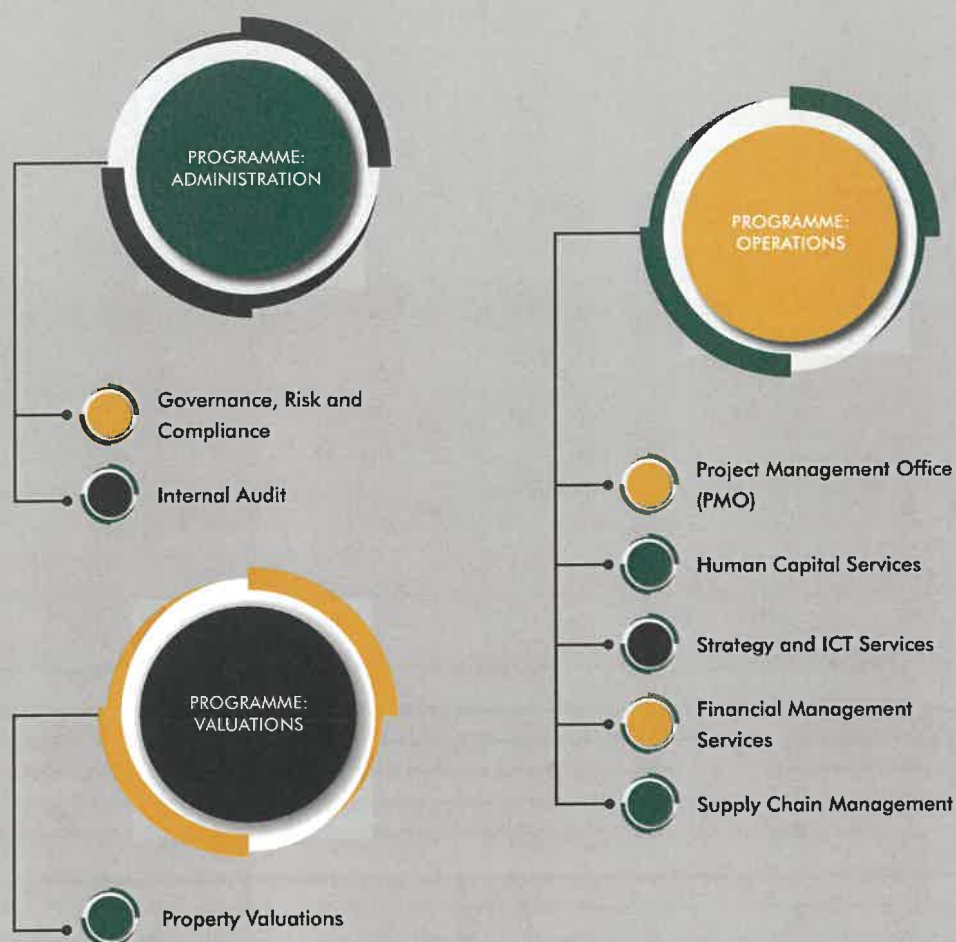
During the reporting period, the OVG lost five valuers through resignation. This aggravated the challenges of service delivery as the OVG continued to struggle to meet the turnaround times for clients.

1.2 Progress towards achievement of institutional impacts and outcomes

The impact statement that speaks to the OVG's core business states that "effective land reform is enabled by timeous and quality property valuations". The OVG made progress in terms of achieving these goals and managed to keep average turnaround times for issuing valuation certificates within the 50-day target in the past three financial years. When the implementation of the Strategic Plan 2020–2025 commenced, the OVG struggled with good performance due to the teething problems that come with a newly established entity.

It is also important to note that the quality of OVG valuations started to improve after the issuing of PVA regulations. The implementation of PVA regulations provided more clarity and a standard way of conducting valuations, which ensured consistency and good quality. Valuers who conduct valuations for the OVG attend the University of Cape Town's Valuation Course, resulting in superior valuations.

Since inception the OVG also managed to increase the headcount in the valuations and operations business units, establishing a team focused on improving organisational performance. In making progress towards the outcome of achieving quality data, the OVG has managed to implement five modules of the Sage Enterprise Resource Planning System that focus on supply chain management, human capital management, finance, valuations, and project management processes.



1.3 Institutional programme performance information

1.3.1 Programme: Administration

Purpose: To provide governance services for the optimal operational performance of the OVG.



Sub-programme: Governance, risk and compliance

Purpose: To ensure optimal management of risks and good corporate governance of the entity, as well as the provision of comprehensive legal advisory services that will enable the entity to execute its mandate within the rule of law effectively.



Sub-programme: Internal audit

Purpose: To provide independent and objective assurance over governance, risk management and internal control systems.

Programme: Administration							
Outcomes	Output	Output indicator	Actual achievement 2021/2022	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target	Reasons for deviation
Promote ethical conduct	Combat corruption and fraud	Corruption and fraud prevention mechanisms implemented	Corruption and fraud prevention mechanisms implemented	Corruption and fraud prevention mechanisms implemented	Corruption and fraud prevention mechanisms implemented	N/A	N/A

1.3.2 Programme: Valuations

Purpose: To determine credible values in line with the PVA.



Sub-programme(s): valuations

Programme: Valuations							
Outcome	Output	Output Indicator	Actual achievement 2021/2022	Planned annual target 2022/2023	Actual achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for deviation
Just and equitable valuations	Improved valuations efficiency	Average number (#) of working days taken to issue a valuation certificate	36	50	50	n/a	n/a
		% Completion of valuation requests submitted by clients within specified times	100%	100%	86%	(14%)	<p>The OVG could not achieve the planned performance due to the following reasons:</p> <ul style="list-style-type: none"> • A sharp increase in the number of valuation requests received as compared to the previous financial year • High staff turnover within the valuations team • The increase in SLA (Strategic Land Acquisition) offer rejections by property owners which triggered the SLA team to submit more requests in order to increase opportunities for successful transactions • Increase in terms of current valuations which affects valuers performance as current valuations tend to have complexities that requires more effort in terms of research and analysis

Programme: Valuations							
Outcome	Output	Output Indicator	Actual achievement 2021/2022	Planned annual target 2022/2023	Actual achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for deviation
Just and equitable valuations (continued)	Improved valuations efficiency (continued)	Average number of working days taken to resolve queries after issuing the final valuation certificate	New indicator	10	110	(100)	<p>There is only 2 valuations which were received for this indicator. Both valuations took longer to resolve as they required the OVG to amend the values determined in a final valuation certificate. The OVG had to request a legal opinion on the amendment of the values determined in a final valuations certificate. The initial legal opinion advised that the OVG cannot amend the values once a final certificate has been issued. Eventually the matter was resolved by another legal opinion which suggested that the OVG may amend the values determined in a final valuation certificate only where there are reasonable grounds to so.</p> <p>The valuers did review the valuations certificates and submitted feedback and final certificates to the client. This matter has been concluded.</p>
		Enhanced data management capability	The VTS Module has been implemented	Enhanced data management capability	Not achieved	The achievement of this indicator primarily depended on the appointment of a suitable service provider to assist with the design project of the Enterprise Architecture Plan.	As at 31 March 2023 the procurement phase was at an advanced stage of finalisation.

1.3.3 Programme: Operations

Purpose: To provide business function services to the entire organisation.



Sub-programme: Project Management Office (PMO)

Purpose: To provide project management, business analysis, and management reporting functions.



Sub-programme: Human capital services

Purpose: To provide transformational human resources functional support enabling the entity to attract, develop, and retain skilled people across the organisation.



Sub-programme: Strategy and ICT services

Purpose: To coordinate the translation of policy priorities agreed upon by the OVG management into actionable strategic plans with clear outcomes, outputs, indicators, and resource commitments; provide long-term planning and day-to-day support in respect of ICT needs, services, and systems; and ensure that the OVG delivers on its impact statement and improves and sustains its performance and reporting thereof.



Sub-programme: Financial management services

Purpose: To provide prudent financial management services.



Sub-programme: Supply chain management

Purpose: To ensure that goods and services are procured and disposed of in line with procurement legislation, and the principles of good corporate governance.

Programme: Operations							
Outcome	Output	Output indicator	Actual achievement 2021/2022	Planned annual target 2022/2023	Actual achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for deviation
Organisational excellence	Property Valuations Act ministerial advisory panel (MAP) work supported	PVA MAP work supported by the OVG	New indicator	1	Not achieved	The PVA report recommendations are not yet approved by the Minister due to unforeseen delays in finalising and submitting the report to the Minister for her consideration and approval.	The final PVA MAP report was submitted to DG: DALRRD (MAP Chairperson) on 26 April 2023. Upon approval of the report an implementation plan will be drafted and submitted for approval.
	Filled posts	Number (#) of funded posts filled in line with the approved interim structure	64	70	60	(10)	Currently we have 60 filled positions. 3 new employees assumed duty on 02 May 2023. Shortlisting for the following positions is underway - HR Business Partner, Specialist Budgeting and reporting, Senior Manager: Valuations and 6 data capturers. 2 posts (Risk Management Officer and Project Administrator) were advertised in the first quarter of the new financial year

Programme: Operations							
Outcome	Output	Output indicator	Actual achievement 2021/2022	Planned annual target 2022/2023	Actual achievement 2022/2023	Deviation from planned target 2022/2023	Reasons for deviation
Organisational excellence (continued)	Effective performance monitoring of valuations	Number (#) of valuation performance reports		12	12	n/a	n/a
	Improved audit outcomes	Unqualified audit opinion		1	Unqualified audit opinion	n/a	n/a

1.4 Revenue collection

Currently, the OVG does not have a focused drive to increase revenue generation. The main reason is that revenue generation requires the same human resources as the core business of valuations for land reform purposes. The focus is currently on land reform due to capacity constraints and backlogs for land reform transactions.

The OVG partnered with the Department of Water and Sanitation and the Department of Forestry, Fisheries and the Environment. Through this partnership the OVG increased revenue from other valuation services by 527% from R244 000 in the 2021/2022 financial year to R1.5 million in the 2022/2023 financial year.

Sources of revenue	2021/2022			2022/2023		
	Estimate (R'000)	Actual amount collected (R'000)	(Over)/under collection (R'000)	Estimate (R'000)	Actual amount collected (R'000)	(Over)/under collection (R'000)
Other Valuations	0	244	244	0	1 530	1 530
Total	0	244	244	0	1 530	1 530

The above revenue relates to revenue collected for Section 12(1)(b) transactions (Non land reform transactions). The OVG did not budget for this transactions as the main focus currently is on

driving land reform transactions. Due to capacity issues the OVG focuses its resources on land reform transactions.

1.5 Capital investment

The OVG is not a capital-intensive entity, and therefore a significant part of the asset base is IT equipment and furniture. The carrying value for PPE grew from R3.2 million in the 2021/21 financial year to R5.9 million in the 2022/23 financial year. The most significant of the additions was R3.6 million in IT equipment and this is due to the OVG's focus on capacitating the office to ensure delivery on the

mandate and improved service delivery. The carrying value for intangible assets grew from R2.7 million in the 2021/21 financial year to R4.2 million in the 2022/23 financial year. The Intangible assets are made of the newly implemented ERP. The OVG's assets are relatively new and in good condition, so repair costs were minimal. Monthly verifications and asset reconciliations ensure a current asset register.

PART C: Governance



1. Introduction

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance.

Parliament, the Executive and the Boards of the public entity are responsible for corporate governance.

2. Portfolio Committees

The OVG has appeared before the Parliamentary Portfolio Committee on Agriculture and Land Reform in the reporting period. The table below provide a high level analysis of Portfolio Committee engagements.

Number of appearance	Questions and Comments Raised by the Committee
3	<p>Key matters raised by the portfolio committee were regarding the slow pace of land redistribution or restitution, especially the role played by the OVG in valuations including increasing trend of rejection of offers by either property owners or land claimants. The second matter relates to the vacant posts of the Valuer-General and the COO.</p> <p>The OVG's response to the above cited a number of initiatives which are already mentioned in the Chief Executive's Overview section, these initiatives are targeted at enhancing performance in the OVG by increasing valuations capacity and the analysis of rejections which is meant to establish the extent of rejections and the rational thereof in determining mitigating factors that will contribute towards reducing the increase in offer or compensation rejections and thereby increasing the pace of land reform. With regards to the vacant posts at the time of appearance to the portfolio committee processes were underway to advertise the posts.</p>

3. Executive Authority

An overview on the reports submitted to the Executive Authority highlights the high-level breakdown below:

Unit	Report description and comments	Date submitted
ICT and Strategy	ERP Security Breach. This report was meant to provide a summary on the ERP security breach and measures for mitigating the impact of the breach for approval by the Executive Authority	25 October 2022
2022/23 Annual Report	The annual report was approved by the Minister with no comments	28 September 2022

4. Risk Management

The OVG houses the risk management policy and strategy. These policies were endorsed by the Audit and Risk Committee (ARC) and approved by the Acting Valuer-General. The policies were implemented during the financial year.

Risk assessments were also conducted on a regular basis to identify new and emerging risks. In line with the risk management strategy, strategic, operational, and fraud risks were identified and assessed in terms of impact and likelihood. The Risk and Compliance Unit continued to provide risk awareness workshops to ensure that risk management activities are incorporated into the culture of the OVG.

The Acting Valuer-General established an Audit and Risk Committee, which reports on its responsibilities and activities to the Accounting Authority. The Audit and Risk Committee was operational during the financial year, and plans are afoot to establish the Risk Management and Ethics Committee, which shall provide a sharp focus on the risk, ethics, and compliance management activities. The Risk Management and Ethics Committee will report to the Audit and Risk Committee through its chairperson.

The Audit and Risk Committee continued to advise the Acting Valuer-General on the effectiveness of the system of risk management, monitor the performance of the risk management function, and provide recommendations on areas for improvement.

The management of risks has translated into an improvement in the OVG's performance and clean administration. However, as part of continuous improvement of the risk management activities, management (through the Office of the Acting Chief Operating Officer) introduced a system of dual reporting of organisational performance and risk reports. This practice helps to eliminate discrepancies in performance and provides early warnings and timely mitigation intervention plans.

5. Internal control unit

The OVG was supported by the Office of the Chief Registrar of Deeds (OCRD) in the execution of its business functions (i.e., finance, supply chain management, and human resources) and therefore was reliant on the internal control unit of the OCRD.

6. Internal Audit and Audit and Risk Committees

6.1 Audit and Risk Committee

The OVG appointed members to the ARC on 1 March 2019 in accordance with Section 51(1)(a)(ii) of the Public Finance Management Act (PFMA) and

Treasury Regulation 27.1. The Committee adopted 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 structured, systematic oversight of the OVG's governance, risk management, and internal control practices. The ARC assists the Valuer-General in providing advice and guidance on the adequacy of its initiatives relating to:

- Values and ethics
- Governance
- Risk management
- Internal controls
- Compliance
- Combined assurance
- ICT governance
- Oversight over internal audit and external audit
- Financial and performance reporting

For the reporting period, the OVG Audit and Risk Committee convened six meetings for the period between 1 April 2022 to 31 March 2023. The composition of the committee and the number of meetings attended for the 2022/2023 financial year were as follows:

Name	Qualifications	Internal or external	Date appointed	Number of meetings attended
Mr. Phathutshedzo Lukhwareni (Chairperson)	BCom (Hons), Certified fraud examiner, Certified government auditor	Chairperson (External)	1 March 2019 Resigned in April 2022	1/6
Ms. Phuthanang Motsielwa	Bachelor of Accountancy, CA(SA)	Independent member (External) Chairperson wef. May 2022	1 March 2019	6/6
Ms. Dianne de Wet	Master of Business Administration (MBA), National Diploma Property Valuations	Independent member (External)	1 March 2019	6/6
Dr Charles Motau	Doctorate: Business Information Systems; Masters in Information Technology, Masters in Business Leadership	Independent member (External)	1 March 2019	6/6

6.2 Internal audit

The purpose of the OVG's Internal Audit Function (IAF) is to provide independent, objective assurance and consulting services designed to add value and improve operations. It is achieved through the provision of risk-based, objective assurance services, advice, and insight.

The IAF's mandate is to 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;
- accomplishment of objectives is monitored;
- accountability is ensured; and
- corporate values are preserved.

As such, an internal audit charter and internal audit plans, which provide the basis for IAF activities, were approved by the ARC during the reporting period.

The Senior Manager: Internal Audit (who is the chief audit executive), with functional reporting lines to the ARC and administratively to the Valuer-General, leads the OVG's Internal Audit Function (IAF). The unit was further capacitated with the resources required to implement its mandate through the appointment of two in-house staff members and Shumba Incorporated (a service provider for a period of three years), appointed through OVG's SCM processes.

The following internal audit reviews were completed as part of the approved 2022/2023 Internal Audit Plan (IAP):

- Financial management
- Leave management
- Supply chain management
- Asset management
- Performance information
- ICT security
- POPIA compliance assessment
- Review of the 2023/2024 draft APP
- Follow-up on 2021/2022 AGSA audit findings

7. Compliance with laws and regulations

The OVG has developed a system of compliance that provides guidance on all applicable legislation for public entities. The applicable legislation was then categorised and prioritised according to core, topical, and secondary. In addition to the above, the OVG developed a compliance management policy and framework that guide the activities of the compliance management unit. The compliance management unit continued to provide strategic input to management by testing compliance with legislation. The following acts were reviewed, and recommendations were made to management for areas of improvement:

- Property Valuations Act
- Property Valuers Profession Act
- Public Finance Management Act
- Protection of Personal Information Act
- Land Reform Act
- Restitution Act
- Promotion of Access to Information Act

In addition to the above, the compliance management unit continued to give credible advice to the OVG management through the provision of ad hoc compliance assignments. These ad hoc assignments were proactive in nature and were able to provide timely recommendations to management that were necessary for decision-making.

8. Fraud and corruption

The OVG has developed a Fraud Prevention Plan and Policy. This plan and policy were used to direct all efforts necessary to manage the fraud risk. Some of the key activities conducted during the financial year were as follows:

- Review and update of the Fraud Prevention Plan and Policy
- Review and update of the Ethics Plan and Policy
- Conduct a fraud risk assessment and develop a fraud risk register
- Facilitation of fraud and ethics awareness workshops
- Facilitation of financial disclosure for senior managers and executives
- Assessment of the fraud risk profile of the OVG
- Training of risk management staff as part of capacity building

The OVG Fraud Prevention Plan highlights the process that employees should follow to report all suspected areas of fraud and corruption, including unethical conduct. The policy further stipulates and encourages that employees are free to report suspected cases of fraud and corruption anonymously. The OVG is now in the procurement process to source its own anti-corruption hotline. For the time being, employees are encouraged to also report suspected cases of fraud via public service anti-corruption hotlines.

Once suspected cases of fraud and corruption are reported in line with the Fraud Prevention Policy, the practice is to conduct preliminary investigations first to test the veracity of the allegations before instituting a full-blown investigation. The Valuer-General is the ultimate authority to approve all investigations.

9. Minimising conflict of interest

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

10. Code of conduct

The OVG was supported by the OCRD in the execution of its SCM and Human Resource Management (HRM) and therefore was reliant on those policies, procedures, and guidelines as adopted by the OCRD.

11. Health, safety and environmental issues

The OVG has sufficient office accommodation that provides for all basic elements of a healthy and habitable office environment, i.e., light and natural light, ventilation, ablution facilities, special work stations, serviced fire extinguishers, exit doors for emergency evacuation, a kitchen, and a no-noise environment.

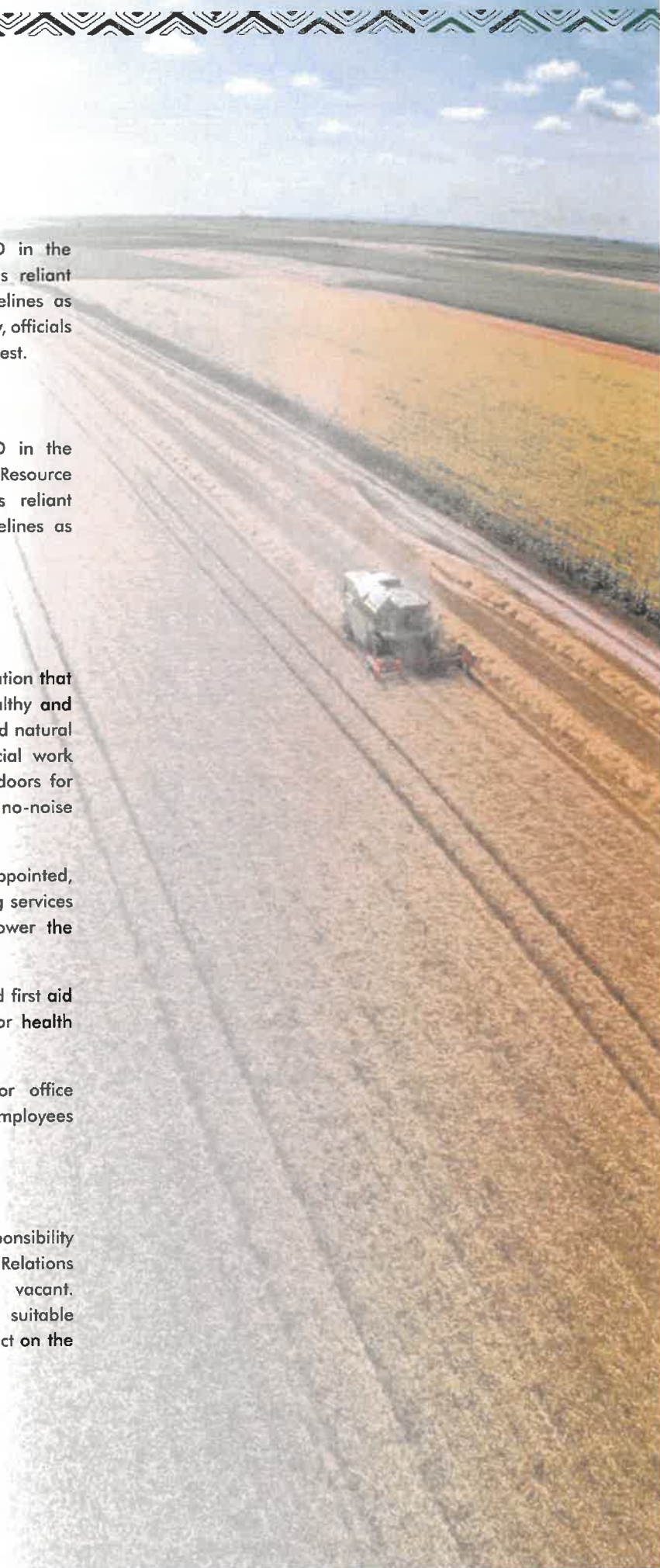
The Health and Safety Officers were appointed, and the OVG is in the process of sourcing services for training a service provider to empower the appointed officers.

Equipment such as wheelchairs, beds, and first aid kits is procured to ensure preparation for health emergencies.

The OVG provides physical security for office accommodations to ensure the safety of employees at the office.

12. Social Responsibility

The OVG has not yet developed a social responsibility programme as the position of Stakeholder Relations and Communications Specialist is still vacant. The OVG is working on identifying a suitable programme that will have a positive impact on the beneficiaries.



13. Audit And Risk Committee Report

The report of the Office of the Valuer-General (OVG)'s Audit and Risk Committee (ARC) 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 2023.

Audit and Risk Committee Member 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. A total of six meetings were held during the reporting period.

Summary of meetings attended per Audit and Risk Committee member:

Name	Internal or external	Date appointed	Number of meetings attended
Mr Phathutshedzo Lukhwareni (Chairperson)	Chairperson (External)	1 March 2019 Resigned: April 2022	1/6
Ms Phuthanang Motsielwa	Independent Member (External) Chairperson wef. 24 May 2022	1 March 2019	6/6
Ms Dianne De Wet	Independent Member (External)	1 March 2019	6/6
Dr Charles Motau	Independent Member (External)	1 March 2019	6/6

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, and has regulated its affairs in compliance with this charter as well as the recommendations of the King IV Code of Corporate Governance, and discharged its responsibilities as contained in the Charter.

Effectiveness of Internal Controls

The Committee managed to perform its oversight responsibilities over the entity through quarterly meetings where reports on audit matters, performance, financial management, compliance as well as risk management were reviewed and discussed with management.

Our review of the internal audit work revealed significant areas of improvement in internal controls which management has committed to address. The following internal audit work was concluded during the reporting period:

- Financial Management,
- Leave Management,
- Supply Chain Management,

- Asset Management,
- Performance Information,
- ICT Security,
- POPIA Compliance Assessment,
- Review of 2023/2024 Draft Annual Performance Plan (APP), and
- Follow-up on 2021/2022 AGSA Audit Findings.

The internal audit unit achieved implementation of all its planned audits, with the exception of one (01) project which was rolled over to the next year's plan following approval by the Committee. Overall, we are satisfied with the effectiveness of the OVG's internal audit function.

In-Year Management and Monthly/Quarterly Reports

The Committee was supplied with all quarterly financial and performance reports prepared and issued by the OVG during the year under review in compliance with the statutory reporting requirements. Recommendations to enhance the quality of reports were implemented by management during the reporting period. The Committee is satisfied with the quality of these reports.

Combined Assurance

The Committee approved a Combined Assurance Framework for the OVG at the end of the reporting period. The Framework shall streamline the OVG's efforts of optimizing risk assurance through integrated assurance activities, which is required for overall decision-making and performance monitoring. For the reporting period, assurance reports from internal audit, external audit as well as the risk and compliance units have been processed by the Committee in fulfilling its combined assurance oversight responsibilities.

Evaluation of Financial Statements and Organisational Performance

As part of its oversight over the entity's financial and performance information reporting, the Audit and Risk Committee has performed the following activities during the current reporting period:

- Reviewed and discussed the 2022/2023 unaudited annual financial statements and performance report with the Auditor General South Africa and Head of OVG business delegation to the ARC;
- Reviewed 2022/2023 quarterly financial performance;
- Reviewed the quarterly reports on 2022/2023 OVG's performance;
- Reviewed the AGSA's management report and management's responses thereto;
- Reviewed for changes in accounting policies and practices; and
- Reviewed the entity's compliance with legislation and regulatory provisions.

Auditors' Report

We have reviewed the report by the Auditor General South Africa, including the entity's implementation plan for prior year's audit findings. We are satisfied that management is attending to issues raised.

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

Information and Communication Technology Governance

The Audit and Risk Committee reviewed ICT Governance and Performance reports from the ICT Steering Committee on a quarterly basis. We have noted progress in the development and implementation of policies within the ICT environment. The Committee through the report of the ICT Steering Committee Chairperson and Internal Audit report noted progress in the development and implementation of the Enterprise Resource Planning (ERP) system. The Committee recommended an action plan to address all identified shortcomings in the development and implementation of the ERP system.

We have also received an internal audit report on ICT Security, with significant improvement areas noted and the commitment from management to address identified weaknesses.



Ms Phuthanang Motsielwa CA(SA), RA
Chairperson of the Audit and Risk Committee (ARC)
Office of the Valuer-General

Date:

14. B-BBEE Compliance Performance Information

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The OVG's mandate does not talk to issuing of licenses or related activities
Developing and implementing a preferential procurement policy?	Yes	Our supply chain management policy provides for this requirement.
Determining qualification criteria for the sale of state-owned enterprises?	No	The OVG's mandate does not talk to selling state owned enterprises
Developing criteria for entering into partnerships with the private sector?	Yes	Our supply chain management policy provides for this requirement.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	Yes	Our supply chain management policy provides for this requirement.

PART D: Human Resources Management



1. Introduction

OVG Human Resources oversight statistics provide a view of the performance of HR within the OVG. There's significant improvement on HR matters year on year which provide confidence that the OVG is on positive trajectory in terms of acquiring suitable skills and managing the retention of those skills.

2. Human Resources Oversight Statistics

Personnel cost by programme/activity/objective

Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
82 852	45 405	55%	66	688

Personnel cost by salary band

Level	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top management	-	-	-	-
Senior management	13 791	30%	10	1 379
Professional qualified	9 196	20%	11	836
Skilled	21 575	48%	42	514
Semi-skilled	843	2%	3	281
Unskilled	-	0%	0	-
TOTAL	45 405	100%	66	688

Performance rewards

Programme//activity/objective	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top management	-	-	-
Senior management	-	-	-
Professional qualified	70	45 405	0.15%
Skilled	165	45 405	0.36%
Semi-skilled	6	45 405	0.01%
Unskilled	-	-	-
TOTAL	241	45 405	0.53%

Training costs

Programme/activity/objective	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No. of employees trained	Avg training cost per employee (R'000)
Total quality management training	45 405	138	2.2%	16	8.6
Emotional intelligence training	45 405	450	0.99%	60	7.5
Training on Data Science with Python	45 405	10	0.02%	3	3.3
Training on TOGAF9 level 1 and 2	45 405	24	0.02%	1	24
Cisco Solutions	45 405	29	0.06%	1	29
Sage 300 payroll basic	45 405	21	0.05%	2	10.5
Data analysis	45 405	15	0.03%	1	15
OHS training	45 405	60	0.13%	15	4
Sage 300 payroll basic	45 405	10	0.02%	2	5
Property valuations	45 405	109	0.24%	22	5

Employment and vacancies

Programme/activity/objective	2021/2022 No. of employees	2022/2023 Approved posts	2022/2023 No. of employees	2022/2023 vacancies	% of vacancies
Top management	0	2	0	2	100%
Senior management	10	12	9	3	25%
Professional qualified	10	14	12	2	14.28%
Skilled	41	39	36	3	7.7%
Semi-skilled	3	3	3	0	0%
Unskilled	0	0	0	0	0%
TOTAL	64	70	60	10	14%

The positions of Valuer-General and Chief Operating Officer were advertised and await the recruitment process to be finalised.

The main reason for OVG staff leaving is that OVG packages and benefits are not competitive. The OVG is in the process of improving on this through the review of the operating model.

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top management	0	0	0	0
Senior management	10	0	0	9
Professional qualified	10	2	0	12
Skilled	41	0	6	36
Semi-skilled	3	0	0	3
Unskilled	0	0	0	0
Total	64	2	6	60

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	6	10.61%
Dismissal	0	0
Retirement	0	0
Ill health	0	0
Expiry of contract	0	0
Other	0	0
Total	6	10.61%

Labour relations: misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	0

Equity target and employment equity status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	-	0	-	0	-	0	-
Senior management	5	-	0	-	0	-	0	-
Professional qualified	6	-	1	-	0	-	0	-
Skilled	14	-	0	-	0	-	0	-
Semi-skilled	1	-	0	-	0	-	0	-
Unskilled	0	-	0	-	0	-	0	-
TOTAL	26	-	1	-	0	-	0	-

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	-	0	-	0	-	0	-
Senior management	4	-	0	-	0	-	0	-
Professional qualified	6	-	0	-	0	-	0	-
Skilled	28	-	0	-	0	-	0	-
Semi-skilled	2	-	0	-	0	-	0	-
Unskilled	0	-	0	-	0	-	0	-
TOTAL	40	-	0	-	0	-	0	-

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top management	0	-	0	-
Senior management	1	-	0	-
Professional qualified	0	-	0	-
Skilled	0	-	1	-
Semi-skilled	0	-	0	-
Unskilled	0	-	0	-
TOTAL	1	-	1	-

PART E:

PFMA Compliance Report



1. Information on Irregular, Fruitless and Wasteful Expenditure and Material Losses

Description	2022/2023 R'000	2021/2022 R'000
Opening balance	16	-
Add: Irregular expenditure confirmed	7	16
Less: Irregular expenditure condoned	-	-
Closing balance	23	16

Reconciling notes Description	2022/2023 R'000	2021/2022 R'000
Irregular expenditure that was under assessment in 2021/22	-	16
Irregular expenditure that relates to 2021/22 and identified in 2023/24	-	-
Irregular expenditure for the current year	7	-
Total	7	16

Description	2022/2023 R'000	2021/2022 R'000
Fruitless and wasteful expenditure under assessment	7	16
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
Total	7	16

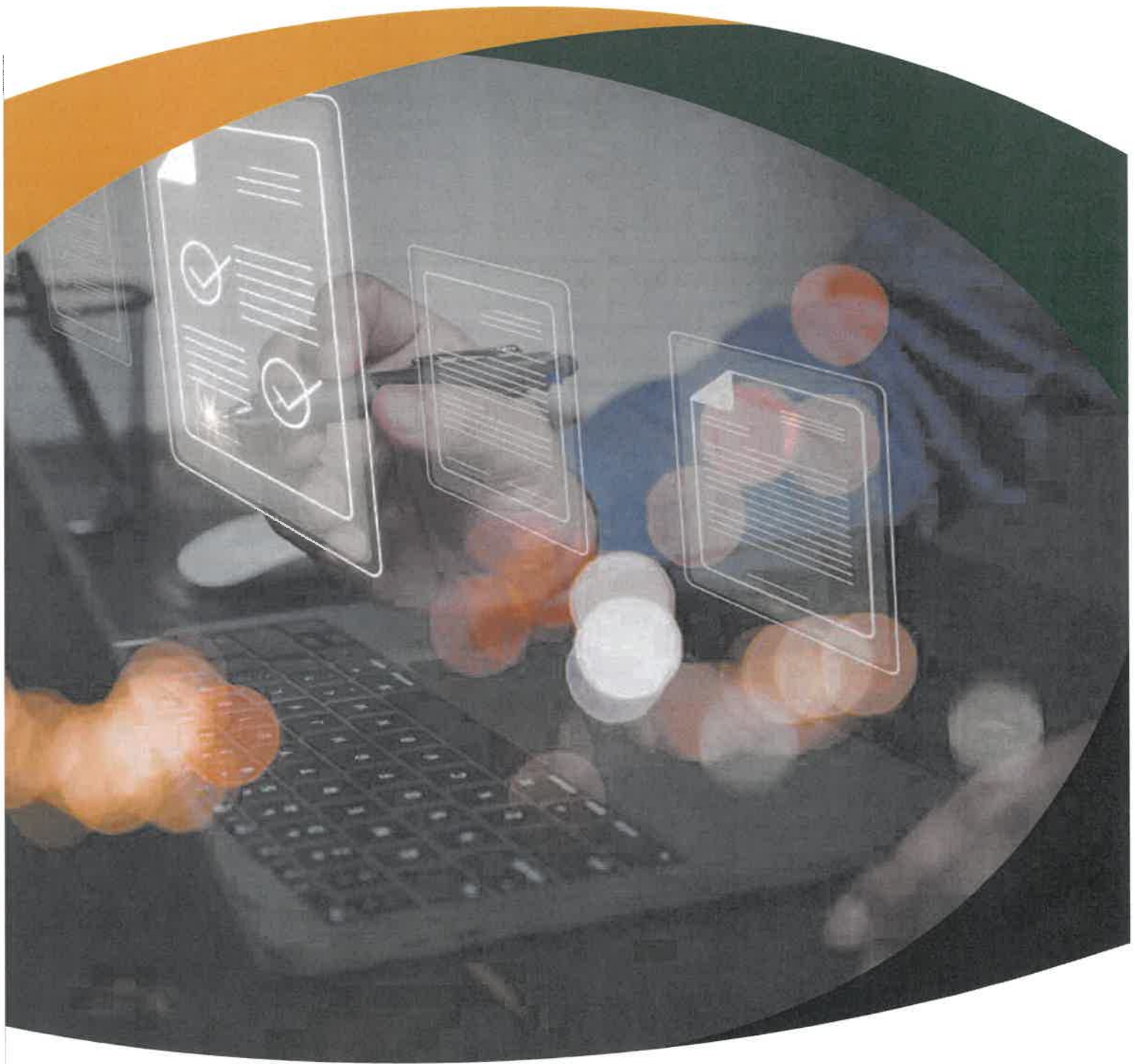
All identified transactions of irregular expenditure are still under assessment.


2. Information on Supply Chain Management

Procurement by Other Means:

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Microsoft licenses Supply of Microsoft Software & related support services for a period of 36 months	Microsoft	Direct sourcing (deviation)	RFQ No. 3(026) 2022/2023	R7.5 million
Supply of telephone management system for a period of 36 Months	EOH	Direct sourcing (deviation)	RFQ No. 3(027) 2022/2023	R1 million

PART F: Financial Information





Report of the External Auditor

Report of the auditor-general to Parliament on the Office of the Valuer-General

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Office of the Valuer-General set out on pages 44 to 76, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information 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 2023, 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 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 responsibilities of the auditor-general 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 matter/s below. My opinion is not modified in respect of these matters.

Restatement of prior year figures

7. As disclosed in note 26 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of errors in the financial statements of the public entity at, and for the year ended, 31 March 2023.

Material underspending on government grant

8. As disclosed in the statement of comparison of budget and actual amounts, included as part of the annual financial statements as at 31 March 2023, the public entity materially underspent on their valuations and operations programmes budget by R26 006 000.

Other matter

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.

National Treasury Instruction Note No. 04 of 2022-23 PFMA Compliance and Reporting framework

10. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous

financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 27 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of the Office of the Valuer-General. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

11. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP, the requirements of the PFMA and PVA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high

level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on the annual performance report

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
16. I selected the following material performance indicators related to programme 2: valuations and programme 3: operations presented in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Average number (#) of working days taken to issue a valuation certificate
 - % completion of valuation requests submitted by clients within the specified times
 - Average number of working days taken to resolve queries after issuing the final valuation certificate
 - Number (#) of valuation performance reports
 - PVA MAP work supported by the OVG.

17. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

18. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

19. I performed the procedures for the purpose of reporting material findings only.

20. I did not identify any material findings on the reported performance information for the selected material performance indicators

Other matters

21. I draw attention to the matter below.

Achievement of planned targets

22. The annual performance report includes information on reported achievements against planned targets and provides explanations for over and under achievements.

Material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for indicator: Average number of working days taken to issue a valuation certificate. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

Report on compliance with legislation

24. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

25. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

26. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

27. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

28. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
29. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
30. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

Auditor-General

Pretoria

31 July 2023



**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Annexure

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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 material performance indicators and on the public entity's compliance with selected requirements in key legislation.

Financial statements

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 's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the 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 public entity 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 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

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.

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.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Sections 51(1)(a)(iv); Sections 51(1)(b)(i); 51(1)(b)(iii); Section 51(1)(e)(iii); Sections 53(4); 54(2)(c); 54(2)(d); Sections 55(1)(a) - (b); 55(1)(c)(i); Sections 57(b); 66(3)(c); 66(5)
Treasury regulations	TR 8.2.1; 8.2.2 TR 16A3.2(a); 16A 3.2 (fairness); TR 16A6.1; 16A6.2(a) & (b); TR 16A6.3(a) - (c); 16A6.4; TR 16A6.5; 16A6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; TR 16A.7.7; 16A8.3; 16A8.4 TR 16A9.1(b)(ii); 16A9.1(d) - (f); TR 16A9.2(a)(ii); TR 30.1.1; 30.1.3(a) - (b); TR 30.1.3(d); TR 30.2.1; 31.2.1; TR 31.2.5; 31.2.7(a) TR 32.1.1(a) - (c); 33.1.1; 33.1.3
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Sections 1(i); 2.1(a),(b) and (f)
Preferential Procurement regulations (PPR), 2011	Regulations 4.1; 4.3; 5.5; 6.1; 6.5; 7.1; Regulations 9.1; 9.5; 11.2; 11.5
Preferential Procurement regulations (PPR), 2017	Regulations 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; Regulations 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; Regulations 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulations 8.2; 8.5; 9.1; 10.1; 10.2; Regulations 11.1; 11.2
Preferential Procurement regulations (PPR), 2022	Regulations 4.4
Construction Industry Development Board Act 38 of 2000 and regulations issued in terms of the act	Section 18(1)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)
NT SCM Instruction Note 04 of 2015-16	Par 3.4
NT SCM Instruction Note 4A of 2016-17	Par 6
NT SCM Instruction Note 07 of 2017-18	Par 4.3
NT SCM Instruction Note 05 of 2020-21	Par 3.2; 3.7; 4.3; 4.6; 4.8; 4.9; 5.3
Erratum NT SCM Instruction Note 05 of 2020-21	Par 1; 2
Second Amendment to NT SCM Instruction Note 05 of 2020-21	Par 1
NT Instruction Note 11 of 2020-21	Par 3.1; 3.4(b); 3.9
NT SCM Instruction Note 01 of 2021-22	Par 4.1
NT SCM Instruction Note 02 of 2021-22	Par 3.2.1; 3.2.4(a); 3.2.4(b); 3.3.1; 4.1
NT SCM Instruction Note 03 of 2021-22	Definition Par. 4.1; 4.2 (b); 4.3; 4.4; 7.2
SCM Practice Note 8 of 2007-08	Par 3.3.1; 3.3.3; 3.4.1; 3.5
SCM Practice Note 7 of 2009-10	Par 4.1.2



Annual Financial Statements

Statement of Financial Position

as at 31 March 2023

	Note(s)	2023 R '000	2022 R '000
Assets			
Current Assets			
Inventories	3	62	169
Receivables from exchange transactions	4	1 464	244
Prepayments	5	31	6
Cash and cash equivalents	6	48 120	77 519
		49 677	77 938
Non-Current Assets			
Property, plant and equipment	7	5 903	3 207
Intangible assets	8	4 225	2 751
		10 128	5 958
Total Assets		59 805	83 896
Liabilities			
Current Liabilities			
Finance lease obligation	9	3	37
Trade and other payables from exchange transactions	10	27 673	15 333
		27 676	15 370
Non-Current Liabilities			
Finance lease obligation	9	-	3
Provisions	11	7	7
		7	10
Total Liabilities		27 683	15 380
Net Assets		32 122	68 516
Accumulated surplus		32 122	68 516
Total Net Assets		32 122	68 516

Statement of Financial Performance

	Note(s)	2023 R '000	2022 R '000
Revenue			
Revenue from exchange transactions			
Rendering of valuation services		1 530	244
Other income		86	-
Interest received - bank		70	-
Total revenue from exchange transactions		1 686	244
Revenue from non-exchange transactions			
Transfer revenue			
Government grants		107 172	131 844
Total revenue	12	108 858	132 088
Expenditure			
Employee related costs	13	(45 405)	(36 633)
Depreciation and amortisation		(1 879)	(546)
Impairment loss/ Reversal of impairments		(276)	-
Finance costs	14	(2)	(4)
General Expenses	15	(35 290)	(31 256)
Total expenditure		(82 852)	(68 439)
Surplus for the year		26 006	63 649

Statement of Changes in Net Assets

	Accumulated surplus/deficit R '000	Total net assets R '000
Balance at 1 April 2021	164 489	164 489
Changes in net assets		
Surplus funds surrendered to National Treasury	(159 622)	(159 622)
Surplus for the year	63 649	63 649
Balance at 1 April 2022	68 510	68 510
Changes in net assets		
Surplus funds surrendered to National Treasury	(62 394)	(62 394)
Surplus for the year	26 006	26 006
Total changes	(36 388)	(36 388)
Balance at 31 March 2023	32 122	32 122

Cash Flow Statement

	Note(s)	2023 R '000	2022 R '000
Cash flows from operating activities			
Receipts			
Grants received		107 172	131 844
Interest income		70	-
Other receipts		161	-
		107 403	131 844
Payments			
Cash paid to employee related costs		(39 428)	(370)
Cash paid to service providers and other		(30 093)	(65 649)
Surplus funds surrendered to National Treasury		(62 394)	(159 622)
		(131 915)	(225 641)
Net cash flows from operating activities	24	(24 512)	(93 797)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(3 958)	(888)
Purchase of other intangible assets	8	(929)	(1 490)
Net cash flows from investing activities		(4 887)	(2 378)
Cash flows from financing activities			
Finance lease payments		-	(12)
Net increase/(decrease) in cash and cash equivalents		(29 399)	(96 187)
Cash and cash equivalents at the beginning of the year		77 519	173 706
Cash and cash equivalents at the end of the year	6	48 120	77 519

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/ note
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rendering of valuation services	-	-	-	1 530	1 530	28.1
Other income	-	-	-	86	86	28.2
Interest received	-	-	-	70	70	28.3
Total revenue from exchange transactions	-	-	-	1 686	1 686	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants	107 200	-	107 200	107 172	(28)	
Total revenue	107 200	-	107 200	108 858	1 658	
Expenditure						
Employee costs	(58 600)	-	(58 600)	(45 405)	13 195	28.4
Depreciation and amortisation	-	-	-	(1 879)	(1 879)	28.5
Impairment loss/Reversal of impairments	-	-	-	(276)	(276)	28.6
Finance costs	-	-	-	(2)	(2)	29.7
General expenses	(48 600)	-	(48 600)	(35 290)	13 310	28.8
Total expenditure	(107 200)	-	(107 200)	(82 852)	24 348	
Surplus	-	-	-	26 006	26 006	
Actual amount on comparable basis as presented in the budget and actual comparative statement	-	-	-	26 006	26 006	

Accounting Policies

1. Presentation of Audited Annual Financial Statements

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

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

1.1 Going concern assumption

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

1.2 Comparative figures

Where material accounting errors which relate to prior period 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:

Receivables from exchange transactions

The entity assesses its other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgment as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for other receivables is calculated on amounts that are 90 days or more overdue. Assessment for the impairment has been made on individual debtors based on specific probability of recovery. Consideration is also given with regard to payment received from long outstanding debtors after year end, as well as information obtained from any debt collector used by the Entity.

Depreciation

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

Impairment of non-financial assets

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

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for

Accounting Policies (continued)

administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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 (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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

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

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	15 - 30 years
Office equipment (Finance leases)	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 straight line 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 value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined

Accounting Policies (continued)

as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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

1.5 Intangible assets

An intangible asset is an identifiable non-monetary assets without physical 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.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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 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.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Amortisation method	Average useful life
Software licenses Computer software	Straight-line	1 year Indefinite

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

Accounting Policies (continued)

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.

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 financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or

- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at amortised cost.

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

Impairment and uncollectibility of financial assets:

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

Financial assets measured at amortised cost:

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

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

Derecognition Financial assets

The entity derecognises financial assets using trade date accounting.

Accounting Policies (continued)

The entity derecognises a financial assets 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 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 a 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 Leases

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

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. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

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

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

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Accounting Policies (continued)

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 value as at the date of acquisition.

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

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

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

1.9 Impairment of 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.

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 used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

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

Recoverable amount of an asset or a cash-generating unit is the higher its 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 non-cash-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 assesses 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 increase is a reversal of an impairment loss. 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

Accounting Policies (continued)

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 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 recognises 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 recognises 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 reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Accounting Policies (continued)

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).

1.12 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 and income tax expense.

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

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

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

Useful life is either:

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

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

Bank balances held by agents yield interest; the calculation and accrual of this interest is based on the 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 agent) 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 tests 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.

Accounting Policies (continued)

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

Measurement

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

Rendering of valuation services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

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

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

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

1.15 Prepayments

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.

Accounting Policies (continued)

Normally such prepaid costs will be written off based on the lapse of time and receipt of services rendered/ goods received.

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

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

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

1.18 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 commitments.

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

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

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

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 those family members who may be expected to influence, or be influenced by that person 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.

Accounting Policies (continued)

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 change in accounting estimates

Prior period errors

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

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

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

Material prior period errors are retrospectively corrected by:

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

Changes in accounting estimates

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

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

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

1.20 Contingent liabilities and contingent assets

Contingent liability

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

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

- It is not probable that an outflow of resources and embodying economic benefit will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.
- The contingent liability is recognised awaiting the outcome of legal action or dispute between the two parties When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

Contingent assets

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

An entity shall not recognise a contingent asset.

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

1.21 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:

Accounting Policies (continued)

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

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

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 or 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 behalf of the principal and for the benefit of the principal.

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

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

Recognition

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

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

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

1.24 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expenditure, and where recovered, it is subsequently accounted as revenue in the statement of financial performance.

Accounting Policies (continued)

1.25 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in accordance or that is not in accordance with a requirement of any application legislation, including

- (a) The PFMA; or
- (b) The State Tender Board Act, 1968 (Act No. 86 Of 1968), or any regulations made in terms of the Act; or
- (c) Any provincial legislation providing procurement procedures in that provincial government

National Treasury Instruction No.4 of 2022/2023 which was issued in terms of section 51(1)(b)(ii) and 57(c) of the PFMA requires the following (effective from 3 January 2003):

Expenditure recognised as irregular expenditure is expenditure that must have been recognised in the statement of financial performance or a liability recognised in the statement of financial position. The earlier of an invoice or payment will trigger irregular expenditure for these transactions.

Irregular expenditure is recorded in the annual financial statements disclosure when incurred and confirmed. This relates to irregular expenditure incurred in the current financial year with a one year comparative.

Irregular expenditure for the previous financial year (comparative amounts) must be recognised in the period in which they occurred as follows:

- (a) Irregular expenditure incurred and confirmed in the previous financial year;
- (b) Irregular expenditure that was under assessment in the previous financial year and confirmed in the current financial year, and
- (c) Irregular expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.
- (d) Irregular expenditure payments relating to multi-year contracts that was not condoned or removed.

1.26 Events after reporting date

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

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

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

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

1.27 Budget information

Entity are 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 covers the fiscal period from 01/04/2022 to 31/03/2023.

The budget for the economic entity includes all the entities approved budgets under its control.

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.

Variances of 10% and above are considered material and are explained in the notes to the annual financial statements.

Notes to the Audited Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods:

Standard/interpretation:	Effective date: years beginning on or after	Expected impact:
• GRAP 25 (as revised): Employee Benefits	01 April 2019	Unlikely there will be a material impact
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2019	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2019	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Impact is currently being assessed
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Expected impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Not expected to impact results but may result in additional disclosure
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Not expected to impact results but may result in additional disclosure

3. Inventories

Stationery and consumable on hand

62 169

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

Inventory to the value of R198 532 (2022: R53 670) was recognised as an expense during the year. Inventories are recognised as an expense as and when consumed within the entity and related expense is included in the printing and stationery expenses line item.

4. Receivables from exchange transactions

Trade receivables

1 740 244

Impairment of trade receivables

(276) -

1 464 244

Trade receivables age analysis

Current

1 465 213

30 days

- 31

Over 90 days

275 -

1 740 244

The trade receivable relates to valuation services that were provided for various projects.

Impairment of trade receivables - age analysis

Over 90 days

(276) -

Notes to the Audited Annual Financial Statements (continued)

	2023 R '000	2022 R '000
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5. Prepayments

Opening balance	6	1
Add: prepayment during the current year	100	75
Less: expensed during the current year	(75)	(70)
	31	6

An amount of R0 (2022: R1 114) is prepaid to South African Broadcasting Corporation for television annual licenses.

An amount of R4 813 (2022: R4 645) is prepaid to Multichoice Group for annual subscription of DSTV.

An amount of R25 800 (2022: R0) is prepaid to The State Theatre for parking bays.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balance - current account	8 050	77 519
Bank balance - call account	40 070	-
	48 120	77 519

The entity had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	2023	2022	2023	2022
Standard Bank Current Account	8 050	77 519	8 050	77 519
Standard Bank Call Account	40 070	-	40 070	-
Total	48 120	77 519	48 120	77 519

7. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	1 763	(461)	1 302	1 738	(340)	1 398
Office equipment	103	(100)	3	103	(66)	37
IT equipment	6 144	(1 915)	4 229	2 144	(856)	1 288
Leasehold improvements	438	(69)	369	123	(14)	109
IT equipment - WIP	-	-	-	375	-	375
Total	8 448	(2 545)	5 903	4 483	(1 276)	3 207

Reconciliation of property, plant and equipment - March 2023

	Opening balance	Additions	Transfers	Depreciation	Total
Furniture and fixtures	1 398	24	-	(120)	1 302
Office equipment	37	-	-	(34)	3
IT equipment	1 288	3 625	375	(1 059)	4 229
Leasehold improvements	109	315	-	(55)	369
IT equipment - WIP	375	-	(375)	-	-
	3 207	3 964	-	(1 268)	5 903

Notes to the Audited Annual Financial Statements (continued)

	2023 R '000	2022 R '000
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Reconciliation of property, plant and equipment - March 2022

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Furniture and fixtures	1 394	117	-	-	(113)	1 398
Office equipment	72	-	-	-	(35)	37
IT equipment	903	219	(1)	543	(376)	1 288
Leasehold improvements	114	-	-	-	(5)	109
IT equipment - WIP	543	375	-	(543)	-	375
	3 026	711	(1)	-	(529)	3 207

Office equipment comprises of photocopy machines which are leased in terms of finance lease agreements. The period of the lease agreements are between 2 - 5 years and the carrying values is R2 848 (2022: R37 109). Refer to note 9 where the finance lease obligation is disclosed.

8. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Software licenses	2 085	(422)	1 663	206	(17)	189
Computer software	2 562	-	2 562	2 562	-	2 562
Total	4 647	(422)	4 225	2 768	(17)	2 751

Reconciliation of intangible assets - March 2023

	Opening balance	Additions	Amortisation	Total
Software licenses	189	2 085	(611)	1 663
Computer software	2 562	-	-	2 562
	2 751	2 085	(611)	4 225

Reconciliation of intangible assets - March 2022

	Opening balance	Additions	Amortisation	Total
Software licenses	-	206	(17)	189
Computer software	1 622	940	-	2 562
	1 622	1 146	(17)	2 751

Because history has shown rapid changes in technology, computer software and many other intangible assets are susceptible to obsolescence. However a lot of the owners of software are aware of these rapid changes in technology and are now subjecting their products to constant software developments. This maintains service potential and the ability to use them for longer terms and thus their continued use is based on OVG Information Technology strategy on maintenance of software.

The current computer software is comprised of an ERP solution that has been purchased as an off the shelf package and customised to specification in accordance with the needs of the entity. The entity has demonstrated its intention to use the software on a continued basis through entering into support and maintenance contracts with services providers in order to ensure constant upgrades and maintenance of the system.

Notes to the Audited Annual Financial Statements (continued)

	2023 R '000	2022 R '000
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The useful life of the ERP software is considered to be indefinite due to the fact that the entity intends on using it into the foreseeable future with continued maintenance to sustain service potential at required levels. The following factors played a significant role in determining the asset has an indefinite useful life.

- Period over which software has been in existence in the market.
- Period of which entities currently using it have been using it for.
- Rate of technology turn over and advancements in government.
- Availability of support and maintenance including availability of resources to support and maintain solution.

Computer software has been tested for impairment and is not considered to be impaired.

9. Finance lease obligation

Minimum lease payments due

- within one year
- in second to fifth year inclusive

less: future finance charges

Present value of minimum lease payments

Present value of minimum lease payments due

- within one year
- in second to fifth year inclusive

Non-current liabilities

Current liabilities

3	39
-	3
3	42
-	(2)
3	40
3	37
-	3
3	40
-	3
3	37
3	40

The average lease term is 3 years office equipment, with an average interest rate of 7.75% applied to the leases. The finance leases are secured by the assets leased in terms of the agreement. Please refer to PPE note where the assets held under the finance leases are disclosed as part of office equipment.

Contingent rent recognised as an expense for the period amounted to R103 995 (2022: R35 497). The contingent rent relates to copy charges per machine.

10. Trade and other payables from exchange transactions

Trade payables

Sundry accruals

Accrued leave pay

Accrued bonus

Other payables

1 847	2 623
8 273	3 939
2 717	2 313
827	998
14 009	5 460
27 673	15 333

Notes to the Audited Annual Financial Statements (continued)

2023 R '000	2022 R '000
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11. Provisions

Reconciliation of provisions - March 2023

Long term capped leave

Opening Balance	Total
7	7

Reconciliation of provisions - March 2022

Long term capped leave

Opening Balance	Total
7	7

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 evidence that it is unlikely that the full balance will be realised within the short term. Accordingly the balance is classified as non-current.

12. Revenue

Rendering of valuation services

Other income

Interest received - bank

Government grants

1 530	244
86	-
70	-
107 172	131 844
108 858	132 088

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

Rendering of valuation services

Other income

Interest received - bank

1 530	244
86	-
70	-
1 686	244

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

Transfer revenue

Government grants

107 172	131 844
---------	---------

Notes to the Audited Annual Financial Statements (continued)

	2023 R '000	2022 R '000
13. Employee related costs		
Basic salaries	34 952	27 832
Service bonus	1 622	1 776
Performance bonus	240	189
Medical aid - employer contributions	892	707
Short term leave	157	-
Pension fund contribution	3 536	2 892
Overtime payments	2 180	905
Car allowance	463	473
Housing benefits and allowances	881	656
Employer contribution: bargaining council	7	5
Leave: accumulated short term	475	1 198
	45 405	36 633

14. Finance costs

Finance leases	2	4
----------------	---	---

15. General expenses

Advertising	946	1 169
Auditors remuneration	2 539	1 975
Bank charges	32	12
Catering	6	13
Cleaning	269	255
Consulting and professional fees	13 365	21 768
Consumables	337	41
IT expenses	3 884	224
Legal services	693	-
Operating leases	775	209
Printing and stationery	320	167
Maintenance and support	1 604	928
Security services	2 134	177
Staff welfare	225	-
Subscriptions and membership fees	354	214
Telephone and fax	1 723	574
Transport and freight	1 384	422
Training and development	3 701	2 638
Travel - local	999	470
	35 290	31 256

Notes to the Audited Annual Financial Statements (continued)

2023 R '000	2022 R '000
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16. Financial instruments disclosure

Categories of financial instruments

Financial assets - March 2023

Trade and other receivables from exchange transactions
Cash and cash equivalents

At amortised cost	Total
1 740	1 740
48 120	48 120
49 860	49 860

Financial liabilities

Trade and other payables from exchange transactions

At amortised cost	Total
24 966	24 966

Financial assets - March 2022

Trade and other receivables from exchange transactions
Cash and cash equivalents

At amortised cost	Total
244	244
77 519	77 519
77 763	77 763

Financial liabilities

Trade and other payables from exchange transactions

At amortised cost	Total
13 066	13 066

17. Operating lease

Minimum lease payments due:

Due within 1 year
Due within 2 - 5 years

894	288
819	364
1 713	652

The above 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, rental of Internet connectivity lines, lease of telephone management and switchboard system, hosting of the domain and email system.

Notes to the Audited Annual Financial Statements (continued)

	2023 R '000	2022 R '000
18. Commitments		
Authorised future capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	461	4 121
Total capital commitments		
Already contracted for but not provided for	461	4 121
Authorised operational expenditure		
Already contracted for but not provided for		
• Due within 1 year	2 314	1 857
• Due within 2 - 5 years	117	-
	2 431	1 857
Total future operational commitments		
Already contracted for but not provided for	2 431	1 857
Total commitments		
Total commitments		
Authorised capital expenditure	461	4 121
Authorised operational expenditure	2 431	1 857
	2 892	5 978

Commitments relate to operating and capital contracts due in future years. The total future commitments detailed above are either non-cancellable or are only cancellable at a significant cost and relate to contents other than the routine, steady business of the entity. Below are the total commitments including those that are routine, steady, state business of the entity.

Total commitments		
Operational commitments due within 1 year	18 423	9 502
Operational commitments due within 2 - 5 years	8 368	3 291
Capital commitments due within 1 year	2 361	4 121
Capital commitments due within 2 - 5 years	936	-
	30 088	16 914

19. Related parties

Relationships

DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT (DALRRD)

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 for office accommodation of the Office of the Valuer-General.

DEEDS REGISTRATION TRADING ENTITY (DEEDS)

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 2022 - 31 March 2023 was signed on the 24 April 2022. The memorandum of agreement continues until terminated by either party to it.

Notes to the Audited Annual Financial Statements (continued)

2023 R '000	2022 R '000
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COMMISSION ON RESTITUTION OF LAND RIGHTS (CRLR) AND LAND REDISTRIBUTION AND TENURE REFORM (LRTR)

CRLR and LRTR are entities of the Department of Agriculture, Land Reform and Rural Development. The OVG is mandated to provide valuation services to these entities in line with the Property Valuations Act. These valuation services are not at arm's length and therefore cannot be quantified.

ENTITIES OF THE DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT THAT ARE UNDER COMMON CONTROL

The following entities are related parties as they report to the same Minister as the Office of Valuer General, however, there were no transactions to report in the current year.

- Agricultural Land Holding Account
- Ingonyama Trust Board
- Agricultural Research Council
- National Agricultural Marketing Council
- Onderstepoort Biological Products
- Perishable Products Export Control Board

Related party transactions

Amounts paid on behalf of OVG (Paid by DALRRD)

Office accommodation

917	1 051
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Remuneration of management

Executive management

March 2023

Name	Basic salary	Other short-term employee benefits	Post-employment benefits	Total
*MM Maloka - Acting Valuer General	915	997	110	2 022
*TS Motsoeneng - Acting Chief Operation Officer	938	694	122	1 754
PV Selauli - Senior Manager: Internal Audit	948	222	119	1 289
RRM Noge - Senior Manager: Human Capital Services	838	247	120	1 205
RT Mokale - Senior Manager: Financial Management Services	913	342	120	1 375
TB Masoleng - Senior Manager: Programme Management Office	802	252	117	1 171
MES Coengae - Senior Manager: Supply Chain and Procurement	842	297	122	1 261
TM Ndala-ka-Dlamini - Senior Manager: Valuations	906	249	117	1 272
NK Moatshe - Senior Manager: Strategy and ICT	932	319	136	1 387
*M Thomas - Acting Senior Manager: Valuations	646	326	83	1 055
	8 680	3 945	1 166	13 791

Notes to the Audited Annual Financial Statements (continued)

	2023 R '000	2022 R '000
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March 2022

Name	Basic salary	Other short-term employee benefits	Post-employment benefits	Total
*MM Maloka - (A) Valuer General	890	716	107	1 713
TS Motsoeneng - (A) Chief Operations Officer	911	612	118	1 641
PV Selauli - Senior Manager: Internal Audit	501	116	63	680
RRM Noge - Senior Manager: Human Capital Services	788	218	98	1 104
RT Mokale - Senior Manager: Financial Management	763	285	99	1 147
TB Masoleng - Senior Manager: Programme Management Office	798	182	98	1 078
MES Coangae - Senior Manager: Supply Chain and Procurement	851	253	102	1 206
Ndala-ka-Dlamini - Senior Manager: Valuations	809	182	98	1 089
NK Moatshe - Senior Manager: Strategy and ICT	959	273	115	1 347
P Mwiya - Senior Manager: Valuations	218	65	86	369
*M Thomas - Acting Senior Manager: Valuations	515	238	60	813
	8 003	3 140	1 044	12 187

*Ms MM Maloka acted as the Valuer General during the period of 01 April 2022 - 31 March 2023.

*Mr T Motsoeneng acted as Chief Operations Officer during the period of 1 April 2022 - 31 March 2023.

*Mr M Thomas acted as Senior Valuer during the period of 1 April 2022 - 31 March 2023.

Audit and Risk Committee members' fees

P Motsielwa - Chairperson	232	106
P Lukhwani	-	112
De Wet D	73	56
Motau C	199	101
	504	375

Valuation and Quality Review Committee members' fees

ND Naidoo - Chairperson	171	12
G Senyolo	154	7
Z Fihlani	131	7
L Taderera	193	7
	649	33

20. Accounting by principal and agents

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 Agriculture, Land Reform and Rural Development (DALRRD). Section 4 and 5 of the Act established the Office as a juristic person.

Due to unavailability of resources as this office is in the process of being structurally established, a memorandum of agreement was entered into with the Deeds Registration Trading Entity (Deeds) who is the "Agent". This MOA states that Deeds will render administrative support and services to the period ending 31 March 2023 after which the MOA continues on a month to month basis until terminated by either of the parties to the agreement. The MOA between Agent and Principal was signed on the 24 April 2022.

Notes to the Audited Annual Financial Statements (continued)

2023 R '000	2022 R '000
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The following transactions will be undertaken by the Agent on behalf of the Principal.

Transactions relating to Human Resources Management includes:

- payments of salaries and other service benefits

Transactions relating to finance includes:

- revenue management
- payment of expenses and liabilities
- preparation of financial statements

Transactions relating to Supply Chain Management includes:

- contracts management
- procurement of goods and services

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

Liability:

The following management fees and employee cost were owing to the Deeds Registration Trading Entity :

Management fees and employee cost payable

Balance at the beginning of the year	(5 352)	(3 051)
Operational expenditure incurred	(14 138)	(51 603)
Payment - Deeds	5 352	49 302
	(14 138)	(5 352)

No other assets are held by the Deeds Registration Trading Entity on behalf of the Office of the Valuer-General.

There are no financial implications to the termination of the principal-agent relationship.

21. Contingencies

Contingent liabilities

The accumulated surplus of R21,908 million (2022: R62,384 million) has been classified as a contingent liability at 31 March 2023 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 surpluses unless approved by the National Treasury. The OVG is obliged to return to the National Treasury any amount of the surplus for which approval for retention is not granted.

Contingent assets

Theft and losses by officials amounting to R83 492 (2022: R83 492) are under investigation for the entity's assets lost or damaged by officials, liability depends on the outcome of thefts and losses committee.

Notes to the Audited Annual Financial Statements (continued)

2023 R '000	2022 R '000
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22. Services in kind

Administrative services in kind:

Office of Valuer General falls under the executive authority Minister 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 Office of the Valuer-General.

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

23. Risk management

Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The entity manages its liquidity risk through ongoing review of future commitments and the budgeting process which monitors spending against available resources (cash and other financial assets). Adequate reserves and liquid resources are maintained.

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

At 31 March 2023

Trade and other payables from exchange transactions

	Less than 1 year	Impairment	Carrying amount
-	24 966	-	24 966
	Less than 1 year	Impairment	Carrying amount
-	13 066	-	13 066

At 31 March 2022

Trade and other payable from exchange transactions

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Financial assets which potentially subject the Office of the Valuer General to risk of non-performance and thereby subject to credit risk consist mainly on cash and cash equivalents and receivables from exchange transactions as per GRAPE 104.

The Office of the Value General limits its treasury counter party exposure by dealing with well-established institutions approved by National Treasury and its exposure is constantly monitored

Notes to the Audited Annual Financial Statements (continued)

	2023 R '000	2022 R '000
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Financial assets exposed to credit risk at year end were as follows:

At 31 March 2023

Receivable from exchange transactions

	Gross amount	Impairment	Carrying amount
-	1 740	-	1 740

At 31 March 2023

Cash and cash equivalents

	Gross amount	Impairment	Carrying amount
-	48 120	-	48 120

At 31 March 2022

Cash and cash equivalents

	Gross amount	Impairment	Carrying amount
-	77 519	-	77 519

Trade and other payable from exchange transactions

	Less than 1 year	Carrying amount
-	244	244

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in material prices. Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk.

The Office of the Valuer General is exposed to interest rate fluctuations on past due debtors and thus changes in the interest rate will result in changes in future cash flows expected from these financial instruments. No financial assets are past due or impaired in the current year.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statements of financial position.

None of the financial instruments in the current year were interest bearing.

24. Cash used in operations

Surplus

Adjustments for:

Depreciation and amortisation

Finance costs - finance leases

Impairment deficit

Debt impairment

Other non-cash items

26 006	63 649
1 879	546
2	4
276	-
-	-
(1 207)	496

Changes in working capital:

Inventories

Receivables from exchange transactions

Prepayments

Trade and other payables from exchange transactions

Surplus funds surrendered to National Treasury

107	47
(1 496)	(244)
(25)	(6)
12 340	1 333
(62 394)	(159 622)
(24 512)	(93 797)

25. Auditors' remuneration

External audit fees

2 539

1 975

26. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

March 2022

Disclosure

	Note	As previously reported	Correction of error	Restated
Prepayment during the current year	5	15	60	75
Expensed during the current year	5	(9)	(60)	(69)
		6	-	6

An amount of R60 000 was omitted from the disclosure of prepayments made during the prior year and also those utilised and thus expensed in the prior year. This omission has been adjusted for in the prior year.

27. Irregular expenditure

Irregular expenditure - current year

7

16

Current year irregular expenditure consist of:

Internet connectivity services amounting to R7 145 for services rendered without approval from June 2022 as approval was only granted in February 2023.

28. Budget explanation of difference between final and actual amounts

Notes to Statement of Comparison of Budget and Actual Amounts.

Variance of 10% and above are considered material and are explained below:

28.1 Revenue - services rendered (100%)

The amount of R820 thousand is the revenue generated by OVG by rendering valuation services to external clients. The provision of external valuation services is not budgeted for as the OVG is currently focused on land reform valuations.

28.2 Other income (100%)

The amount of R86 thousand is foreign exchange gain resulting from international procurement of Microsoft software and license.

28.3 Revenue - Interest (100%)

The amount of R70 thousand is the amount of interest earned on funds transferred to call account. This was not budgeted for, the call account was set up later on in the year.

28.4 Employee costs (30%)

The variance is attributed to the delay of approving the OVG oregano. NOV is still using interim oregano and are in the process of filling the posts on the interim oregano.

28.5 Depreciation and amortisation (100%)

The depreciation and amortisation is for the assets procured in the current financial year and since the inception of the NOV. No budget was allocated to depreciation and amortisation.

3. Notes to the Audited Annual Financial Statements (continued)

	2023 R '000	2022 R '000
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28.6 Impairment loss/reversal of impairment (100%)

The impairment amount of R276 thousand is for valuation generated revenue accumulated in the previous financial year that the entity has not managed to collect at year end.

28.7 Finance costs (100%)

Finance costs are related to interest rate implicitly in the lease and are not budgeted for.

28.8 General expenses (29%)

Understanding of general expenses is mainly attributed to delays in finalising planned procurements as per the approved procurement plan and demand management plan.



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VALUER-GENERAL

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4. OVG Management



Motlatso Maloka
Valuer-General (acting)



Thapelo Motsoeneng
Chief Operating Officer (acting)



Vivian Selauli
Senior Manager: Internal Audit



Tiny Dlamini
Senior Manager: Valuations



Masape Thomas
Senior Manager: Valuations
(acting)



Malefane Coanga
Senior Manager: Supply Chain
Management and Procurement



Kabelo Moatshe
Senior Manager: Strategy &
Information, Communication &
Technology



Tumelo Mokale
Senior Manager: Financial
Management Services



Refilwe Noge
Senior Manager: Human Capital
Services



Tshenolo Masoleng
Senior Manager: Programmes
Management Office