| **Page no.** | **Finding** | **Classification** | | | | | | **Rating** | | | | **Number of times reported in previous three years** | | **Status of implementation of previous year(s) recommendation** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Misstatements in financial statements** | **Misstatements in annual performance report** | **Non-compliance with legislation** | **Internal control deficiency** | **Service delivery** | **Matters affecting the auditor’s report** | | **Other important matters** | **Administrative matters** |  | |  | |
| **Immovable assets** | | | | | | | | | | | | | | | |
|  | PMTE HO COFF 06 - Properties incorrectly included in the AVL Masterfile resulting in incorrect AVL rates used | X |  |  |  |  | X | |  |  |  | | In progress | |
|  | PMTE HO COAF 07 - Incorrect AVL rates applied to value land | X |  |  |  |  | X | |  |  |  | | In progress | |
|  | PMTE HO COFF 08 - Properties incorrectly included in the AVL Masterfile resulting in incorrect AVL rates | X |  |  |  |  | X | |  |  |  | | In progress | |
|  | PMTE HO COAF 15 - Immovable assets Differences in the extents for multi-storey buildings | X |  |  |  |  |  | | X |  |  | | In progress | |
|  | PMTE HO COFF 21 - Immovable assets - Rights and Obligations | X |  |  |  |  | X | |  |  |  | | In progress | |
|  | PMTE HO COFF 24 - Immovable assets - Rights and Obligations | X |  |  |  |  | X | |  |  |  | | In progress | |
|  | PMTE HO COFF 26 - PPE - Rights and Obligations | X |  |  |  |  | X | |  |  |  | | In progress | |
|  | PMTE HO COFF 27- PPE - Existence | X |  |  |  |  | X | |  |  |  | | In progress | |
|  | PMTE HO COFF 44 - Immovable assets - Differences identified during the physical verification process | X |  |  |  |  |  | | X |  |  | | In progress | |
|  | PMTE HO COFF 45 - Immovable assets - Properties accounted for in both the National and Provincial IAR (Rights ) | X |  |  |  |  | X | |  |  |  | | In progress | |
|  |  |  |  |  |  |  |  | |  |  |  | |  | |
| **Receivables from exchange transactions** | | | | | | | | | | | | | | | |
|  | PMTE HO COFF 04 - 2020-21 - Municipal services misstated | X |  |  |  |  | X | |  |  |  | | In progress | |
| **Operating leases and related balances** | | | | | | | | | | | | | | | |
|  | PMTE HO COFF 10 - 2020-21 - Misstatement of operating lease asset and liability | X |  |  |  |  | X | |  |  |  | | In progress | |
|  | PMTE HO COFF 23 - 2020-21 – Accruals and prepayment leases | X |  |  |  |  | X | |  |  |  | | In progress | |
|  | PMTE HO COFF 38 - Accruals and Prepayments(SKG) | X |  |  |  |  | X | |  |  |  | | In progress | |
|  | PMTE HO COFF 11 - 2020-21 - Misstatement of operating lease expenditure and revenue from exchange transaction | X |  |  |  |  | X | |  |  |  | | In progress | |
|  | PMTE HO COFF 05 - 2020-21 - Follow up on overpayments made to the supplier on the lease contract | X |  |  |  |  | X | |  |  |  | | In progress | |
|  | PMTE HO COFF 31 - 2020-21 - Lease overpayments 140105 | X |  |  |  |  | X | |  |  |  | | In progress | |
|  | PMTE HO COFF 36 - 2020-21 - Lease overpayments 139816 | X |  |  |  |  | X | |  |  |  | | In progress | |
|  | PMTE HO COFF 03 - 2020-21 - Lease commitments misstated | X |  |  |  |  | X | |  |  |  | | In progress | |
|  | PMTE HO COFF 09 - 2020-21 - Differences in Lease commitments | X |  |  |  |  | X | |  |  |  | | In progress | |
|  | PMTE HO COFF 17 - 2020-21 - Differences in Lease commitments | X |  |  |  |  | X | |  |  |  | | In progress | |
|  | PMTE HO COFF 42 - 2020-21 - Completeness of lease related balances | X |  |  |  |  | X | |  |  |  | | In progress | |
| **Assets under construction** | | | | | | | | | | | | | | | |
|  | PMTE MMB COFF 03 - Differences between Assets transferred out and payments made as WCS Reports | X |  |  |  |  |  | | X |  |  | | In progress | |
|  | PMTE CTN COFF 07 - Misstatement of the Asset Under Construction | X |  |  |  |  |  | | X |  |  | | In progress | |
|  | PMTE MMB COFF 14 - Incorrect classification of AUC Wolmaransstad Prison WCS 048473 | X |  |  |  |  |  | | X |  |  | |  | |
|  |  |  |  |  |  |  |  | |  |  |  | |  | |
| **Movable Assets** | | | | | | | | | | | | | | | |
|  | PMTE BLM COFF 03 - Incorrect recognition of movable assets | X |  |  |  |  |  | | X |  |  | |  | |
|  | PMTE MMB COFF 13 - Understatement of movable assets | X |  |  |  |  |  | | X |  |  | |  | |
| **Commitments** | | | | | | | | | | | | | | | |
|  | PMTE PE COFF 03 - AUC commitment overstated | X |  |  |  |  |  | | X |  |  | | In progress | |
|  | PMTE CTN COFF 08 – Overstatement of commitments | X |  |  |  |  |  | | X |  |  | | In progress | |
| **Retention liabilities** | | | | | | | | | | | | | | | |
|  | PMTE BLM COFF 05 - Understatement retention amount | X |  |  |  |  |  | | X |  |  | |  | |
|  | PMTE MMB COFF 07 - Understatement of retention liabilities-completeness | X |  |  |  |  |  | | X |  |  | |  | |
|  | PMTE CTN COFF 12 – Retention Liabilities | X |  |  |  |  |  | | X |  |  | |  | |
| **Accruals** | | | | | | | | | | | | | | | |
|  | MTH COFF 04, KIM COFF 04, – Overstatement of other accruals | x |  |  |  |  |  | |  |  |  | |  | |
|  | KIM COFF 06, BLM COFF 02, PE COFF 04 - Understatement of other accruals | x |  |  |  |  | x | |  |  |  | |  | |
|  | PE COFF 05 - overstatement of WCS accruals | X |  |  |  |  | x | |  |  |  | |  | |
|  | PLK COFF 04 - Understatement of WCS accruals | X |  |  |  |  | x | |  |  |  | |  | |
|  | BLM COFF 07 - overstatement of day to day maintenance | x |  |  |  |  | x | |  |  |  | |  | |
|  | MMB COFF 04, MMB COFF 01 – Limitation of scope |  |  |  | x |  |  | |  |  |  | |  | |
|  | MMB COFF 05, DBN COFF 04 - Incomplete disclosure of property rates | X |  |  |  |  | x | |  |  |  | |  | |
|  | NLS COFF 03 – Accruals not complete day to day maintenance | X |  |  |  |  | x | |  |  |  | |  | |
|  | PTA COFF - overstatement of accruals schedule maintenance | X |  |  |  |  | x | |  |  |  | |  | |
|  | KIM COFF 02 – understatement of accruals schedule maintenance | x |  |  |  |  | x | |  |  |  | |  | |
|  | MMB COFF 06- understatement of accruals municipal services | x |  |  |  |  | x | |  |  |  | |  | |
|  | PLK COFF 04 - Overstatement of accruals municipal services | x |  |  |  |  | x | |  |  |  | |  | |
|  | BLM COFF 04 , MTH COF 04, KIM COFF 03 - Overstatement of accruals – debtors with credit balance | x |  |  |  |  | x | |  |  |  | |  | |
|  | KIM COFF 07- understatement of accruals- debtors with credit balance | x |  |  |  |  | x | |  |  |  | |  | |
|  | DBN COFF 06, CPT COFF 09 – Misclassification of accruals | x |  |  |  |  | x | |  |  |  | |  | |
| **Expenditure** | | | | | | | | | | | | | | | |
|  | NEL COFF 02, CPT COFF 11, MTH COFF 01 , HO COFF 13 MMB COFF 04 – Payment not made within 30 days |  |  | X |  |  | X | |  |  |  | |  | |
|  | BLM COFF 01, NEL COFF 04 – Limitation of scope |  |  |  | x |  |  | |  |  |  | |  | |
|  | DBN COFF 03 , CPT COFF 10 – fruitless and wasteful expenditure not disclosed on AFS | x |  |  |  |  | X | |  |  |  | |  | |
| 03 | MMB COFF 14 , CPT COFF – Incorrect classification Property Maintanance | X |  |  |  |  | X | |  |  |  | |  | |
|  | MMB COFF 11 – Expense not traced in the GL | x |  |  |  |  | X | |  |  |  | |  | |
|  | PTA COFF 05 – Inaccurate accounting period | x |  |  |  |  | X | |  |  |  | |  | |
|  | MTH COFF 05– Incorrect classification S&T | x |  |  |  |  | X | |  |  |  | |  | |
| **Provisions** | | | | | | | | | | | | | | | |
|  | CPT COFF – Transaction not meeting the definition and recognition criteria of a provision | x |  |  |  |  |  | |  |  |  | | In progress | |
|  | BLM COFF –incorrect classification of provision | x |  |  |  |  |  | |  |  |  | | In progress | |
|  | HO COFF – limitation of scope |  |  |  | x |  |  | |  |  |  | | In progress | |
| **Procurement and contract management** | | | | | | | | | | | | | | | |
|  | PLK COFF 01 - Winning bidder did not comply with the stipulated qualifying criteria. |  |  | X |  |  | X | |  |  |  | | In progress | |
|  | PLK COFF 02 - Losing bidder not awarded the correct functionality points. |  |  | X |  |  | X | |  |  |  | | In progress | |
|  | PLK COFF 03 - Deviation not justified |  |  | X |  |  | X | |  |  |  | | In progress | |
|  | CPT COFF 01 - Winning bidder did not meet the minimum qualifying criteria. |  |  | X |  |  | X | |  |  |  | | In progress | |
|  | CPT COFF 02 - Winning bidder did not meet the minimum functionality score and evaluation criteria differed from the bid document. |  |  | X |  |  | X | |  |  |  | | In progress | |
|  | CPT COFF 03 - Splitting of quotations. |  |  | X |  |  | X | |  |  |  | | In progress | |
|  | MMB COFF 01 - Misrepresentations on PA-11 by the winning bidder. |  |  | X |  |  | X | |  |  |  | | In progress | |
|  | MMB COFF 02 - Winning bidder did not submit all the returnable documents. |  |  | X |  |  | X | |  |  |  | | In progress | |
|  | GQB COFF 01 - Misrepresentations by the winning bidder. |  |  | X |  |  | X | |  |  |  | | In progress | |
|  | GQB COFF 02 - Winning bidder did not meet the minimum qualification criteria. |  |  | X |  |  | X | |  |  |  | | In progress | |
|  | DBN COFF 01 - The allocation and calculation of preference points was not correctly done in accordance with the requirements of the PPPF Act and PPR 2017. |  |  | X |  |  | X | |  |  |  | | In progress | |
|  | DBN COFF 02 - Local content procurement not in accordance with the National Treasury Designated Sector Instruction notes. |  |  | X | X |  | X | |  |  |  | | In progress | |
|  | MTH COFF 01 - Limitation of scope. |  |  | X |  |  | X | |  |  |  | | In progress | |
|  | MTH COFF 02 – Non-compliance with PPR 2017 |  |  | X |  |  | X | |  |  |  | | In progress | |
|  | MTH COFF 02 – Procurment as an emegerceny not justifiable |  |  | X |  |  | X | |  |  |  | | In progress | |
|  | MTH COFF 02 – Tender number MTH682018 |  |  | X |  |  | X | |  |  |  | | In progress | |
|  | MTH COFF 02 – Tender number MTH352018 |  |  | X |  |  | X | |  |  |  | | In progress | |
|  | MTH COFF 02 – Awards made to suppliers with non-compliant tax status |  |  | X |  |  | X | |  |  |  | | In progress | |
|  | HO COFF 35 – Mispresentation by the winning bidder (false declaration) |  |  | x |  |  | x | |  |  |  | | In progress | |
|  | MMB COFF 02 – PA36- declaration for local content and production not indicating the local content percentage |  |  | x |  |  | x | |  |  |  | | In progress | |
|  | MMB COFF 02 – DTI not notified |  |  |  | x |  |  | |  |  |  | | In progress | |
|  | MMB COFF 02 – bids npt advertised on the etender publication portal |  |  |  | x |  |  | |  |  |  | |  | |
|  | HO COFF 30 - DTI not notified |  |  |  | x |  |  | |  |  |  | |  | |
|  | BLM COFF 06 – Local content procurement form not accurately completed |  |  | x |  |  | x | |  |  |  | |  | |
|  | BLM COFF 06 - DTI not notified |  |  |  | x |  |  | |  |  |  | |  | |
|  | HO COFF 28 – Prequalifying criteria not meet |  |  | x |  |  | x | |  |  |  | |  | |
|  | HO COFF 28 – Deviation not approved |  |  | x |  |  | x | |  |  |  | |  | |
|  | HO COFF 28 – Deviation with scm prescripts |  |  | x |  |  | x | |  |  |  | |  | |
|  | HO COFF 20 – limitation of scope of a losing bidder |  |  |  | x |  |  | |  |  |  | |  | |
|  | HO COFF 22 – Bidder not awarded the correct functionality points |  |  | x |  |  | x | |  |  |  | |  | |
|  | PTA COFF 05 – VO not justifiable and assigning of the contract to another supplier |  |  | x |  |  | x | |  |  |  | |  | |
|  | HO COFF 12 – Lease payment not in line with the deviation approved by NT for DOH |  |  | x |  |  | x | |  |  |  | |  | |
|  | **Irregular expenditure** | | | | | | | | | | | | | | |
|  | HO COFF 41 – Irregular expenditure disclosure not complete | x |  |  |  |  | x | |  |  |  | |  | |
|  | HO COFF 43 – Allegations |  |  | x |  |  | x | |  |  |  | |  | |
| **Cash Flow** | | | | | | | | | | | | | | | |
|  | HO COFF 32 – Cash flow not accurately calculated | x |  |  |  |  | x | |  |  |  | |  | |

## DETAILED AUDIT FINDINGS: ANNEXURES A TO C

### ANNEXURE A: MATTERS AFFECTING THE AUDITOR’S REPORT

#### Immovable assets

**PMTE HO COFF 06** - Properties incorrectly included in the AVL Masterfile resulting in incorrect AVL rates used

Section 40 of the Public Finance Management Act (PFMA) states that: *“The accounting officer for a department, trading entity or constitutional institution –*

1. *must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards;*
2. *must prepare financial statements for each financial year in accordance with generally recognized accounting practice”*

Paragraph 38 of the Generally Recognised Accounting Practice (GRAP) 17 states that*: “If there is no market-based evidence of fair value because of the specialised nature of the item of plant and equipment, an entity may need to estimate fair value using, for example, either reproduction cost or depreciated replacement cost. The depreciated replacement cost of an item of plant or equipment may be established by reference to the market buying price of components used to produce the asset or the indexed price for the same or a similar asset based on a price for a previous period. When the indexed price method is used, judgement is required to determine whether production technology has changed significantly over the period, and whether the capacity of the reference asset is the same as that of the asset being valued….”*

Section 4.3.3 of the Model for applying deemed cost states that; “*use the comparable method to value the land – calculate average vacant land value per average extent for each town using the MVRs (vacant land value/ vacant land extent)”.*

**Nature**

During the audit of AVL ratios, the following inconsistencies were identified which resulted in auditors obtaining different AVL ratios to value land:

The following land parcels listed below were indicated to have no land extents associated to them but were taken into consideration in determining the AVL rates:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Unique Property Code** | **Parent ID** | **Site ID** | **Property Description** | **LPI Code (as per deeds aktex)** | **GRAP Extent used in AVL Rates submitted** | **land\_value (R.)** |
| DEEDS66712 | - | 100000038769 | ERF 756 PORTION 0 OF ROODEPOORT | T0IQ03520000075600000 | No extent now consolidated | 5 841 000,00 |
| 703631 | - | 100000016135 | FARM 454 PORTION 0 OF STELLENBOSCH RD-WIMBLEDON | C06700000000045400000 | Not Found | 2 985 715,20 |

Furthermore, the following land parcels listed below were indicated to have been removed from the Immovable Asset Register (Land) but were taken into account when determining the AVL rates:

| **Unique Property Code** | **Parent ID** | **Site ID** | **Property Description** | **LPI Code (as per deeds aktex)** | **GIS Source of Extent** | **land\_value (R)** |
| --- | --- | --- | --- | --- | --- | --- |
| 1096911 | - | 100000022497 | ERF 4076 PORTION 36 OF RESERVOIR HILLS | N0FT02760000407600036 | Remove from IAR | 310 000,00 |
| DEEDS175594 | - | 100000043194 | ZEBEDIELA HOLDINGS 499 PORTION 0 | T0KS00090000049900000 | Remove from IAR | 160 261,20 |
| DEEDS175597 | - | 100000043197 | ZEBEDIELA HOLDINGS 500 PORTION 0 | T0KS00090000050000000 | Remove from IAR | 160 261,20 |
| DEEDS175632 | - | 100000043230 | ZEBEDIELA HOLDINGS 544 PORTION 0 | T0KS00090000054400000 | Remove from IAR | 160 261,20 |
| DEEDS175661 | - | 100000043259 | ZEBEDIELA HOLDINGS 588 PORTION 0 | T0KS00090000058800000 | Remove from IAR | 161 880,00 |
| DEEDS175662 | - | 100000043260 | ZEBEDIELA HOLDINGS 589 PORTION 0 | T0KS00090000058900000 | Remove from IAR | 161 880,00 |
| DEEDS175670 | - | 100000043268 | ZEBEDIELA HOLDINGS 596 PORTION 0 | T0KS00090000059600000 | Remove from IAR | 160 261,20 |
| DEEDS175711 | - | 100000043305 | ZEBEDIELA HOLDINGS 634 PORTION 0 | T0KS00090000063400000 | Remove from IAR | 160 261,20 |
| DEEDS175712 | - | 100000043306 | ZEBEDIELA HOLDINGS 635 PORTION 0 | T0KS00090000063500000 | Remove from IAR | 160 261,20 |
| DEEDS175713 | - | 100000043307 | ZEBEDIELA HOLDINGS 636 PORTION 0 | T0KS00090000063600000 | Remove from IAR | 160 261,20 |
| DEEDS175721 | - | 100000043313 | ZEBEDIELA HOLDINGS 643 PORTION 0 | T0KS00090000064300000 | Remove from IAR | 160 261,20 |
| DEEDS175768 | - | 100000043353 | ZEBEDIELA HOLDINGS 688 PORTION 0 | T0KS00090000068800000 | Remove from IAR | 160 261,20 |
| DEEDS175769 | - | 100000043354 | ZEBEDIELA HOLDINGS 689 PORTION 0 | T0KS00090000068900000 | Remove from IAR | 160 261,20 |
| DEEDS175771 | - | 100000043356 | ZEBEDIELA HOLDINGS 690 PORTION 0 | T0KS00090000069000000 | Remove from IAR | 160 261,20 |
| DEEDS175772 | - | 100000043357 | ZEBEDIELA HOLDINGS 691 PORTION 0 | T0KS00090000069100000 | Remove from IAR | 160 261,20 |
| DEEDS175773 | - | 100000043358 | ZEBEDIELA HOLDINGS 692 PORTION 0 | T0KS00090000069200000 | Remove from IAR | 160 261,20 |
| DEEDS175914 | - | 100000043480 | ZEBEDIELA HOLDINGS 830 PORTION 0 | T0KS00090000083000000 | Remove from IAR | 161 880,00 |
| DEEDS175915 | - | 100000043481 | ZEBEDIELA HOLDINGS 831 PORTION 0 | T0KS00090000083100000 | Remove from IAR | 161 880,00 |

The exclusion of the above-mentioned land parcels from determining the AVL rates will results in the following AVL rate differences:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Management's AVL Rate (R)** | **Recalculated AVL Rate (R)** | **Difference (R)** |
| **Above** |  |  |  |
| other | 7 182,34 | 7 162,54 | 19,80 |
| WP | 39 776,41 | 39 418,04 | 358,36 |
|  |  |  |  |
| **Below** |  |  |  |
| GP | 1 762 936,70 | 1 635 076,17 | 127 860,53 |
| KZN | 1 637 775,60 | 1 630 005,97 | 7 769,63 |

**Impact**

This will result in the following overstatement of land parcels measured through AVL due to high AVL rates used:

**Note:** In calculating the differences documented below, the following should be noted:

* The land infrastructure impact was not taken into account.
* Differences below R10 000 were not included in the finding.

**Western Cape region – Above 10 000sqm**

| **Unique Property Code\_2021** | **LPI Code (as per deeds aktex)\_2021** | **Property Description** | **Land Extent as per Immovable assets register (IAR)** | **Land value as per Immovable assets Register (R)** | **Recalculated Deemed cost value (R)** | **Differences (R)** |
| --- | --- | --- | --- | --- | --- | --- |
| 3169401 | C06700000000015500000 | FARM 155 STELLENBOSCH | 4 132,20 | 164 364 115,97 | 162 883 293,63 | 1 480 822,34 |
| 739181 | C01300000000009300000 | FARM 93 MOORDENAARS KLOOF CALEDON RD | 2 040,70 | 81 171 894,74 | 80 440 584,54 | 731 310,20 |
| 728671 | C01300000000009400000 | FARM 94 VERGELEN CALEDON RD | 1 512,43 | 60 159 141,14 | 59 617 143,27 | 541 997,87 |
| 780521 | C01600000000054400000 | REMAINDER OF FARM 544 DRIFT SANDS CAPE RD | 1 234,67 | 49 110 826,71 | 48 668 367,55 | 442 459,16 |
| 746551 | C01300000000001500002 | REMAINDER OF PORTION 2 OF FARM 15 AMANDEL RIVIER CALEDON RD | 1 198,28 | 47 663 108,73 | 47 233 692,64 | 429 416,09 |
| S42\_31032015\_00890 | C06700000000083500000 | FARM 835 STELLENBOSCH | 1 179,95 | 46 934 054,94 | 46 511 207,19 | 422 847,75 |
| 729941 | C05500000000113500000 | REMAINDER OF FARM 1135 PURGATORY OUTSPAN PAARL RD | 1 076,78 | 42 830 300,33 | 42 444 424,96 | 385 875,37 |
| 702901 | C01300000000030000000 | REMAINDER OF FARM 300 GRIETJES GAT CALEDON RD | 927,35 | 36 886 483,07 | 36 554 157,92 | 332 325,15 |
| S42\_31032015\_00800 | C01300000000030000002 | FARM 300 PORTION 2 CALEDON | 927,35 | 36 886 483,07 | 36 554 157,92 | 332 325,15 |
| 602292 | C01600000000003200000 | REMAINDER OF FARM 32 BRAKKE FONTEIN CAPE RD | 925,69 | 36 820 736,64 | 36 489 003,84 | 331 732,80 |
| 735981 | C01300000000001500000 | REMAINDER OF FARM 15 AMANDEL RIVIER CALEDON RD | 897,89 | 35 714 980,40 | 35 393 209,80 | 321 770,60 |
| 699171 | C01600000000090800000 | FARM 908 TOKAI CAPE RD | 702,12 | 27 927 957,37 | 27 676 343,19 | 251 614,18 |
| 628181 | C01600000000101300000 | FARM 1013 CAPE RD | 661,78 | 26 323 210,09 | 26 086 053,72 | 237 156,37 |
| 735581 | C01300000000001400002 | PORTION 2 OF FARM 14 PALMIET VALLEY CALEDON RD | 593,03 | 23 588 598,09 | 23 376 078,93 | 212 519,16 |
| 3137141 | C05500000000058200000 | REMAINDER OF FARM 582 DALJOSAPHAT FOREST RESERVE PAARL RD | 567,95 | 22 590 902,40 | 22 387 371,89 | 203 530,51 |
| 741181 | C01300000000001500003 | PORTION 3 OF FARM 15 AMANDEL RIVIER CALEDON RD | 551,37 | 21 931 505,06 | 21 733 915,32 | 197 589,74 |
| 2766943 | C04600000000028400000 | REMAINDER OF FARM 284 KLIPVLEI MALMESBURY RD | 493,36 | 19 624 184,41 | 19 447 382,25 | 176 802,16 |
| 607891 | C01600000000143600000 | FARM 1436 CAPE RD | 475,84 | 18 927 240,84 | 18 756 717,73 | 170 523,11 |
| S42\_31032015\_00801 | C01300000000030200000 | FARM 302 CALEDON | 461,92 | 18 373 537,36 | 18 208 002,78 | 165 534,58 |
| 736621 | C01300000000000700000 | FARM 7 OF CALEDON RD-TWIST NIET | 396,69 | 15 778 893,62 | 15 636 735,23 | 142 158,39 |
| 711611 | C01300000000001400000 | REMAINDER OF FARM 14 PALMIET VALLEY CALEDON RD | 390,25 | 15 522 698,70 | 15 382 848,47 | 139 850,23 |
| 735191 | C01300000000008200008 | REMAINDER OF PORTION 8 OF FARM 82 KLIPFONTEIN CALEDON RD | 354,76 | 14 111 117,58 | 13 983 984,85 | 127 132,73 |
| 704551 | C01600000000123800000 | FARM 1238 CAPE RD | 335,33 | 13 338 312,56 | 13 218 142,34 | 120 170,22 |
| 737541 | C05500000000100600002 | PORTION 2 OF FARM 1006 MEERLUST PAARL RD | 314,64 | 12 515 391,59 | 12 402 635,40 | 112 756,19 |
| 787281 | C04600000000030400001 | PORTION 1 OF FARM 304 HOPEFIELD MALMESBURY RD | 314,51 | 12 510 110,95 | 12 397 402,32 | 112 708,63 |
| DD\_31032017\_158642 | C01600190004020100000 | ERF 40201 GOODWOOD | 283,50 | 11 276 682,71 | 11 175 086,54 | 101 596,17 |
| 758901 | C01300000000007900002 | PORTION 2 OF FARM 79 ZWART STOMP CALEDON RD | 281,83 | 11 209 985,63 | 11 108 990,36 | 100 995,27 |
| 710301 | C01600000000097100000 | REMAINDER OF FARM 971 ELSJES RIVIER CAPE RD | 280,30 | 11 149 274,90 | 11 048 826,60 | 100 448,30 |
| 603961 | C01600000000097000000 | FARM 970 OF CAPE RD-ELSJES RIVIER | 280,30 | 11 149 273,54 | 11 048 825,26 | 100 448,28 |
| 708731 | C01300000000028900002 | PORTION 2 OF FARM 289 JAGERS VLAKTE CALEDON RD | 276,20 | 10 986 247,32 | 10 887 267,81 | 98 979,51 |
| 3123341 | C01300000000008800000 | REMAINDER OF FARM 88 CALEDON RD | 212,80 | 8 464 451,02 | 8 388 191,38 | 76 259,64 |
| 788991 | C01300000000008100015 | PORTION 15 OF FARM 81 RUS VALEY CALEDON RD | 210,02 | 8 353 896,48 | 8 278 632,87 | 75 263,61 |
| 748751 | C01300000000002000009 | PORTION 9 OF FARM 20 BOSJESMANS KLOOF CALEDON RD | 210,02 | 8 353 653,84 | 8 278 392,42 | 75 261,42 |
| 3150261 | C01300000000087400000 | FARM 874 CALEDON RD | 208,85 | 8 307 346,15 | 8 232 501,93 | 74 844,22 |
| 716231 | C07500000000020000000 | REMAINDER OF FARM 200 TULBAGH RD | 207,32 | 8 246 436,62 | 8 172 141,16 | 74 295,46 |
| 736781 | C01300000000008200011 | PORTION 11 OF FARM 82 KLIPFONTEIN CALEDON RD | 206,04 | 8 195 335,79 | 8 121 500,72 | 73 835,07 |
| 620791 | C05500000000089900000 | REMAINDER OF FARM 899 VICTOR VERSTER PAARL RD | 203,76 | 8 104 939,93 | 8 031 919,27 | 73 020,66 |
| 3008401 | C06700000000085100000 | FARM 851 OUTSPAN STELLENBOSCH RD | 202,39 | 8 050 223,51 | 7 977 695,81 | 72 527,70 |
| 3123291 | C01300000000009600000 | FARM 96 TEGENSPOED CALEDON RD | 199,25 | 7 925 305,71 | 7 853 903,44 | 71 402,27 |
| S42\_31032015\_00794 | C01300000000009500001 | FARM 95 PORTION 1 CALEDON | 184,45 | 7 336 781,96 | 7 270 681,94 | 66 100,02 |
| 749641 | C01300000000002000010 | PORTION 10 OF FARM 20 BOSJESMANS KLOOF CALEDON RD | 181,16 | 7 205 917,58 | 7 140 996,58 | 64 921,00 |
| 708251 | C01300000000028700006 | REMAINDER OF PORTION 6 OF FARM 287 KLEINE WESSELS GAT CALEDON RD | 178,71 | 7 108 397,77 | 7 044 355,36 | 64 042,41 |
| 741581 | C01300000000007000034 | REMAINDER OF PORTION 34 OF FARM 70 ZEEKOEKRAAL CALEDON RD | 165,54 | 6 584 717,52 | 6 525 393,15 | 59 324,37 |
| 593902 | C01600070002800200000 | REMAINDER OF ERF 28002 CAPE TOWN | 162,22 | 6 452 415,72 | 6 394 283,31 | 58 132,41 |
| 745231 | C01300000000007700007 | PORTION 7 OF FARM 77 KALE RUGGEN CALEDON RD | 153,17 | 6 092 460,62 | 6 037 571,20 | 54 889,42 |
| 628691 | C01600070002120400000 | REMAINDER OF ERF 21204 CAPE TOWN | 152,43 | 6 062 926,64 | 6 008 303,30 | 54 623,34 |
| 704621 | C05500000000088800001 | PORTION 1 OF FARM 888 LAPARISA PAARL RD | 149,53 | 5 947 901,23 | 5 894 314,20 | 53 587,03 |
| 603612 | C01600000000024500007 | FARM 245 PORTION 7 OF CAPE RD-MONTAGUE GARDENS | 137,46 | 5 467 561,35 | 5 418 301,90 | 49 259,45 |
| S42\_31032015\_00795 | C01300000000009700001 | FARM 97 PORTION 1 CALEDON | 136,67 | 5 436 324,94 | 5 387 346,91 | 48 978,03 |
| DD\_20180331\_110956 | C01600000000087500000 | REMAINDER OF FARM 875 KIRSTENBOSCH CAPE RD | 130,33 | 5 184 055,02 | 5 137 349,79 | 46 705,23 |
| 763351 | C01300000000000500012 | PORTION 12 OF FARM 5 ELANDS KLOOF CALEDON RD | 121,22 | 4 821 855,04 | 4 778 413,02 | 43 442,02 |
| 808201 | C05500000000089400000 | FARM 894 KLIPBANK PAARL RD | 116,91 | 4 650 068,70 | 4 608 174,36 | 41 894,34 |
| 750271 | C01300000000007500000 | REMAINDER OF FARM 75 BIER RIVIER OUTSPAN CALEDON RD | 116,42 | 4 630 749,30 | 4 589 029,02 | 41 720,28 |
| 710051 | C01600540000462500000 | REMAINDER OF ERF 4625 SIMON'S TOWN | 116,40 | 4 630 001,50 | 4 588 287,96 | 41 713,54 |
| 3008381 | C06700000000085800000 | FARM 858 OF STELLENBOSCH RD-FARM 858 | 114,26 | 4 545 011,26 | 4 504 063,43 | 40 947,83 |
| 765621 | C01300000000006900004 | PORTION 4 OF FARM 69 DENNEHOF CALEDON RD | 109,60 | 4 359 299,20 | 4 320 024,52 | 39 274,68 |
| 741981 | C01300000000007200061 | REMAINDER OF PORTION 61 OF FARM 72 WATERVAL CALEDON RD | 109,03 | 4 337 004,52 | 4 297 930,70 | 39 073,82 |
| 744811 | C01300000000007000038 | PORTION 38 OF FARM 70 ZEEKOEKRAAL CALEDON RD | 109,00 | 4 335 675,99 | 4 296 614,14 | 39 061,85 |
| 752291 | C01300000000006800002 | PORTION 2 OF FARM 68 THEE WATERS KLOOF CALEDON RD | 103,77 | 4 127 701,07 | 4 090 512,96 | 37 188,11 |
| 624181 | C01600070001881700000 | REMAINDER OF ERF 18817 CAPE TOWN | 97,41 | 3 874 659,49 | 3 839 751,12 | 34 908,36 |
| 795501 | C01600110000467300000 | REMAINDER OF ERF 4673 CONSTANTIA | 97,14 | 3 863 788,60 | 3 828 978,17 | 34 810,43 |
| 777331 | C01600000000016800002 | REMAINDER OF PORTION 2 OF FARM 168 CAPE RD | 94,75 | 3 768 730,94 | 3 734 776,93 | 33 954,01 |
| 711261 | C01600000000097200000 | FARM 972 CAPE RD | 85,37 | 3 395 619,50 | 3 365 026,99 | 30 592,51 |
| 754051 | C01300000000006900001 | PORTION 1 OF FARM 69 DENNEHOF CALEDON RD | 80,96 | 3 220 433,07 | 3 191 418,90 | 29 014,17 |
| 704411 | C01300000000007000010 | REMAINDER OF PORTION 10 OF FARM 70 ZEEKOEKRAAL CALEDON RD | 80,91 | 3 218 412,43 | 3 189 416,46 | 28 995,97 |
| 771871 | C01300000000045900000 | REMAINDER OF FARM 459 DRAAIBERG CALEDON RD | 75,51 | 3 003 409,02 | 2 976 350,10 | 27 058,92 |
| 751831 | C01300000000007600000 | FARM 76 BIER RIVIER CALEDON RD | 74,95 | 2 981 106,39 | 2 954 248,41 | 26 857,98 |
| 661423 | C01600070004421400000 | REMAINDER OF ERF 44214 CAPE TOWN | 74,21 | 2 951 826,98 | 2 925 232,78 | 26 594,20 |
| 725231 | C01300000000002100013 | PORTION 13 OF FARM 21 OU WERF CALEDON RD | 73,69 | 2 931 246,67 | 2 904 837,89 | 26 408,78 |
| DEEDS4565 | C01600000000024500056 | FARM 245 PORTION 56 OF CAPE RD-MONTAGUE GARDENS | 72,77 | 2 894 541,00 | 2 868 462,92 | 26 078,08 |
| DD\_31032017\_153893 | C01600070017807300000 | ERF 178073 CAPE TOWN | 72,77 | 2 894 541,00 | 2 868 462,92 | 26 078,08 |
| 756911 | C01300000000032000000 | REMAINDER OF FARM 320 MOEDIG CALEDON RD | 70,15 | 2 790 490,88 | 2 765 350,23 | 25 140,65 |
| 708861 | C01600000000096300000 | REMAINDER OF FARM 963 CAPE RD | 69,91 | 2 780 943,56 | 2 755 888,92 | 25 054,64 |
| 718931 | C01600070004616200000 | ERF 46162 CAPE TOWN | 67,17 | 2 671 864,72 | 2 647 792,82 | 24 071,90 |
| 742781 | C01300000000007800003 | PORTION 3 OF FARM 78 GLORIA CALEDON RD | 66,06 | 2 627 589,61 | 2 603 916,60 | 23 673,01 |
| 743981 | C01300000000007000037 | FARM 70 PORTION 37 OF CALEDON RD-ZEEKOEKRAAL | 65,10 | 2 589 444,03 | 2 566 114,69 | 23 329,34 |
| 759261 | C01300000000009700000 | FARM 97 NIEUWE BERG CALEDON RD | 65,03 | 2 586 818,79 | 2 563 513,10 | 23 305,69 |
| 711011 | C01300000000007000006 | REMAINDER OF PORTION 6 OF FARM 70 ZEEKOEKRAAL CALEDON RD | 62,02 | 2 466 761,66 | 2 444 537,62 | 22 224,04 |
| 740381 | C01300000000008300021 | PORTION 21 OF FARM 83 FORTUIN CALEDON RD | 61,53 | 2 447 378,62 | 2 425 329,20 | 22 049,42 |
| 713091 | C01600070001977500000 | ERF 19775 CAPE TOWN | 60,64 | 2 411 910,00 | 2 390 180,13 | 21 729,87 |
| 707831 | C07500000000019900001 | PORTION 1 OF FARM 199 DOORN BOOM TULBAGH RD | 59,61 | 2 370 968,14 | 2 349 607,14 | 21 361,00 |
| 738781 | C01300000000001500004 | PORTION 4 OF FARM 15 AMANDEL RIVIER CALEDON RD | 52,65 | 2 094 036,85 | 2 075 170,83 | 18 866,02 |
| 709581 | C01600000000089500001 | PORTION 1 OF FARM 895 BEL OMBRE CAPE RD | 52,39 | 2 084 048,99 | 2 065 272,96 | 18 776,03 |
| 697731 | C01600000000136300000 | FARM 1363 CAPE RD | 52,13 | 2 073 428,61 | 2 054 748,25 | 18 680,36 |
| DEEDS4656 | C01600000000096900000 | FARM 969 OF CAPE RD-FARM 969 | 51,56 | 2 050 772,59 | 2 032 296,35 | 18 476,24 |
| 624188 | C01600070001977000000 | ERF 19770 CAPE TOWN | 50,08 | 1 992 022,30 | 1 974 075,37 | 17 946,93 |
| 751401 | C01300000000008100012 | PORTION 12 OF FARM 81 RUS VALEY CALEDON RD | 47,56 | 1 891 940,89 | 1 874 895,63 | 17 045,26 |
| 773631 | C01300000000008300022 | PORTION 22 OF FARM 83 FORTUIN CALEDON RD | 46,71 | 1 858 115,03 | 1 841 374,53 | 16 740,50 |
| 638461 | C01600070009047700000 | REMAINDER OF ERF 90477 CAPE TOWN | 45,01 | 1 790 359,90 | 1 774 229,83 | 16 130,07 |
| 3150271 | C01300000000087300000 | FARM 873 CALEDON RD | 43,90 | 1 746 096,72 | 1 730 365,43 | 15 731,29 |
| 608751 | C01600540000045100000 | ERF 451 SIMON'S TOWN | 43,51 | 1 730 472,54 | 1 714 882,02 | 15 590,52 |
| 748361 | C01300000000007200085 | PORTION 85 OF FARM 72 WATERVAL CALEDON RD | 42,66 | 1 696 865,46 | 1 681 577,72 | 15 287,74 |
| 726501 | C01600000000077800000 | FARM 778 OF CAPE RD-FARM 778 | 42,62 | 1 695 197,49 | 1 679 924,78 | 15 272,71 |
| 762851 | C01300000000007200084 | PORTION 84 OF FARM 72 WATERVAL CALEDON RD | 42,54 | 1 692 036,60 | 1 676 792,37 | 15 244,23 |
| 732582 | C05500000000094200002 | PORTION 2 OF FARM 942 WATERVLIET PAARL RD | 42,38 | 1 685 564,98 | 1 670 379,05 | 15 185,93 |
| DEEDS4516 | C01600000000122900000 | FARM 1229 CAPE RD | 41,97 | 1 669 418,47 | 1 654 378,00 | 15 040,47 |
| 737981 | C01300000000007200037 | PORTION 37 OF FARM 72 WATERVAL CALEDON RD | 41,90 | 1 666 579,70 | 1 651 564,82 | 15 014,88 |
| 769801 | C01300000000008300023 | PORTION 23 OF FARM 83 FORTUIN CALEDON RD | 40,12 | 1 595 952,72 | 1 581 574,14 | 14 378,58 |
| 719741 | C05500000000052700035 | REMAINDER OF PORTION 35 OF FARM 527 DAL WEIDING PAARL RD | 38,63 | 1 536 753,49 | 1 522 908,26 | 13 845,23 |
| 720021 | C01300000000007000028 | REMAINDER OF PORTION 28 OF FARM 70 ZEEKOEKRAAL CALEDON RD | 38,33 | 1 524 506,34 | 1 510 771,45 | 13 734,89 |
| 760951 | C01300000000058200004 | PORTION 4 OF FARM 582 QUEEN ANNE CALEDON RD | 38,12 | 1 516 208,98 | 1 502 548,84 | 13 660,14 |
| 706161 | C06700000000099500000 | FARM 995 STELLENBOSCH RD | 38,01 | 1 511 777,65 | 1 498 157,45 | 13 620,20 |
| 616653 | C01600000000091900000 | FARM 919 OF CAPE RD-RAPEKRAAL | 36,34 | 1 445 498,46 | 1 432 475,38 | 13 023,08 |
| 761921 | C01300000000045900002 | PORTION 2 OF FARM 459 DRAAIBERG CALEDON RD | 35,17 | 1 398 852,67 | 1 386 249,84 | 12 602,83 |
| 759991 | C01300000000007000029 | REMAINDER OF PORTION 29 OF FARM 70 ZEEKOEKRAAL CALEDON RD | 34,76 | 1 382 822,78 | 1 370 364,37 | 12 458,41 |
| 748321 | C01300000000002100014 | PORTION 14 OF FARM 21 OU WERF CALEDON RD | 34,72 | 1 380 905,56 | 1 368 464,42 | 12 441,14 |
| 3008391 | C06700000000085200000 | FARM 852 OUTSPAN STELLENBOSCH RD | 34,41 | 1 368 587,88 | 1 356 257,72 | 12 330,16 |
| 723261 | C01600000000112800000 | REMAINDER OF FARM 1128 CAPE RD | 33,57 | 1 335 107,00 | 1 323 078,49 | 12 028,51 |
| DD\_31032017\_165562 | C01600540000592000000 | ERF 5920 SIMON'S TOWN | 33,52 | 1 333 293,20 | 1 321 281,02 | 12 012,18 |
| 710561 | C01600070001307200000 | REMAINDER OF ERF 13072 CAPE TOWN | 33,21 | 1 320 990,35 | 1 309 089,02 | 11 901,33 |
| 704651 | C01600540000158000000 | ERF 1580 SIMON'S TOWN | 32,22 | 1 281 703,20 | 1 270 155,82 | 11 547,38 |
| 802401 | C01600000000100800002 | PORTION 2 OF FARM 1008 CAPE RD | 31,72 | 1 261 659,75 | 1 250 292,95 | 11 366,80 |
| 754371 | C01600070001466200000 | REMAINDER OF ERF 14662 CAPE TOWN | 30,91 | 1 229 647,82 | 1 218 569,42 | 11 078,40 |
| 1674821 | C04600000000031400000 | FARM 314 OF MALMESBURY-SCHAAPEN ISLAND | 27,91 | 1 110 207,22 | 1 100 204,92 | 10 002,30 |
| **Total** | | | | | | **11 337 337,18** |

**Gauteng region - Below 10 000sqm**

| **Unique Property Code\_2021** | **LPI Code (as per deeds aktex)\_2021** | **Property Description** | **Land Extent as per Immovable assets register (IAR)** | **Land value as per Immovable assets Register (R)** | **Recalculated Deemed cost value (R)** | **Differences (R)** |
| --- | --- | --- | --- | --- | --- | --- |
| 2958561 | T0JR00000000048700076 | PORTION 76 OF FARM 487 LEEUWFONTEIN JR | 0,9823 | 1 731 732,72 | 1 635 076,17 | 125 597,39 |
| 406221 | T0JR00000000035100068 | PORTION 68 OF FARM 351 PRETORIA TOWN AND TOWNLANDS JR | 0,9767 | 1 721 860,28 | 1 635 076,17 | 124 881,38 |
| 2958571 | T0JR00000000048700077 | PORTION 77 OF FARM 487 LEEUWFONTEIN JR | 0,9722 | 1 713 927,06 | 1 635 076,17 | 124 306,00 |
| 3068151 | T0IQ05090000000600000 | ERF 6 NASREC | 0,9698 | 1 709 696,01 | 1 635 076,17 | 123 999,14 |
| 2958581 | T0JR00000000048700078 | PORTION 78 OF FARM 487 LEEUWFONTEIN JR | 0,9679 | 1 706 346,43 | 1 635 076,17 | 123 756,20 |
| 200000077509 | T0IR05550000000100000 | ERF 1 RHODESFIELD | 0,9376 | 1 652 929,45 | 1 635 076,17 | 119 882,03 |
| 3068051 | T0IQ05090000000400000 | ERF 4 NASREC | 0,9261 | 1 632 655,68 | 1 635 076,17 | 118 411,64 |
| D\_3132013\_47436 | T0IR07780002093100000 | ERF 20931 VOSLOORUS EXT 28 | 0,8855 | 1 561 080,45 | 1 635 076,17 | 113 220,50 |
| GDID000003 | T0IR01040000000600001 | PORTION 1 OF AGRICULTURAL HOLDING 6 BRECKNOCK AH IR | 0,8604 | 1 516 830,74 | 1 635 076,17 | 110 011,20 |
| DEEDS141195 | T0IQ00000000050400000 | FARM 504 EILAND NO 72 IQ | 0,8565 | 1 509 955,29 | 1 635 076,17 | 109 512,55 |
| DEEDS55701 | T0IR00930000002100000 | ERF 21 BRAAMFONTEIN WERF | 0,8387 | 1 478 575,01 | 1 635 076,17 | 107 236,62 |
| 1256961 | T0IR00000000009200563 | PORTION 563 OF FARM 92 DOORNFONTEIN IR | 0,8365 | 1 474 696,55 | 1 635 076,17 | 106 955,33 |
| DEEDS145007 | T0JR00000000035700182 | PORTION 182 OF FARM 357 ELANDSPOORT JR | 0,8337 | 1 469 760,33 | 1 635 076,17 | 106 597,32 |
| 2958821 | T0JR00000000048500108 | PORTION 108 OF FARM 485 FIROLAZ JR | 0,8166 | 1 439 614,11 | 1 635 076,17 | 104 410,91 |
| D\_3132013\_136361 | T0JR00650000567700001 | PORTION 1 OF ERF 5677 EERSTERUST EXT 6 | 0,8116 | 1 430 799,43 | 1 635 076,17 | 103 771,61 |
| GDID000004 | T0IR00000000000500083 | PORTION 83 OF FARM 5 WATERVAL IR | 0,797 | 1 405 060,55 | 1 635 076,17 | 101 904,84 |
| DEEDS142020 | T0IR00000000009000286 | PORTION 286 OF FARM 90 ELANDSFONTEIN IR | 0,792 | 1 396 245,87 | 1 635 076,17 | 101 265,54 |
| 1610251 | T0JR03470000499500000 | ERF 4995 OF EKANGALA-B | 0,745 | 1 313 387,84 | 1 635 076,17 | 95 256,09 |
| DEEDS131207 | T0JR00080000109200000 | ERF 1092 ARCADIA | 0,714 | 1 258 736,81 | 1 635 076,17 | 91 292,42 |
| DEEDS31032015\_0042061 | T0IR02630000210800000 | ERF 2108 GEDULD EXT 4 | 0,7026 | 1 238 639,33 | 1 635 076,17 | 89 834,81 |
| 2959041 | T0JR00000000027200329 | PORTION 329 OF FARM 272 GROOTVLEI JR | 0,7508 | 1 310 376,75 | 1 635 076,17 | 82 761,56 |
| 3003291 | T0JR04950000036600000 | ERF 366 KUDUBE UNIT 1 | 0,63919 | 1 126 851,51 | 1 635 076,17 | 81 727,17 |
| DEEDS159250 | T0JR01990000298100000 | ERF 2981 PRETORIA | 0,6262 | 1 103 950,96 | 1 635 076,17 | 80 066,26 |
| DEEDS31032015\_0066216 | T0IR07060000001800000 | ERF 18 VULCANIA | 0,607 | 1 070 102,58 | 1 635 076,17 | 77 611,34 |
| DEEDS61702 | T0IQ02520000015400000 | ERF 154 MID-ENNERDALE | 0,5949 | 1 048 771,04 | 1 635 076,17 | 76 064,22 |
| 1276261 | T0IR03520000239800000 | ERF 2398 KEMPTON PARK EXT 8 | 0,5801 | 1 022 679,58 | 1 635 076,17 | 74 171,89 |
| 480471 | T0JR00740000008600000 | AGRICULTURAL HOLDING 86 ELLISON AGRICULTURAL HOLDINGS JR | 0,559401049 | 986 188,64 | 1 635 076,17 | 71 525,31 |
| 1328351 | T0IR02930000006500001 | PORTION 1 OF AGRICULTURAL HOLDING 65 HALFWAY HOUSE ESTATE AGRICULTURAL HOLDINGS IR | 0,5555 | 979 311,34 | 1 635 076,17 | 71 026,53 |
| 2959021 | T0JR00000000027200327 | PORTION 327 OF FARM 272 GROOTVLEI JR | 0,5541 | 976 843,23 | 1 635 076,17 | 70 847,52 |
| 2958841 | T0JR00000000027200321 | PORTION 321 OF FARM 272 GROOTVLEI JR | 0,5414 | 954 453,93 | 1 635 076,17 | 69 223,69 |
| 1542731 | T0JR01990000011500000 | FARM 115 OF JR-NOT FOUND | 0,526193359 | 927 645,58 | 1 635 076,17 | 67 279,36 |
| 2627581 | T0JR00000000035100070 | PORTION 70 OF FARM 351 PRETORIA TOWN AND TOWNLANDS JR | 0,5231 | 922 192,19 | 1 635 076,17 | 66 883,84 |
| 2814051 | T0JR00080000108700000 | ERF 1087 ARCADIA | 0,5056 | 891 340,80 | 1 635 076,17 | 64 646,29 |
| 1344361 | T0IR05940000043100000 | ERF 431 SAXONWOLD | 0,501866 | 884 757,99 | 1 635 076,17 | 64 168,85 |
| D31032014\_39065 | T0JR00650000463100002 | PORTION 2 OF ERF 4631 EERSTERUST EXT 6 | 0,5 | 881 468,35 | 1 635 076,17 | 63 930,26 |
| 1257431 | T0IR03100000450600000 | ERF 4506 JOHANNESBURG | 0,4958 | 874 064,02 | 1 635 076,17 | 63 393,25 |
| 2958931 | T0JR00000000027200325 | PORTION 325 OF FARM 272 GROOTVLEI JR | 0,5586 | 974 928,68 | 1 635 076,17 | 61 575,13 |
| 200000066886 | T0JR00370000046500000 | ERF 465 CLUBVIEW EXT 2 | 0,477131942 | 841 153,41 | 1 635 076,17 | 61 006,34 |
| 3068031 | T0IQ05090000001000000 | ERF 10 NASREC | 0,4643 | 818 531,51 | 1 635 076,17 | 59 365,64 |
| 3068101 | T0IQ05090000000900000 | ERF 9 NASREC | 0,4643 | 818 531,51 | 1 635 076,17 | 59 365,64 |
| 2959031 | T0JR00000000027200328 | PORTION 328 OF FARM 272 GROOTVLEI JR | 0,5371 | 937 404,57 | 1 635 076,17 | 59 205,16 |
| DEEDS58505 | T0IR03100000435400003 | PORTION 3 OF ERF 4354 JOHANNESBURG | 0,459 | 809 187,95 | 1 635 076,17 | 58 687,99 |
| GDID000002 | T0JR00000000052400077 | PORTION 77 OF FARM 524 KLIPEILAND JR | 0,5321 | 928 678,03 | 1 635 076,17 | 58 654,00 |
| 3027601 | T0JR00000000047500050 | PORTION 50 OF FARM 475 0 JR | 0,5273 | 920 300,55 | 1 635 076,17 | 58 124,88 |
| DEEDS70332 | T0IR07220000028800000 | ERF 288 WEST GERMISTON | 0,4461 | 786 446,06 | 1 635 076,17 | 57 038,58 |
| 200000066885 | T0JR00370000046400000 | ERF 464 CLUBVIEW EXT 2 | 0,444744864 | 784 057,04 | 1 635 076,17 | 56 865,31 |
| 419771 | T0JR00000000047500032 | PORTION 32 OF FARM 475 0 JR | 0,432 | 761 588,66 | 1 635 076,17 | 55 235,75 |
| DEEDS 180104 | T0JR00000000035800122 | PORTION 122 OF FARM 358 GROENKLOOF JR | 0,4281 | 754 713,20 | 1 635 076,17 | 54 737,09 |
| DEEDS 180103 | T0JR00000000035800121 | PORTION 121 OF FARM 358 GROENKLOOF JR | 0,4222 | 744 311,88 | 1 635 076,17 | 53 982,72 |
| 3068021 | T0IQ05090000000200000 | ERF 2 NASREC | 0,4115 | 725 448,45 | 1 635 076,17 | 52 614,60 |
| DEEDS58074 | T0IR03160000189900000 | ERF 1899 HOUGHTON ESTATE | 0,409 | 721 041,11 | 1 635 076,17 | 52 294,96 |
| DEEDS141969 | T0IR00000000007600006 | PORTION 6 OF FARM 76 MODDERFONTEIN IR | 0,4044 | 712 931,60 | 1 635 076,17 | 51 706,80 |
| DEEDS58063 | T0IR03160000181200000 | ERF 1812 HOUGHTON ESTATE | 0,396536 | 699 067,87 | 1 635 076,17 | 50 701,30 |
| DEEDS58065 | T0IR03160000181400000 | ERF 1814 HOUGHTON ESTATE | 0,396536 | 699 067,87 | 1 635 076,17 | 50 701,30 |
| DEEDS58072 | T0IR03160000189700000 | ERF 1897 HOUGHTON ESTATE | 0,396536 | 699 067,87 | 1 635 076,17 | 50 701,30 |
| DEEDS58064 | T0IR03160000181300000 | ERF 1813 HOUGHTON ESTATE | 0,3965 | 699 004,40 | 1 635 076,17 | 50 696,70 |
| DEEDS58066 | T0IR03160000181500000 | ERF 1815 HOUGHTON ESTATE | 0,3965 | 699 004,40 | 1 635 076,17 | 50 696,70 |
| DEEDS58067 | T0IR03160000181600000 | ERF 1816 HOUGHTON ESTATE | 0,3965 | 699 004,40 | 1 635 076,17 | 50 696,70 |
| 2928281 | T0IR00970000327800000 | REMAINDER OF ERF 3278 BRAKPAN | 0,3965 | 699 004,40 | 1 635 076,17 | 50 696,70 |
| 1273311 | T0IR01390000015200000 | ERF 152 CLEVELAND | 0,3939 | 694 420,77 | 1 635 076,17 | 50 364,27 |
| DEEDS158385 | T0IR05140000098200000 | ERF 982 PAULSHOF EXT 55 | 0,3929 | 692 657,83 | 1 635 076,17 | 50 236,40 |
| DD30082014\_123316 | T0IR00000000007600005 | PORTION 5 OF FARM 76 MODDERFONTEIN IR | 0,3892 | 686 134,96 | 1 635 076,17 | 49 763,31 |
| 1303921 | T0IR07000000015000000 | ERF 150 VILLAGE MAIN | 0,445 | 776 661,76 | 1 635 076,17 | 49 052,86 |
| DEEDS58073 | T0IR03160000189800000 | ERF 1898 HOUGHTON ESTATE | 0,3779 | 666 213,78 | 1 635 076,17 | 48 318,49 |
| 1299811 | T0IR04430000007300000 | ERF 73 MOFFATVIEW | 0,3771 | 664 803,43 | 1 635 076,17 | 48 216,20 |
| ACQ000001 | N0FT02580000257100000 | ERF 2571 PIETERMARITZBURG | 0,3723 | 656 341,33 | 1 635 076,17 | 47 602,47 |
| DEEDS58882 | T0IR03580000800900000 | ERF 8009 KENSINGTON | 0,370384451 | 652 964,34 | 1 635 076,17 | 47 357,55 |
| 158681 | T0JR02820000032100000 | ERF 321 WIERDAPARK | 0,3698 | 651 933,99 | 1 635 076,17 | 47 282,82 |
| 410381 | T0JR00960000001400000 | ERF 14 GLEN LAURISTON | 0,3661 | 645 411,13 | 1 635 076,17 | 46 809,74 |
| 61481 | T0JR01990000351100000 | ERF 3511 PRETORIA | 0,4134 | 721 510,05 | 1 635 076,17 | 45 569,56 |
| 1424031 | T0IR00810000001500001 | PORTION 1 OF ERF 15 BOKSBURG SOUTH | 0,3463 | 610 504,98 | 1 635 076,17 | 44 278,10 |
| 158291 | T0JR01790000075100000 | ERF 751 MUCKLENEUK | 0,3433 | 605 216,17 | 1 635 076,17 | 43 894,52 |
| 1600971 | T0JR02770000043800000 | ERF 438 WATERKLOOF RIDGE | 0,336 | 592 346,73 | 1 635 076,17 | 42 961,14 |
| DEEDS62642 | T0IQ05090000001700000 | ERF 17 NASREC | 0,3347 | 590 054,91 | 1 635 076,17 | 42 794,91 |
| DD30082014\_143252 | T0JQ00000000053300066 | PORTION 66 OF FARM 533 BULTFONTEIN JQ | 0,3301 | 581 945,41 | 1 635 076,17 | 42 206,77 |
| 409351 | T0JR00960000001200000 | ERF 12 GLEN LAURISTON | 0,3296 | 581 063,94 | 1 635 076,17 | 42 142,83 |
| 1380131 | T0IQ00880000000100001 | PORTION 1 OF AGRICULTURAL HOLDING 1 DOUGLASDALE AGRICULTURAL HOLDINGS IQ | 0,3264 | 575 422,54 | 1 635 076,17 | 41 733,68 |
| 453071 | T0JR02150000078100000 | ERF 781 RIETFONTEIN | 0,3249 | 572 778,13 | 1 635 076,17 | 41 541,88 |
| 1247551 | T0IR00810000001400001 | PORTION 1 OF ERF 14 BOKSBURG SOUTH | 0,3183 | 561 142,75 | 1 635 076,17 | 40 698,00 |
| 461741 | T0JR00000000036400011 | PORTION 11 OF FARM 364 ZWARTKOPPIES JR | 0,3169 | 558 674,64 | 1 635 076,17 | 40 519,00 |
| 1307311 | T0IQ00450000112600000 | ERF 1126 BOSMONT | 0,3163 | 557 616,88 | 1 635 076,17 | 40 442,29 |
| DEEDS141513 | T0IR00000000011000205 | PORTION 205 OF FARM 110 KLIPPOORTJE IR | 0,3105 | 547 391,85 | 1 635 076,17 | 39 700,70 |
| 3182901 | T0JR02760000030500000 | ERF 305 WATERKLOOF HEIGHTS EXT 7 | 0,3095 | 545 628,91 | 1 635 076,17 | 39 572,83 |
| 182301 | T0JR02760000032100000 | ERF 321 WATERKLOOF HEIGHTS EXT 7 | 0,3062 | 539 811,22 | 1 635 076,17 | 39 150,90 |
| DEEDS174646 | T0IR07440000017300000 | REMAINDER OF ERF173 WYNBERG | 0,3028 | 533 817,23 | 1 635 076,17 | 38 716,16 |
| DEEDS66873 | T0IR06140000083400000 | ERF 834 SOUTH GERMISTON | 0,2988 | 526 765,49 | 1 635 076,17 | 38 204,73 |
| 196236 | T0IQ00000000053300067 | FARM 533 PORTION 67 IQ | 0,2951 | 520 242,62 | 1 635 076,17 | 37 731,64 |
| 396871 | T0JR00000000037700027 | PORTION 27 OF FARM 377 RIETVALLEI JR | 0,295 | 520 066,33 | 1 635 076,17 | 37 718,86 |
| 27288 | T0JR02760000031800000 | ERF 318 WATERKLOOF HEIGHTS EXT 7 | 0,294 | 518 303,39 | 1 635 076,17 | 37 591,00 |
| DEEDS158997 | T0JR01990000199500000 | ERF 1995 PRETORIA | 0,2855 | 503 318,43 | 1 635 076,17 | 36 504,18 |
| 479411 | T0JR01990000217000000 | ERF 2170 PRETORIA | 0,2855 | 503 318,43 | 1 635 076,17 | 36 504,18 |
| 479841 | T0JR01990000217100000 | ERF 2171 PRETORIA | 0,2855 | 503 318,43 | 1 635 076,17 | 36 504,18 |
| DEEDS159110 | T0JR01990000217200000 | ERF 2172 PRETORIA | 0,2855 | 503 318,43 | 1 635 076,17 | 36 504,18 |
| DEEDS159100 | T0JR01990000216200000 | ERF 2162 PRETORIA | 0,2855 | 503 318,43 | 1 635 076,17 | 36 504,18 |
| DEEDS159087 | T0JR01990000214900000 | ERF 2149 PRETORIA | 0,2855 | 503 318,43 | 1 635 076,17 | 36 504,18 |
| DEEDS159083 | T0JR01990000214500000 | ERF 2145 PRETORIA | 0,2855 | 503 318,43 | 1 635 076,17 | 36 504,18 |
| DEEDS159064 | T0JR01990000212600000 | ERF 2126 PRETORIA | 0,2855 | 503 318,43 | 1 635 076,17 | 36 504,18 |
| DEEDS159059 | T0JR01990000212100000 | ERF 2121 PRETORIA | 0,2855 | 503 318,43 | 1 635 076,17 | 36 504,18 |
| 1245461 | T0IR04220000110700000 | ERF 1107 MARSHALLS TOWN | 0,2787 | 491 330,46 | 1 635 076,17 | 35 634,73 |
| DD\_31032017\_49951 | T0JR01990000348900001 | PORTION 1 OF ERF 3489 PRETORIA | 0,2711 | 477 932,14 | 1 635 076,17 | 34 662,99 |
| 1336272 | T0IQ01210000004000001 | PORTION 1 OF ERF 40 FLORIDA | 0,2635 | 464 533,82 | 1 635 076,17 | 33 691,25 |
| 1358871 | T0JR00000000036700374 | PORTION 374 OF FARM 367 MOOIPLAATS JR | 0,36 | 621 964,07 | 1 635 076,17 | 33 336,65 |
| DEEDS144790 | T0JR00000000030100417 | REMAINDER OF PORTION 417 OF FARM 301 WITFONTEIN JR | 0,2591 | 456 776,90 | 1 635 076,17 | 33 128,66 |
| 3068041 | T0IQ05090000001400000 | ERF 14 NASREC | 0,2989 | 521 672,36 | 1 635 076,17 | 32 948,09 |
| DEEDS159268 | T0JR01990000304600000 | ERF 3046 PRETORIA | 0,2552 | 449 901,45 | 1 635 076,17 | 32 630,01 |
| 1355294 | T0JR01990000073100000 | ERF 731 PRETORIA | 0,2552 | 449 901,45 | 1 635 076,17 | 32 630,01 |
| 1355295 | T0JR01990000073200000 | ERF 732 PRETORIA | 0,2552 | 449 901,45 | 1 635 076,17 | 32 630,01 |
| 1590461 | T0JR01990000010300000 | ERF 103 PRETORIA | 0,2552 | 449 901,45 | 1 635 076,17 | 32 630,01 |
| 2928362 | T0JR01990000055800000 | ERF 558 PRETORIA | 0,2552 | 449 901,45 | 1 635 076,17 | 32 630,01 |
| 412111 | T0JR01990000089900000 | ERF 899 PRETORIA | 0,2552 | 449 901,45 | 1 635 076,17 | 32 630,01 |
| 2016\_ACQ0001 | T0JR01990000326500000 | ERF 3265 PRETORIA | 0,2552 | 449 901,45 | 1 635 076,17 | 32 630,01 |
| 441601 | T0JR00080000060800000 | ERF 608 ARCADIA | 0,2552 | 449 901,45 | 1 635 076,17 | 32 630,01 |
| 182871 | T0JR00080000013700000 | ERF 137 ARCADIA | 0,2552 | 449 901,45 | 1 635 076,17 | 32 630,01 |
| 182872 | T0JR00080000013800000 | ERF 138 ARCADIA | 0,2552 | 449 901,45 | 1 635 076,17 | 32 630,01 |
| 2538211 | T0JR02670000055900000 | ERF 559 VILLIERIA | 0,2552 | 449 901,45 | 1 635 076,17 | 32 630,01 |
| 497111 | T0JR01990000073300000 | ERF 733 PRETORIA | 0,2552 | 449 901,45 | 1 635 076,17 | 32 630,01 |
| DD\_31032017\_38677 | T0JR00810000020100000 | ERF 201 ERASMUS | 0,2552 | 449 901,45 | 1 635 076,17 | 32 630,01 |
| DEEDS31032015\_0055640 | T0JR01990000056300000 | ERF 563 PRETORIA | 0,2552 | 449 901,45 | 1 635 076,17 | 32 630,01 |
| 120611 | T0JR02730000083900000 | ERF 839 OF WATERKLOOF | 0,255170916 | 449 850,17 | 1 635 076,17 | 32 626,29 |
| DD\_31032017\_60876 | T0JR02730000131000000 | ERF 1310 WATERKLOOF EXT 1 | 0,2465 | 434 563,90 | 1 635 076,17 | 31 517,62 |
| 1434851 | T0IR04820000003000001 | PORTION 1 OF AGRICULTURAL HOLDING 30 NORTONS SMALL FARMS IR | 0,2461 | 433 858,72 | 1 635 076,17 | 31 466,47 |
| DD\_31032017\_49952 | T0JR01990000348900002 | PORTION 2 OF ERF 3489 PRETORIA | 0,2447 | 431 390,61 | 1 635 076,17 | 31 287,47 |
| 1353071 | T0IR00000000009200149 | PORTION 149 OF FARM 92 DOORNFONTEIN IR | 0,2441 | 430 332,85 | 1 635 076,17 | 31 210,76 |
| 1332132 | T0IQ01210000003900001 | PORTION 1 OF ERF 39 FLORIDA | 0,2432 | 428 746,21 | 1 635 076,17 | 31 095,68 |
| 182021 | T0JR02760000031700000 | ERF 317 WATERKLOOF HEIGHTS EXT 7 | 0,2425 | 427 512,15 | 1 635 076,17 | 31 006,18 |
| DEEDS58076 | T0IR03160000228900002 | PORTION 2 OF ERF 2289 HOUGHTON ESTATE | 0,2388 | 420 989,28 | 1 635 076,17 | 30 533,09 |
| DEEDS144999 | T0JR00000000035600305 | PORTION 305 OF FARM 356 ZWARTKOP JR | 0,235 | 414 290,12 | 1 635 076,17 | 30 047,22 |
| DEEDS158384 | T0IR05140000098100000 | ERF 981 PAULSHOF EXT 55 | 0,2313 | 407 767,26 | 1 635 076,17 | 29 574,14 |
| 1334551 | T0IR00000000005700025 | PORTION 25 OF FARM 57 NORTHVIEW IR | 0,2665 | 465 124,40 | 1 635 076,17 | 29 376,60 |
| DEEDS145113 | T0JR00000000038600122 | PORTION 122 OF FARM 386 DOORNRANDJE JR | 0,2284 | 402 654,74 | 1 635 076,17 | 29 203,34 |
| DEEDS55577 | T0IR00750000158400001 | PORTION 1 OF ERF 1584 BOKSBURG | 0,2231 | 393 311,18 | 1 635 076,17 | 28 525,69 |
| DEEDS57759 | T0IR02330000025600000 | ERF 256 ESTERA | 0,22109856 | 389 782,77 | 1 635 076,17 | 28 269,78 |
| 432081 | T0JR00810000037200000 | ERF 372 ERASMUS | 0,2552 | 445 402,44 | 1 635 076,17 | 28 131,00 |
| DEEDS31032015\_0051186 | T0IR04880000028800000 | REMAINDER OF ERF288 OBSERVATORY | 0,2548 | 444 704,31 | 1 635 076,17 | 28 086,90 |
| 2958541 | T0JR00000000048700075 | PORTION 75 OF FARM 487 LEEUWFONTEIN JR | 0,2147 | 378 502,51 | 1 635 076,17 | 27 451,66 |
| 3182671 | T0JR02760000029700000 | ERF 297 WATERKLOOF HEIGHTS EXT 7 | 0,2085 | 367 572,30 | 1 635 076,17 | 26 658,92 |
| D\_3132013\_136525 | T0JR03530000214600003 | PORTION 3 OF ERF 2146 ATTERIDGEVILLE | 0,204 | 359 639,09 | 1 635 076,17 | 26 083,55 |
| DEEDS66611 | T0IR05720000165300001 | PORTION 1 OF ERF 1653 ROODEKOP | 0,1986 | 350 119,23 | 1 635 076,17 | 25 393,10 |
| 139081 | T0JR01490000047500000 | ERF 475 LYNNWOOD GLEN | 0,1983 | 349 590,35 | 1 635 076,17 | 25 354,74 |
| DD\_20180331\_110951 | T0IR00250000000400000 | ERF 4 ATHOLHURST | 0,1983 | 349 590,35 | 1 635 076,17 | 25 354,74 |
| 1270571 | T0IR04330000011000000 | ERF 110 MELROSE NORTH EXT 2 | 0,1982 | 349 414,05 | 1 635 076,17 | 25 341,95 |
| 453311 | T0JR01540000043100000 | ERF 431 LYTTELTON MANOR EXT 1 | 0,1953 | 344 301,54 | 1 635 076,17 | 24 971,16 |
| 2958521 | T0JR00000000048700074 | PORTION 74 OF FARM 487 LEEUWFONTEIN JR | 0,1927 | 339 717,90 | 1 635 076,17 | 24 638,72 |
| DEEDS57760 | T0IR02330000025700000 | ERF 257 ESTERA | 0,1849 | 325 967,00 | 1 635 076,17 | 23 641,42 |
| 3068011 | T0IQ05090000001300000 | ERF 13 NASREC | 0,1828 | 322 264,83 | 1 635 076,17 | 23 372,91 |
| 2971731 | T0IR00000000012100034 | FARM 121 PORTION 34 OF UNKNOWN-KOOLBULT | 0,2118 | 369 656,09 | 1 635 076,17 | 23 346,96 |
| 158211 | T0JR01790000012700000 | REMAINDER OF ERF 127 MUCKLENEUK | 0,1813 | 319 620,42 | 1 635 076,17 | 23 181,11 |
| DEEDS31032015\_0055508 | T0JR01990000000400000 | REMAINDER OF ERF 4 PRETORIA | 0,1808 | 318 738,96 | 1 635 076,17 | 23 117,19 |
| 1596261 | T0JR01760000004300000 | ERF 43 MORELETAPARK | 0,1761 | 310 453,15 | 1 635 076,17 | 22 516,24 |
| 503931 | T0JR01200000020700000 | REMAINDER OF ERF 207 KILNER PARK | 0,1746 | 307 808,75 | 1 635 076,17 | 22 324,45 |
| DEEDS58522 | T0IR03100000450500000 | ERF 4505 JOHANNESBURG | 0,1735 | 305 869,52 | 1 635 076,17 | 22 183,80 |
| 107061 | T0JR01990000285200000 | ERF 2852 PRETORIA | 0,1721 | 303 401,41 | 1 635 076,17 | 22 004,80 |
| DEEDS58508 | T0IR03100000435400008 | PORTION 8 OF ERF 4354 JOHANNESBURG | 0,1711 | 301 638,47 | 1 635 076,17 | 21 876,94 |
| 1270371 | T0IR04330000011200000 | ERF 112 MELROSE NORTH EXT 2 | 0,1982 | 345 919,91 | 1 635 076,17 | 21 847,81 |
| 1421301 | T0IR07220000028500000 | ERF 285 WEST GERMISTON | 0,1673 | 294 939,31 | 1 635 076,17 | 21 391,07 |
| 1432471 | T0IR00000000005300343 | PORTION 343 OF FARM 53 BRAAMFONTEIN IR | 0,1914 | 334 051,82 | 1 635 076,17 | 21 098,24 |
| DD30082014\_148806 | T0JR02420000002300001 | PORTION 1 OF ERF 23 SUNNYSIDE (PTA) | 0,1836 | 320 438,43 | 1 635 076,17 | 20 238,44 |
| DEEDS144913 | T0JR00000000034900060 | PORTION 60 OF FARM 349 PRINSHOF JR | 0,1557 | 274 489,24 | 1 635 076,17 | 19 907,88 |
| 3068001 | T0IQ05090000000300000 | ERF 3 NASREC | 0,1548 | 272 902,60 | 1 635 076,17 | 19 792,81 |
|  | T0JR01760000042200000 | ERF 422 OF MORELETAPARK | 0,15 | 264 440,51 | 1 635 076,17 | 19 179,08 |
| 189812 | T0JR00230000067400000 | REMAINDER OF ERF 674 BROOKLYN | 0,1491 | 262 853,86 | 1 635 076,17 | 19 064,00 |
| 1647821 | T0JR00000000035100443 | PORTION 443 OF FARM 351 PRETORIA TOWN AND TOWNLANDS JR | 0,1726 | 301 240,04 | 1 635 076,17 | 19 025,89 |
| 1303881 | T0IR01960000005300000 | ERF 53 DUNNOTTAR | 0,1487 | 262 148,69 | 1 635 076,17 | 19 012,86 |
| 1320191 | T0IR01960000002500000 | ERF 25 DUNNOTTAR | 0,1487 | 262 148,69 | 1 635 076,17 | 19 012,86 |
| 1334181 | T0IR01960000002900000 | ERF 29 DUNNOTTAR | 0,1487 | 262 148,69 | 1 635 076,17 | 19 012,86 |
| 1300231 | T0IR01960000005200000 | ERF 52 DUNNOTTAR | 0,1487 | 262 148,69 | 1 635 076,17 | 19 012,86 |
| 1307551 | T0IR01960000005400000 | ERF 54 DUNNOTTAR | 0,1487 | 262 148,69 | 1 635 076,17 | 19 012,86 |
| DEEDS62829 | T0IR04830000009300000 | REMAINDER OF ERF 93 NORWOOD | 0,1487 | 262 148,69 | 1 635 076,17 | 19 012,86 |
| 1329971 | T0IR01960000002800000 | ERF 28 DUNNOTTAR | 0,1487 | 262 148,69 | 1 635 076,17 | 19 012,86 |
| 1326961 | T0IR01960000002700000 | ERF 27 DUNNOTTAR | 0,1487 | 262 148,69 | 1 635 076,17 | 19 012,86 |
| 1350371 | T0IR01960000004900000 | ERF 49 DUNNOTTAR | 0,1487 | 262 148,69 | 1 635 076,17 | 19 012,86 |
| 1337111 | T0IR01960000003000000 | ERF 30 DUNNOTTAR | 0,1487 | 262 148,69 | 1 635 076,17 | 19 012,86 |
| 1354021 | T0IR01960000005000000 | ERF 50 DUNNOTTAR | 0,1487 | 262 148,69 | 1 635 076,17 | 19 012,86 |
| 1323201 | T0IR01960000002600000 | ERF 26 DUNNOTTAR | 0,1487 | 262 148,69 | 1 635 076,17 | 19 012,86 |
| 1296571 | T0IR01960000005100000 | ERF 51 DUNNOTTAR | 0,1487 | 262 148,69 | 1 635 076,17 | 19 012,86 |
| 1301481 | T0IR07000000014900000 | ERF 149 VILLAGE MAIN | 0,1484 | 261 619,81 | 1 635 076,17 | 18 974,51 |
| 1341301 | T0IR01960000003100000 | ERF 31 DUNNOTTAR | 0,1467 | 258 622,81 | 1 635 076,17 | 18 757,14 |
| 1344911 | T0IR01960000003200000 | ERF 32 DUNNOTTAR | 0,1467 | 258 622,81 | 1 635 076,17 | 18 757,14 |
| 1346731 | T0IR01960000004800000 | ERF 48 DUNNOTTAR | 0,1467 | 258 622,81 | 1 635 076,17 | 18 757,14 |
| 1311681 | T0IR01960000002300000 | ERF 23 DUNNOTTAR | 0,1467 | 258 622,81 | 1 635 076,17 | 18 757,14 |
| 1343141 | T0IR01960000004700000 | ERF 47 DUNNOTTAR | 0,1467 | 258 622,81 | 1 635 076,17 | 18 757,14 |
| 1315841 | T0IR01960000002400000 | ERF 24 DUNNOTTAR | 0,1467 | 258 622,81 | 1 635 076,17 | 18 757,14 |
| 1311731 | T0IR01960000005500000 | ERF 55 DUNNOTTAR | 0,1467 | 258 622,81 | 1 635 076,17 | 18 757,14 |
| 1314751 | T0IR01960000005600000 | ERF 56 DUNNOTTAR | 0,1467 | 258 622,81 | 1 635 076,17 | 18 757,14 |
| 3067991 | T0IQ05090000001500000 | ERF 15 NASREC | 0,1406 | 247 868,90 | 1 635 076,17 | 17 977,19 |
| 2958791 | T0JR00000000048500107 | PORTION 107 OF FARM 485 FIROLAZ JR | 0,1391 | 245 224,50 | 1 635 076,17 | 17 785,40 |
| DEEDS159254 | T0JR01990000300000000 | ERF 3000 PRETORIA | 0,1385 | 244 166,73 | 1 635 076,17 | 17 708,68 |
| 187031 | T0JR02600000191400000 | ERF 1914 VALHALLA | 0,1586 | 276 805,74 | 1 635 076,17 | 17 482,66 |
| 3180941 | T0JR02730000008900000 | REMAINDER OF ERF89 WATERKLOOF | 0,1355 | 238 877,92 | 1 635 076,17 | 17 325,10 |
| DEEDS55721 | T0IR00970000327800001 | PORTION 1 OF ERF 3278 BRAKPAN | 0,1829 | 315 992,30 | 1 635 076,17 | 16 936,87 |
| DD30082014\_125180 | T0IR02130000049800000 | ERF 498 EDLEEN EXT 1 | 0,1298 | 228 829,18 | 1 635 076,17 | 16 596,29 |
| 494151 | T0JR01790000012800000 | REMAINDER OF ERF 128 MUCKLENEUK | 0,1276 | 224 950,72 | 1 635 076,17 | 16 315,00 |
| 137601 | T0JR02670000002500000 | REMAINDER OF ERF 25 VILLIERIA | 0,1276 | 224 950,72 | 1 635 076,17 | 16 315,00 |
| DEEDS158988 | T0JR01990000017000000 | REMAINDER OF ERF 170 PRETORIA | 0,1276 | 224 950,72 | 1 635 076,17 | 16 315,00 |
| 2928363 | T0JR01990000055900000 | REMAINDER OF ERF 559 PRETORIA | 0,1276 | 224 950,72 | 1 635 076,17 | 16 315,00 |
| 1631871 | T0JR01990000110400000 | REMAINDER OF ERF 1104 PRETORIA | 0,1276 | 224 950,72 | 1 635 076,17 | 16 315,00 |
| 2918531 | T0JR01990000006200001 | PORTION 1 OF ERF 62 PRETORIA | 0,1276 | 224 950,72 | 1 635 076,17 | 16 315,00 |
| 200000066879 | T0JR00230000020400000 | REMAINDER OF ERF 204 BROOKLYN | 0,1276 | 224 950,72 | 1 635 076,17 | 16 315,00 |
| 483391 | T0JR01990000014900001 | ERF 149 PORTION 1 OF PRETORIA | 0,127585458 | 224 925,09 | 1 635 076,17 | 16 313,15 |
| 1322861 | T0IR07090000002000000 | ERF 20 WADEVILLE | 0,1272 | 224 245,55 | 1 635 076,17 | 16 263,86 |
| 1420351 | T0IQ04780000001000000 | ERF 10 WESTDENE | 0,1231 | 217 017,51 | 1 635 076,17 | 15 739,63 |
| 2958651 | T0JR00000000048500095 | PORTION 95 OF FARM 485 FIROLAZ JR | 0,1221 | 215 254,57 | 1 635 076,17 | 15 611,77 |
| 1354841 | T0JR00590000063000000 | ERF 630 DORINGKLOOF | 0,122 | 215 078,28 | 1 635 076,17 | 15 598,99 |
| DEEDS172798 | T0JR02770000139100000 | REMAINDER OF ERF 1391 WATERKLOOF RIDGE EXT 2 | 0,1218 | 214 725,69 | 1 635 076,17 | 15 573,41 |
| DEEDS142047 | T0IR00000000009200774 | PORTION 774 OF FARM 92 DOORNFONTEIN IR | 0,1216 | 214 373,10 | 1 635 076,17 | 15 547,84 |
| 3169761 | T0JR02730000007300000 | REMAINDER OF ERF73 WATERKLOOF | 0,1211 | 213 491,63 | 1 635 076,17 | 15 483,91 |
| DEEDS66700 | T0IQ03520000184100008 | PORTION 8 OF ERF 1841 ROODEPOORT | 0,121032701 | 213 372,99 | 1 635 076,17 | 15 475,31 |
| 428301 | T0JR00000000032700029 | PORTION 29 OF FARM 327 DERDEPOORT JR | 0,1204 | 212 257,58 | 1 635 076,17 | 15 394,41 |
| DEEDS31032015\_0039581 | T0JR00700000064100000 | ERF 641 ELARDUS PARK EXT 1 | 0,12 | 211 552,40 | 1 635 076,17 | 15 343,26 |
| 380321 | T0JR00260000015300000 | ERF 153 CAPITAL PARK | 0,119 | 209 789,47 | 1 635 076,17 | 15 215,41 |
| 380741 | T0JR00260000029700000 | ERF 297 CAPITAL PARK | 0,119 | 209 789,47 | 1 635 076,17 | 15 215,41 |
| 412801 | T0JR00080000074600001 | PORTION 1 OF ERF 746 ARCADIA | 0,1187 | 209 260,59 | 1 635 076,17 | 15 177,05 |
| DEEDS61698 | T0IR04350000108800054 | PORTION 54 OF ERF 1088 MEYERSDAL EXT 2 | 0,1148 | 202 385,13 | 1 635 076,17 | 14 678,39 |
| 1305821 | T0IQ00640000032800000 | REMAINDER OF ERF 328 CRAIGHALL PARK | 0,1134 | 199 917,02 | 1 635 076,17 | 14 499,38 |
| 3208121 | T0JR02770000111200007 | ERF 1112 PORTION 7 OF WATERKLOOF RIDGE | 0,1124 | 198 154,09 | 1 635 076,17 | 14 371,53 |
| DEEDS159118 | T0JR01990000221900000 | ERF 2219 PRETORIA | 0,111526 | 196 613,28 | 1 635 076,17 | 14 259,77 |
| 388591 | T0JR02130000058200000 | ERF 582 RAYTON | 0,1115 | 196 567,44 | 1 635 076,17 | 14 256,45 |
| DEEDS159120 | T0JR01990000222000000 | ERF 2220 PRETORIA | 0,1115 | 196 567,44 | 1 635 076,17 | 14 256,45 |
| DD30082014\_148209 | T0JR01990000021800001 | PORTION 1 OF ERF 218 PRETORIA | 0,1276 | 222 701,21 | 1 635 076,17 | 14 065,49 |
| DEEDS145287 | T0JR00000000052400084 | PORTION 84 OF FARM 524 KLIPEILAND JR | 0,1063 | 187 400,17 | 1 635 076,17 | 13 591,57 |
| 189811 | T0JR02730000111800000 | ERF 1118 WATERKLOOF | 0,1061 | 187 047,58 | 1 635 076,17 | 13 566,00 |
| 184383 | T0JR02300000044100003 | PORTION 3 OF ERF 441 SILVERTON | 0,1462 | 252 586,53 | 1 635 076,17 | 13 538,39 |
| 1248982 | T0IR00000000009600283 | PORTION 283 OF FARM 96 TURFFONTEIN IR | 0,1058 | 186 518,70 | 1 635 076,17 | 13 527,64 |
| DEEDS31032015\_0037672 | T0JR00080000065200000 | ERF 652 OF ARCADIA | 0,1057 | 186 342,41 | 1 635 076,17 | 13 514,86 |
| DEEDS61703 | T0IQ02520000026000003 | PORTION 3 OF ERF 260 MID-ENNERDALE | 0,104091 | 183 505,84 | 1 635 076,17 | 13 309,13 |
| DEEDS145032 | T0JR00000000035800075 | PORTION 75 OF FARM 358 GROENKLOOF JR | 0,1018 | 179 466,96 | 1 635 076,17 | 13 016,21 |
| 1317391 | T0IR04440000055900000 | ERF 559 MONDEOR | 0,1009 | 177 880,31 | 1 635 076,17 | 12 901,12 |
| DEEDS55536 | T0IR00750000101800000 | ERF 1018 BOKSBURG | 0,1001 | 176 469,96 | 1 635 076,17 | 12 798,84 |
| DEEDS145257 | T0JR00000000050300002 | PORTION 2 OF FARM 503 WACHTEENBIETJESKOP JR | 0,0999 | 176 117,38 | 1 635 076,17 | 12 773,27 |
| DEEDS59439 | T0IR03680000004500017 | PORTION 17 OF ERF 45 KLIPPOORTJE AL | 0,0992 | 174 883,32 | 1 635 076,17 | 12 683,76 |
| 466061 | T0JR00460000001600000 | REMAINDER OF ERF 16 DASPOORT ESTATE | 0,0992 | 174 883,32 | 1 635 076,17 | 12 683,76 |
| 2007541 | T0IR01550000042900000 | ERF 429 CROYDON | 0,0991 | 174 707,03 | 1 635 076,17 | 12 670,98 |
| 1257351 | T0IR05270000060800000 | ERF 608 PRIMROSE | 0,0991 | 174 707,03 | 1 635 076,17 | 12 670,98 |
| D31032014\_43130 | T0IR03160000091200000 | ERF 912 HOUGHTON ESTATE | 0,0991 | 174 707,03 | 1 635 076,17 | 12 670,98 |
| DD30082014\_126642 | T0IR04190000000500000 | ERF 5 MARLBORO | 0,0991 | 174 707,03 | 1 635 076,17 | 12 670,98 |
| D31032014\_43129 | T0IR03160000091100000 | ERF 911 HOUGHTON ESTATE | 0,0991 | 174 707,03 | 1 635 076,17 | 12 670,98 |
| D31032014\_43128 | T0IR03160000091000000 | ERF 910 HOUGHTON ESTATE | 0,0991 | 174 707,03 | 1 635 076,17 | 12 670,98 |
| DD30082014\_126646 | T0IR04190000000900000 | ERF 9 MARLBORO | 0,0991 | 174 707,03 | 1 635 076,17 | 12 670,98 |
| DD30082014\_126640 | T0IR04190000000200000 | ERF 2 MARLBORO | 0,0991 | 174 707,03 | 1 635 076,17 | 12 670,98 |
| DD30082014\_126645 | T0IR04190000000800000 | ERF 8 MARLBORO | 0,0991 | 174 707,03 | 1 635 076,17 | 12 670,98 |
| DD30082014\_126648 | T0IR04190000001100000 | ERF 11 MARLBORO | 0,0991 | 174 707,03 | 1 635 076,17 | 12 670,98 |
| DD30082014\_126643 | T0IR04190000000600000 | ERF 6 MARLBORO | 0,0991 | 174 707,03 | 1 635 076,17 | 12 670,98 |
| DD30082014\_126647 | T0IR04190000001000000 | ERF 10 MARLBORO | 0,0991 | 174 707,03 | 1 635 076,17 | 12 670,98 |
| 1257711 | T0IR05270000060700000 | ERF 607 PRIMROSE | 0,099084 | 174 678,82 | 1 635 076,17 | 12 668,93 |
| 1352591 | T0IR02910000006500000 | ERF 65 HADDON | 0,099035 | 174 592,44 | 1 635 076,17 | 12 662,67 |
| 1348431 | T0IR02910000006300000 | ERF 63 HADDON | 0,099035 | 174 592,44 | 1 635 076,17 | 12 662,67 |
| 1313731 | T0IR04440000055800000 | ERF 558 MONDEOR | 0,0975 | 171 886,33 | 1 635 076,17 | 12 466,40 |
| 486231 | T0JR00440000103100000 | ERF 1031 DANVILLE | 0,0971 | 171 181,15 | 1 635 076,17 | 12 415,25 |
| 486721 | T0JR00440000103200000 | ERF 1032 DANVILLE | 0,0971 | 171 181,15 | 1 635 076,17 | 12 415,25 |
| 1256481 | T0IR04440000055700000 | ERF 557 MONDEOR | 0,0941 | 165 892,34 | 1 635 076,17 | 12 031,67 |
| 2958951 | T0JR00000000027200326 | PORTION 326 OF FARM 272 GROOTVLEI JR | 0,0931 | 164 129,41 | 1 635 076,17 | 11 903,82 |
| 1420353 | T0IQ04780000001100000 | REMAINDER OF ERF 11 WESTDENE | 0,0923 | 162 719,06 | 1 635 076,17 | 11 801,53 |
| 200000077640 | T0IR02810000331400000 | ERF 3314 GLENVISTA EXT 6 | 0,1059 | 184 828,05 | 1 635 076,17 | 11 673,48 |
| DEEDS58873 | T0IR03580000798400000 | ERF 7984 KENSINGTON | 0,087852551 | 154 878,49 | 1 635 076,17 | 11 232,88 |
| DEEDS31032015\_0055648 | T0JR01990000066400000 | REMAINDER OF ERF 664 PRETORIA | 0,0867 | 152 846,61 | 1 635 076,17 | 11 085,51 |
| 200000077706 | T0IQ03540000022100000 | ERF 221 ROODEPOORT WEST EXT 1 | 0,086336 | 152 204,90 | 1 635 076,17 | 11 038,96 |
| DD30082014\_111447 | T0IQ03400000117400000 | ERF 1174 RIDGEWAY EXT 5 | 0,1 | 174 530,73 | 1 635 076,17 | 11 023,12 |
| DEEDS63267 | T0IR05270000192600000 | ERF 1926 PRIMROSE | 0,0991 | 172 959,96 | 1 635 076,17 | 10 923,91 |
| DD30082014\_148820 | T0JR02420000023100002 | PORTION 2 OF ERF 231 SUNNYSIDE (PTA) | 0,085 | 149 849,62 | 1 635 076,17 | 10 868,15 |
| DD30082014\_148204 | T0JR01990000017800000 | REMAINDER OF ERF 178 PRETORIA | 0,0985 | 171 912,78 | 1 635 076,17 | 10 857,77 |
| 200000077505 | T0JR01420000085400000 | ERF 854 LISDOGAN PARK | 0,0972 | 169 643,88 | 1 635 076,17 | 10 714,47 |
| D31032014\_57850 | T0JR01990000092400000 | REMAINDER OF ERF 924 PRETORIA | 0,0964 | 168 247,63 | 1 635 076,17 | 10 626,29 |
| 185671 | T0JR01990000016900001 | PORTION 1 OF ERF 169 PRETORIA | 0,0818 | 144 208,22 | 1 635 076,17 | 10 458,99 |
| 416821 | T0JR01010000006200000 | ERF 62 OF HAMMANSKRAAL | 0,0811 | 142 974,17 | 1 635 076,17 | 10 369,49 |
| DD30082014\_147303 | T0JR00080000075900000 | ERF 759 ARCADIA | 0,0934 | 163 011,71 | 1 635 076,17 | 10 295,60 |
| **Total** | | | | | | **9 558 743,77** |

**Impact**

The Immovable assets (land) valued using the average vacant land has been overstated by an amount of R20 896 081. *(11 337 337 + 9558 743).*

**Internal control deficiency**

*Financial and Performance Management*

Management did not implement a proper financial and reporting system to enable proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

Furthermore, management did not prepare accurate and valid AVL rates to be used in determining land values where MVR values are not available.

**Recommendation**

It is recommended that:

* Management ensures that only land with determined land extents that is owned by PMTE should be considered in AVL rates.
* Management ensures that financial statements and supporting schedules are adequately reviewed before submission for audit.
* Management to re-assess the AVL rates determined for the land parcels considered that should have not been considered in determining the AVL rates

**Management response**

Management are in agreement with the finding. AVL rates as calculated by the AGSA agree to the rates as calculated by management. Management to conduct final confirmations of the value of the adjustment to be passed in the current and prior year as amount.

**Auditor’s conclusion**

Management’s comments are noted. Finding will be reported in the management report.

**PMTE HO COAF 07 - Immovable assets: Incorrect AVL rates applied to value land**

**DETAILED AUDIT FINDING**

Section 40 of the Public Finance Management Act (PFMA) states that: *“The accounting officer for a department, trading entity or constitutional institution –*

1. *must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards;*
2. *must prepare financial statements for each financial year in accordance with generally recognized accounting practice”*

Generally Recognised Accounting Practice (GRAP) 17 paragraph 38 states that*: “If there is no market-based evidence of fair value because of the specialised nature of the item of plant and equipment, an entity may need to estimate fair value using, for example, either reproduction cost or depreciated replacement cost. The depreciated replacement cost of an item of plant or equipment may be established by reference to the market buying price of components used to produce the asset or the indexed price for the same or a similar asset based on a price for a previous period. When the indexed price method is used, judgement is required to determine whether production technology has changed significantly over the period, and whether the capacity of the reference asset is the same as that of the asset being valued….”*

Directive 7 paragraph 6 states that: *“When an entity initially recognises or acquires an asset using the Standards of GRAP, it measures such assets using either cost or fair value (acquisition cost). Where the acquisition cost of an asset is not available on the adoption of the Standards of GRAP or on the transfer date or the merger date (initial acquisition), acquisition cost is measured using a surrogate value (deemed cost) at the date an entity adopts the Standards of GRAP or on the transfer date or the merger date (measurement date). Deemed cost is determined as the fair value of an asset at the measurement date…”*

Section 4.3.3 of the Model for applying deemed cost states that; “*use the comparable method to value the land – calculate average vacant land value per average extent for each town using the MVRs (vacant land value/ vacant land extent)”.*

**Nature**

According to the Model of applying Deemed cost position paper, the average vacant land ratio (AVL) method will be used to value land where no MVR values are available. Furthermore, where no MVR values are available the following assumptions have been taken into account:

* *Land will be valued by Vacant Land Ratios. The AVL has been derived by taking the major metropolitan areas and property strong holdings of PMTE into account:*
  + *Land is divided into two lots: Smaller than 10,000sqm and larger than 10,000sqm. This is in order to determine what is most likely to be residential (<10,000sqm), and what is farm land/ agricultural land (>10,000sqm).*
    - *The available vacant land in the 2 groups has been further divided into 4 areas (GP, KZN, WC and other). The municipalities used to create the groupings are as follows:*
    - *GP - City of Johannesburg Metropolitan Municipality, City of Tshwane Metropolitan Municipality and Ekurhuleni Metropolitan Municipality*
    - *KZN - Msunduzi Local Municipality and eThekwini Metropolitan Municipality*
    - *WC - City of Cape Town Metropolitan Municipality, Saldanha Bay Local Municipality, Drakenstein Local Municipality and Stellenbosch Local Municipality. The AVL is then further divided into greater than and less than 10,000 sqm groups*

During the audit of immovable assets register (land), the following inconsistencies were identified for land parcels valued through AVL:

**Note:** In calculating the differences documented below, the following should be noted:

* The land infrastructure impact was not taken into account.
* Differences below R10 000 were not included in the finding.

**Issue 01**

The following land parcels located in the **Western Cape** area were incorrectly valued using an AVL rate allocated to “Other” areas rate instead of the Western Cape AVL rate:

| **Unique Property Code\_2021** | **Property Description** | **Local Municipality (as per deeds aktex)** | **Land value as per Immovable assets Register (R)** | **Recalculated Deemed cost value (R)** | **Differences (R)** |
| --- | --- | --- | --- | --- | --- |
| S42\_31032015\_00870 | FARM 584 PAARL | DRAKENSTEIN | 125 435 731 | 688 414 753 | (562 979 023) |
| S 42\_31032015\_00908 | FARM 523 PAARL | DRAKENSTEIN | 70 679 040 | 387 899 790 | (317 220 750) |
| S42\_31032015\_00874 | FARM 1023 PAARL | STELLENBOSCH | 46 933 310 | 257 578 783 | (210 645 473) |
| S42\_31032015\_00875 | FARM 1031 PAARL | DRAKENSTEIN | 30 171 718 | 165 588 034 | (135 416 316) |
| S42\_31032015\_00868 | FARM 16 PAARL | DRAKENSTEIN | 19 322 959 | 106 048 013 | (86 725 054) |
| S42\_31032015\_00889 | FARM 0 STELLENBOSCH | STELLENBOSCH | 13 457 268 | 73 856 001 | (60 398 734) |
| 733261 | PORTION 3 OF FARM 874 ZACHARIASHOEK PAARL RD | MUNICIPALITY DRAKENSTEIN | 9 293 932 | 51 522 058 | (42 228 126) |
| S42\_31032015\_00871 | FARM 587 PAARL | DRAKENSTEIN | 5 862 931 | 32 176 864 | (26 313 933) |
| S42\_31032015\_00872 | FARM 0 PAARL | DRAKENSTEIN | 3 133 371 | 17 196 528 | (14 063 157) |
| S42\_31032015\_00869 | FARM 228 PAARL | DRAKENSTEIN | 2 061 005 | 11 311 181 | (9 250 176) |
| S42\_31032015\_00913 | FARM 223 PAARL | DRAKENSTEIN | 927 009 | 5 087 601 | (4 160 592) |
| S42\_31032015\_00887 | FARM 46 PAARL | STELLENBOSCH | 758 201 | 4 161 150 | (3 402 949) |
| S42\_31032015\_00877 | FARM 1338 PORTION 1 PAARL | DRAKENSTEIN | 411 822 | 2 260 156 | (1 848 334) |
| S42\_31032015\_00786 | FARM 15 PORTION 6 CALEDON | STELLENBOSCH | 365 421 | 2 025 756 | (1 660 335) |
| S42\_31032015\_00792 | PORTION 22 OF FARM 86 VYGEBOOM CALEDON RD | STELLENBOSCH | 326 983 | 1 794 546 | (1 467 563) |
| S42\_31032015\_00878 | FARM 1339 PORTION 6 PAARL | STELLENBOSCH | 325 963 | 1 788 945 | (1 462 982) |
| S42\_31032015\_00907 | FARM 58 PAARL | DRAKENSTEIN | 258 640 | 1 419 463 | (1 160 823) |
| 167333658 | FARM 173 PORTION 14 OF NIETVOORBIJB | Stellenbosch Local Municipality | 184 558 | 1 012 886 | (828 329) |
| S42\_31032015\_00876 | FARM 1200 PAARL | STELLENBOSCH | 57 930 | 317 933 | (260 003) |
| 719251 | ERF 3330 VREDENBURG | VREDENBURG-SALDANHA MUN | 25 932 | 143 758 | (117 826) |
| **Total** |  |  |  |  | **(1 481 610 475)** |

**Impact**

This will result in the understatement of the property plant and equipment (Land). The property value used to estimate the deemed is very low and does not clearly reflect the value of the land.

* The property plant and equipment (land) have been understated by an amount of

R1 481 610 475.

**Internal control deficiency**

*Financial and Performance Management*

Management did not implement a proper financial and reporting system to enable proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

Furthermore, management did not prepare accurate and valid AVL rates to be used in determining land values where MVR values are not available.

**Recommendation**

It is recommended that:

* Management ensures that land valued accurately based on the region that it is allocated to.
* Management ensures that financial statements and supporting schedules are adequately reviewed before submission for audit.
* Management to re-assess the value of the land population measured through AVL where MVR values are not avaliable

**Management response**

Management are in agreement with the AGSA’s finding. An adjustment shall be passed that is equal to the AGSA’s finding including amounts below R10 000.

**Auditor’s conclusion**

Management’s comments are noted. The finding will be reported in the management report.

**PMTE HO COFF 08** Immovable assets:Properties incorrectly included in the AVL Masterfile resulting in incorrect AVL rates used

**Legislation**

Section 40 of the Public Finance Management Act (PFMA) states that: *“The accounting officer for a department, trading entity or constitutional institution –*

1. *must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards;*
2. *must prepare financial statements for each financial year in accordance with generally recognized accounting practice”*

Paragraph 38 of the Generally Recognised Accounting Practice (GRAP) 17 states that*: “If there is no market-based evidence of fair value because of the specialised nature of the item of plant and equipment, an entity may need to estimate fair value using, for example, either reproduction cost or depreciated replacement cost. The depreciated replacement cost of an item of plant or equipment may be established by reference to the market buying price of components used to produce the asset or the indexed price for the same or a similar asset based on a price for a previous period. When the indexed price method is used, judgement is required to determine whether production technology has changed significantly over the period, and whether the capacity of the reference asset is the same as that of the asset being valued….”*

Section 4.3.3 of the Model for applying deemed cost states that; “*use the comparable method to value the land – calculate average vacant land value per average extent for each town using the MVRs (vacant land value/ vacant land extent)”.*

**Nature**

During the audit of AVL ratios, the following inconsistencies were identified which resulted in auditors obtaining different AVL ratios to value land:

The following land parcels listed below were indicated to have no land extents associated to them but were taken into consideration in determining the AVL rates:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Unique Property Code** | **Parent ID** | **Site ID** | **Property Description** | **LPI Code (as per deeds aktex)** | **GRAP Extent used in AVL Rates submitted** | **land\_value (R.)** |
| DEEDS66712 | - | 100000038769 | ERF 756 PORTION 0 OF ROODEPOORT | T0IQ03520000075600000 | No extent now consolidated | 5 841 000,00 |
| 703631 | - | 100000016135 | FARM 454 PORTION 0 OF STELLENBOSCH RD-WIMBLEDON | C06700000000045400000 | Not Found | 2 985 715,20 |

Furthermore, the following land parcels listed below were indicated to have been removed from the Immovable Asset Register (Land) but were taken into account when determining the AVL rates:

| **Unique Property Code** | **Parent ID** | **Site ID** | **Property Description** | **LPI Code (as per deeds aktex)** | **GIS Source of Extent** | **land\_value (R)** |
| --- | --- | --- | --- | --- | --- | --- |
| 1096911 | - | 100000022497 | ERF 4076 PORTION 36 OF RESERVOIR HILLS | N0FT02760000407600036 | Remove from IAR | 310 000,00 |
| DEEDS175594 | - | 100000043194 | ZEBEDIELA HOLDINGS 499 PORTION 0 | T0KS00090000049900000 | Remove from IAR | 160 261,20 |
| DEEDS175597 | - | 100000043197 | ZEBEDIELA HOLDINGS 500 PORTION 0 | T0KS00090000050000000 | Remove from IAR | 160 261,20 |
| DEEDS175632 | - | 100000043230 | ZEBEDIELA HOLDINGS 544 PORTION 0 | T0KS00090000054400000 | Remove from IAR | 160 261,20 |
| DEEDS175661 | - | 100000043259 | ZEBEDIELA HOLDINGS 588 PORTION 0 | T0KS00090000058800000 | Remove from IAR | 161 880,00 |
| DEEDS175662 | - | 100000043260 | ZEBEDIELA HOLDINGS 589 PORTION 0 | T0KS00090000058900000 | Remove from IAR | 161 880,00 |
| DEEDS175670 | - | 100000043268 | ZEBEDIELA HOLDINGS 596 PORTION 0 | T0KS00090000059600000 | Remove from IAR | 160 261,20 |
| DEEDS175711 | - | 100000043305 | ZEBEDIELA HOLDINGS 634 PORTION 0 | T0KS00090000063400000 | Remove from IAR | 160 261,20 |
| DEEDS175712 | - | 100000043306 | ZEBEDIELA HOLDINGS 635 PORTION 0 | T0KS00090000063500000 | Remove from IAR | 160 261,20 |
| DEEDS175713 | - | 100000043307 | ZEBEDIELA HOLDINGS 636 PORTION 0 | T0KS00090000063600000 | Remove from IAR | 160 261,20 |
| DEEDS175721 | - | 100000043313 | ZEBEDIELA HOLDINGS 643 PORTION 0 | T0KS00090000064300000 | Remove from IAR | 160 261,20 |
| DEEDS175768 | - | 100000043353 | ZEBEDIELA HOLDINGS 688 PORTION 0 | T0KS00090000068800000 | Remove from IAR | 160 261,20 |
| DEEDS175769 | - | 100000043354 | ZEBEDIELA HOLDINGS 689 PORTION 0 | T0KS00090000068900000 | Remove from IAR | 160 261,20 |
| DEEDS175771 | - | 100000043356 | ZEBEDIELA HOLDINGS 690 PORTION 0 | T0KS00090000069000000 | Remove from IAR | 160 261,20 |
| DEEDS175772 | - | 100000043357 | ZEBEDIELA HOLDINGS 691 PORTION 0 | T0KS00090000069100000 | Remove from IAR | 160 261,20 |
| DEEDS175773 | - | 100000043358 | ZEBEDIELA HOLDINGS 692 PORTION 0 | T0KS00090000069200000 | Remove from IAR | 160 261,20 |
| DEEDS175914 | - | 100000043480 | ZEBEDIELA HOLDINGS 830 PORTION 0 | T0KS00090000083000000 | Remove from IAR | 161 880,00 |
| DEEDS175915 | - | 100000043481 | ZEBEDIELA HOLDINGS 831 PORTION 0 | T0KS00090000083100000 | Remove from IAR | 161 880,00 |

The exclusion of the above-mentioned land parcels from determining the AVL rates will results in the following AVL rate differences:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Management's AVL Rate (R)** | **Recalculated AVL Rate (R)** | **Difference (R)** |
| **Above** |  |  |  |
| other | 7 182,34 | 7 162,54 | 19,80 |
| WP | 39 776,41 | 39 418,04 | 358,36 |
|  |  |  |  |
| **Below** |  |  |  |
| GP | 1 762 936,70 | 1 635 076,17 | 127 860,53 |
| KZN | 1 637 775,60 | 1 630 005,97 | 7 769,63 |

**Impact**

This will result in the following overstatement of land parcels measured through AVL due to high AVL rates used:

**Note:** In calculating the differences documented below, the following should be noted:

* The land infrastructure impact was not taken into account.
* Differences below R10 000 were not included in the finding.

**Other region – Above 10 000sqm**

| **Unique Property Code\_2021** | **LPI Code (as per deeds aktex)\_2021** | **Property Description** | **Land Extent as per Immovable assets register (IAR)** | **Land value as per Immovable assets Register (R.)** | **Recalculated Deemed value (R.)** | **Differences (R.)** |
| --- | --- | --- | --- | --- | --- | --- |
| S42\_31032015\_00947 | C07500000000026300000 | FARM 263 OF TULBAGH- FARM SCHALKENBERG | 507,88 | 3 647 753 | 3 637 694 | 10 058 |
| 394821 | T0LS00000000080900008 | PORTION 8 OF FARM 809 RUIGEDRAAI LS | 507,89 | 3 647 825 | 3 637 766 | 10 059 |
| 906841 | C05400000000010900004 | PORTION 4 OF FARM 109 KANSA OUDTSHOORN RD | 511,35 | 3 672 688 | 3 662 561 | 10 127 |
| 200000078889 | T0JS00000000045800000 | REMAINDER OF FARM 458 OF TWEEFONTEIN JS | 512,63 | 3 681 855 | 3 671 702 | 10 152 |
| 3151921 | C00700000000025500002 | PORTION 2 OF FARM 255 ARBEIDSVREUGD BARKLY WES RD | 513,74 | 3 689 826 | 3 679 652 | 10 174 |
| 3151901 | C00700000000025500003 | PORTION 3 OF FARM 255 ARBEIDSVREUGD BARKLY WES RD | 513,74 | 3 689 863 | 3 679 688 | 10 174 |
| 928041 | C07600000000011200002 | PORTION 2 OF FARM 112 BRACKENDALE UITENHAGE RD | 513,92 | 3 691 144 | 3 680 966 | 10 178 |
| 568161 | C04100000000055500001 | PORTION 1 OF FARM 555 BRANKSEA KURUMAN RD | 513,92 | 3 691 144 | 3 680 966 | 10 178 |
| 585971 | C03100000000043800001 | PORTION 1 OF FARM 438 PLAAS 438 HAY RD | 513,92 | 3 691 144 | 3 680 966 | 10 178 |
| 488311 | T0KR00000000054500001 | PORTION 1 OF FARM 545 HAAKDOORNBULT KR | 513,92 | 3 691 144 | 3 680 966 | 10 178 |
| 759541 | C07500000000029300000 | FARM 293 DONKER KLOOF FOREST RESERVE TULBAGH RD | 514,06 | 3 692 130 | 3 681 950 | 10 181 |
| DEEDS125194 | T0JU00000000500000223 | PORTION 223 OF FARM 5000 KAAPSCHE BLOK E JU | 515,44 | 3 702 033 | 3 691 825 | 10 208 |
| 2535877 | C05700000000006900002 | REMAINDER OF PORTION 2 OF FARM 69 JOUBERTSGAT PHILIPSTOWN RD | 516,23 | 3 707 772 | 3 697 548 | 10 224 |
| DEEDS139222 | T0HP00000000012300021 | PORTION 21 OF FARM 123 DOORNBULT HP | 516,49 | 3 709 600 | 3 699 371 | 10 229 |
| DEEDS45300 | C00700000000030600004 | PORTION 4 OF FARM 306 GORDONSHOPE BARKLY WES RD | 516,56 | 3 710 082 | 3 699 852 | 10 230 |
| DEEDS17347 | C03400000000088800000 | FARM 888 FARM HUMANSDORP RD | 517,06 | 3 713 724 | 3 703 484 | 10 240 |
| 1209201 | F02600000000032000000 | REMAINDER OF FARM 320 LEMOENBOORD PHILIPPOLIS RD | 517,18 | 3 714 549 | 3 704 307 | 10 243 |
| 717671 | C07500000000025200000 | REMAINDER OF FARM 252 TULBAGH RD | 517,32 | 3 715 588 | 3 705 342 | 10 245 |
| 1633201 | N0HT00000000007200001 | REMAINDER OF PORTION 1 OF FARM 72 MOOIPLAATS HT | 517,83 | 3 719 204 | 3 708 949 | 10 255 |
| 5248617 | C04100000000068300002 | PORTION 2 OF FARM 683 YEOVIL KURUMAN RD | 518,14 | 3 721 432 | 3 711 171 | 10 262 |
| 8321824 | C00200000000024000001 | PORTION 1 OF FARM 240 TEMPE ALBANY RD | 519,06 | 3 728 056 | 3 717 776 | 10 280 |
| DEEDS124821 | T0JU00000000100000137 | PORTION 137 OF FARM 1000 KAAPSCHE BLOK A JU | 520,05 | 3 735 182 | 3 724 882 | 10 299 |
| 930741 | C00400000000008300006 | PORTION 6 OF FARM 83 COERNEY ALEXANDRIA RD | 523,41 | 3 759 305 | 3 748 939 | 10 366 |
| 1086181 | N0GS00000000793400000 | REMAINDER OF FARM 7934 DOVERCOURT GS | 525,47 | 3 774 139 | 3 763 732 | 10 407 |
| 3152051 | C04100000000055400001 | PORTION 1 OF FARM 554 BRAKPAN KURUMAN RD | 525,53 | 3 774 509 | 3 764 101 | 10 408 |
| 587801 | C00700000000009200003 | REMAINDER OF PORTION 3 OF FARM 92 PLAAS 92 BARKLY WES RD | 529,71 | 3 804 545 | 3 794 054 | 10 491 |
| 1024181 | N0FS00000000566500000 | FARM 5665 SUB C OF S98 FS | 532,78 | 3 826 603 | 3 816 052 | 10 552 |
| S42\_31032015\_00945 | C07500000000020900000 | FARM 209 OF TULBAGH- FARM KLOOFS BERG | 534,81 | 3 841 179 | 3 830 587 | 10 592 |
| 561091 | C00700000000030600005 | PORTION 5 OF FARM 306 GORDONSHOPE BARKLY WES RD | 535,33 | 3 844 921 | 3 834 319 | 10 602 |
| 582801 | C00700000000030600002 | REMAINDER OF PORTION 2 OF FARM 306 GORDONSHOPE BARKLY WES RD | 535,33 | 3 844 942 | 3 834 340 | 10 602 |
| DEEDS31032015\_0026405 | F00100000000172000000 | FARM 1720 DIEPKLOOF BETHLEHEM RD | 535,58 | 3 846 695 | 3 836 088 | 10 607 |
| S42\_31032015\_00093 | F01700000000035800004 | PORTION 4 OF FARM 358 BEESTKRAAL HOOPSTAD RD | 536,57 | 3 853 796 | 3 843 169 | 10 627 |
| 832189 | C00200000000024500000 | FARM 245 IJSTER KOP ALBANY RD | 537,90 | 3 863 398 | 3 852 745 | 10 653 |
| 2995041 | C03400000000037700000 | FARM 377 HUMANSDORP RD | 538,99 | 3 871 190 | 3 860 515 | 10 674 |
| DEEDS125292 | T0JU00000000500000353 | PORTION 353 OF FARM 5000 KAAPSCHE BLOK E JU | 544,31 | 3 909 413 | 3 898 634 | 10 780 |
| 709061 | C00900000000018200009 | PORTION 9 OF FARM 182 STOLS HOEK BEAUFORT WEST RD | 545,61 | 3 918 765 | 3 907 959 | 10 806 |
| 1238051 | F01400000000138100000 | REMAINDER OF FARM 1381 MERWEDE FRANKFORT RD | 548,11 | 3 936 703 | 3 925 848 | 10 855 |
| DEEDS149448 | T0LT00000000001700003 | REMAINDER OF PORTION 3 OF FARM 17 BAROTTA LT | 553,77 | 3 977 335 | 3 966 368 | 10 967 |
| 1427831 | T0IR00000000018700001 | REMAINDER OF PORTION 1 OF FARM 187 KLIPPOORTJE IR | 554,34 | 3 981 452 | 3 970 473 | 10 979 |
| 10607 | C02800070000601300000 | ERF 6013 UPINGTON | 554,79 | 3 984 710 | 3 973 722 | 10 987 |
| WC000005 | C07500000000025000001 | REMAINDER OF PORTION 1 OF FARM 250 WATERVALS BERG TULBAGH RD | 555,25 | 3 988 025 | 3 977 028 | 10 997 |
| 249191 | F01500000000010800000 | REMAINDER OF FARM 108 MARYDALE HARRISMITH RD | 557,35 | 4 003 077 | 3 992 039 | 11 038 |
| 449191 | T0IT00000000042000002 | PORTION 2 OF FARM 420 MERRIEKLOOF IT | 558,85 | 4 013 843 | 4 002 775 | 11 068 |
| 867411 | C03400150000010300000 | REMAINDER OF ERF 103 ZITZIKAMA | 559,25 | 4 016 704 | 4 005 628 | 11 076 |
| 462941 | T0IT00000000042000005 | PORTION 5 OF FARM 420 IT | 559,59 | 4 019 164 | 4 008 082 | 11 082 |
| DD30082014\_136014 | T0IT00000000042000000 | REMAINDER OF FARM 420 MERRIEKLOOF IT | 559,82 | 4 020 829 | 4 009 742 | 11 087 |
| DEEDS125285 | T0JU00000000500000346 | PORTION 346 OF FARM 5000 KAAPSCHE BLOK E JU | 561,36 | 4 031 857 | 4 020 740 | 11 117 |
| DEEDS124810 | T0JU00000000100000120 | PORTION 120 OF FARM 1000 KAAPSCHE BLOK A JU | 561,75 | 4 034 667 | 4 023 541 | 11 125 |
| DEEDS124809 | T0JU00000000100000119 | PORTION 119 OF FARM 1000 KAAPSCHE BLOK A JU | 561,75 | 4 034 667 | 4 023 541 | 11 125 |
| S42\_31032015\_00883 | C06400000000015000000 | FARM 0 CALITZDORP | 563,44 | 4 046 786 | 4 035 627 | 11 159 |
| 2939171 | C03900000000045100000 | FARM 451 PAARDE VLAKTE KNYSNA RD | 564,81 | 4 056 670 | 4 045 484 | 11 186 |
| 895561 | C07600000000003800001 | PORTION 1 OF FARM 38 UITENHAGE RD | 565,82 | 4 063 909 | 4 052 703 | 11 206 |
| DD30082014\_157981 | T0JS00000000008100000 | FARM 81 LOSKOP | 566,68 | 4 070 102 | 4 058 879 | 11 223 |
| 2535875 | C05700000000007100007 | PORTION 7 OF FARM 71 CARBONAATJES KRAAL PHILIPSTOWN RD | 567,35 | 4 074 906 | 4 063 670 | 11 236 |
| DEEDS124515 | T0JT00000000023000002 | PORTION 2 OF FARM 2 WITKLIP JT | 568,10 | 4 080 294 | 4 069 043 | 11 251 |
| 1641411 | N0FT00000000096800016 | REMAINDER OF PORTION 16 OF FARM 968 ZEEKOE HOEK FT | 568,67 | 4 084 367 | 4 073 104 | 11 262 |
| 459291 | T0IT00000000042100003 | PORTION 3 OF FARM 421 INHLOVUDWALILE IT | 571,02 | 4 101 263 | 4 089 954 | 11 309 |
| 460671 | T0IT00000000042100004 | PORTION 4 OF FARM 421 INHLOVUDWALILE IT | 571,02 | 4 101 273 | 4 089 964 | 11 309 |
| 378151 | T0IT00000000042100001 | REMAINDER OF PORTION 1 OF FARM 421 INHLOVUDWALILE IT | 571,02 | 4 101 278 | 4 089 969 | 11 309 |
| DEEDS124536 | T0JT00000000026000001 | REMAINDER OF PORTION 1 OF FARM 260 UITZOEK JT | 572,72 | 4 113 452 | 4 102 109 | 11 342 |
| DEEDS145641 | T0JU00000000600000177 | PORTION 177 OF FARM 6000 0 JU | 573,17 | 4 116 682 | 4 105 330 | 11 351 |
| DEEDS125215 | T0JU00000000500000244 | PORTION 244 OF FARM 5000 KAAPSCHE BLOK E JU | 580,24 | 4 167 466 | 4 155 974 | 11 491 |
| S42\_31032015\_00118 | F01700000000003400000 | REMAINDER OF FARM 34 BULTFONTEIN HOOPSTAD RD | 582,34 | 4 182 559 | 4 171 026 | 11 533 |
| 1334451 | T0IR00000000018600079 | REMAINDER OF PORTION 79 OF FARM 186 LANGLAAGTE IR | 583,59 | 4 191 560 | 4 180 002 | 11 558 |
| 3179321 | C07500000000004100000 | FARM 41 BOKVELDS KLOOF TULBAGH RD | 584,23 | 4 196 175 | 4 184 604 | 11 571 |
| 485341 | T0KT00000000050900002 | PORTION 2 OF FARM 509 FRANKFORT KT | 589,70 | 4 235 399 | 4 223 720 | 11 679 |
| 1089391 | N0ES00000000803700000 | FARM 8037 LOVEDALE ES | 593,10 | 4 259 868 | 4 248 121 | 11 746 |
| 1230431 | F01100000000118400003 | PORTION 3 OF FARM 1184 KAREEKLOOF FAURESMITH RD | 594,14 | 4 267 321 | 4 255 554 | 11 767 |
| DEEDS139500 | T0IO00000000031100006 | PORTION 6 OF FARM 6 GROENFONTEIN IO | 595,83 | 4 279 420 | 4 267 620 | 11 800 |
| 450871 | T0IT00000000042000006 | PORTION 6 OF FARM 420 MERRIEKLOOF IT | 596,51 | 4 284 307 | 4 272 494 | 11 814 |
| 1668421 | N0HT00000000016600004 | PORTION 4 OF FARM 166 ROOIPOORT HT | 597,90 | 4 294 327 | 4 282 486 | 11 841 |
| 475891 | T0IT00000000020200002 | PORTION 2 OF FARM 202 CRAIGIELEA IT | 599,57 | 4 306 304 | 4 294 430 | 11 874 |
| 495601 | T0JT00000000062700000 | REMAINDER OF FARM 627 LILIENSTEIN JT | 599,58 | 4 306 356 | 4 294 481 | 11 874 |
| 840991 | C01200000000013200001 | PORTION 1 OF FARM 132 NEW VAALKOP BRITSTOWN RD | 599,78 | 4 307 824 | 4 295 945 | 11 878 |
| DEEDS182163 | C08100070000016700000 | REMAINDER OF AGRICULTURAL HOLDING 167 OF VAAL HARTS SETTLEMENT A AGRICULTURAL HOLDING | 599,83 | 4 308 166 | 4 296 287 | 11 879 |
| 1239091 | F00300000000136000000 | FARM 1360 BOSCHRAND BLOEMFONTEIN RD | 601,61 | 4 320 946 | 4 309 031 | 11 915 |
| DEEDS125232 | T0JU00000000500000261 | PORTION 261 OF FARM 5000 KAAPSCHE BLOK E JU | 601,96 | 4 323 458 | 4 311 536 | 11 922 |
| 783121 | C04300000000013600000 | REMAINDER OF FARM 136 FLORIS KRAAL LAINGSBURG RD | 602,41 | 4 326 705 | 4 314 775 | 11 931 |
| DEEDS124820 | T0JU00000000100000136 | PORTION 136 OF FARM 1000 KAAPSCHE BLOK A JU | 604,53 | 4 341 914 | 4 329 942 | 11 972 |
| 601294 | C04600000000028800000 | REMAINDER OF FARM 288 LYFSERSHOEK MALMESBURY RD | 604,71 | 4 343 246 | 4 331 270 | 11 976 |
| 2535876 | C05700000000006900001 | REMAINDER OF PORTION 1 OF FARM 69 JOUBERTSGAT PHILIPSTOWN RD | 605,29 | 4 347 426 | 4 335 438 | 11 988 |
| DEEDS145631 | T0JU00000000600000167 | PORTION 167 OF FARM 6000 0 JU | 605,88 | 4 351 654 | 4 339 655 | 11 999 |
| D31032014\_154993 | T0JQ00000000038100026 | PORTION 26 OF FARM 381 SYFERFONTEIN | 607,27 | 4 361 600 | 4 349 573 | 12 027 |
| 398771 | T0IP00000000000700000 | REMAINDER OF FARM 7 KOPPIESFONTEIN IP | 608,14 | 4 367 869 | 4 355 825 | 12 044 |
| 1089911 | N0ES00000000810600000 | REMAINDER OF FARM 8106 MESSINA ES | 609,04 | 4 374 310 | 4 362 248 | 12 062 |
| S42\_31032015\_00866 | C05400000000021900000 | FARM 219 OUDTSHOORN | 611,35 | 4 390 913 | 4 378 806 | 12 108 |
| 422961 | T0JT00000000008700006 | PORTION 6 OF FARM 87 KAFFERVOETPAD JT | 611,78 | 4 394 024 | 4 381 908 | 12 116 |
| 405941 | T0JU00000000039000000 | FARM 390 MALELANE ESTATE B JU | 613,94 | 4 409 543 | 4 397 384 | 12 159 |
| 778991 | C05000000000012100001 | PORTION 1 OF FARM 121 WATERFALL MONTAGU RD | 614,25 | 4 411 768 | 4 399 603 | 12 165 |
| DEEDS124514 | T0JT00000000023000001 | PORTION 1 OF FARM 1 WITKLIP JT | 615,21 | 4 418 679 | 4 406 495 | 12 184 |
| 1122071 | N0ES00000001726000001 | PORTION 1 OF FARM 17260 0 ES | 616,61 | 4 428 718 | 4 416 507 | 12 212 |
| DEEDS18361 | C03900000000039200000 | REMAINDER OF FARM 392 LOWLANDS KNYSNA RD | 618,42 | 4 441 677 | 4 429 429 | 12 248 |
| S42\_31032015\_00071 | F01700000000141900000 | REMAINDER OF FARM 1419 EBENHAESER HOOPSTAD RD | 620,19 | 4 454 453 | 4 442 170 | 12 283 |
| 100000034849 | T0JT00000000017400001 | ERF 174 PORTION 1 OF JT | 622,59 | 4 471 678 | 4 459 348 | 12 330 |
| 263531 | F01500000000104000000 | FARM 1040 POLELA HARRISMITH RD | 622,69 | 4 472 399 | 4 460 067 | 12 332 |
| 524868 | C04100000000067700000 | REMAINDER OF FARM 677 COPTHORNE KURUMAN RD | 622,78 | 4 472 990 | 4 460 657 | 12 334 |
| 505591 | T0JQ00000000012600001 | PORTION 1 OF FARM 126 BULTFONTEIN JQ | 626,81 | 4 501 990 | 4 489 576 | 12 414 |
| 2938811 | T0IP00000000042300004 | REMAINDER OF PORTION 4 OF FARM 423 ZANDPAN IP | 627,71 | 4 508 448 | 4 496 017 | 12 432 |
| DD30082014\_051119 | F00100000000086700000 | FARM 867 UNIONDALE | 628,97 | 4 517 470 | 4 505 014 | 12 457 |
| 14513 | T0KQ00000000045900000 | REMAINDER OF FARM 459 BUFFELSPOORT KQ | 630,38 | 4 527 609 | 4 515 124 | 12 484 |
| 1632151 | N0GV0000001489600000 | FARM 14896 PORTON 0 OF HLABISA | 631,59 | 4 536 303 | 4 523 794 | 12 508 |
| S42\_31032015\_00838 | C04300000000020600000 | FARM 206 LADISMITH | 632,19 | 4 540 620 | 4 528 100 | 12 520 |
| 2778376 | F00300000000032300000 | REMAINDER OF FARM 323 PEILKOP BLOEMFONTEIN RD | 633,10 | 4 547 140 | 4 534 601 | 12 538 |
| 1537261 | T0MT00000000004900001 | PORTION 1 OF FARM 49 TOYNTON MT | 636,30 | 4 570 143 | 4 557 541 | 12 602 |
| 449711 | T0JU00000000030600000 | REMAINDER OF FARM 306 SEGALLA JU | 638,44 | 4 585 488 | 4 572 844 | 12 644 |
| DEEDS38101 | F01500000000190300110 | REMAINDER OF PORTION 110 OF FARM 1903 HARRISMITH RD | 642,02 | 4 611 213 | 4 598 498 | 12 715 |
| DEEDS179098 | T0IM00000000043600009 | PORTION 9 OF FARM 436 RYNO IM | 642,40 | 4 613 930 | 4 601 208 | 12 723 |
| 200000078510 | T0JT00000000024400002 | PORTION 2 OF FARM 244 DOORNKRAAL JT | 642,40 | 4 613 930 | 4 601 208 | 12 723 |
| DEEDS179100 | T0IM00000000043600011 | PORTION 11 OF FARM 436 RYNO IM | 642,40 | 4 613 962 | 4 601 240 | 12 723 |
| 1355241 | T0LS00000000030500000 | REMAINDER OF FARM 305 MAY LS | 642,86 | 4 617 221 | 4 604 490 | 12 732 |
| S42\_31032015\_00898 | C07300000000017000000 | FARM 170 SWELLENDAM | 642,88 | 4 617 378 | 4 604 646 | 12 732 |
| 200000083095 | F00100000000136100000 | REMAINDER OF FARM 1361 GLEN REENEN BETHLEHEM RD | 643,07 | 4 618 763 | 4 606 027 | 12 736 |
| DEEDS3898 | C01100000000016900003 | REMAINDER OF PORTION 3 OF FARM 169 BREDASDORP RD | 643,77 | 4 623 773 | 4 611 023 | 12 750 |
| 739931 | C06100000000018600000 | FARM 186 HATTINGS KLOOF PRINCE ALBERT RD | 645,40 | 4 635 452 | 4 622 670 | 12 782 |
| 1195771 | F00300000000162800000 | REMAINDER OF FARM 1628 GLEN HOPE BLOEMFONTEIN RD | 647,16 | 4 648 146 | 4 635 329 | 12 817 |
| 3102471 | C03800000000166700000 | FARM 1667 KING WILLIAM'S TOWN RD | 647,24 | 4 648 678 | 4 635 859 | 12 818 |
| DEEDS145609 | T0JU00000000600000143 | PORTION 143 OF FARM 6000 0 JU | 649,25 | 4 663 104 | 4 650 246 | 12 858 |
| DEEDS142924 | T0JP00000000008800000 | REMAINDER OF FARM 88 WITPOORTJE JP | 649,34 | 4 663 781 | 4 650 922 | 12 860 |
| 200000077788 | T0JU00000000039300003 | REMAINDER OF PORTION 3 OF FARM 393 ONE TREE HILL JU | 649,74 | 4 666 639 | 4 653 771 | 12 868 |
| 874011 | C05400000000014400018 | REMAINDER OF PORTION 18 OF FARM 144 WELGEVONDEN OUDTSHOORN RD | 650,71 | 4 673 593 | 4 660 706 | 12 887 |
| 469161 | T0MS00000000037900001 | PORTION 1 OF FARM 379 LOUISIANA MS | 652,18 | 4 684 170 | 4 671 254 | 12 916 |
| 442271 | T0JT00000000026900000 | REMAINDER OF FARM 269 WATERVAL JT | 652,96 | 4 689 804 | 4 676 872 | 12 932 |
| DEEDS23863 | C05400000000014500003 | PORTION 3 OF FARM 145 BLAAUWBOSCH KUIL OUDTSHOORN RD | 653,89 | 4 696 468 | 4 683 518 | 12 950 |
| 443121 | T0JT00000000026900001 | PORTION 1 OF FARM 269 WATERVAL JT | 655,83 | 4 710 361 | 4 697 373 | 12 988 |
| 443951 | T0JT00000000026900002 | PORTION 2 OF FARM 269 WATERVAL JT | 655,83 | 4 710 392 | 4 697 404 | 12 988 |
| DEEDS125307 | T0JU00000000500000368 | PORTION 368 OF FARM 368 KAAPSCHE BLOK E JU | 656,86 | 4 717 815 | 4 704 806 | 13 009 |
| 2251 | C00400000000007100000 | FARM 71 FERNIEBRAE ALEXANDRIA RD | 656,92 | 4 718 209 | 4 705 199 | 13 010 |
| 874811 | C05400000000014400043 | PORTION 43 OF FARM 144 WELGEVONDEN OUDTSHOORN RD | 661,15 | 4 748 627 | 4 735 533 | 13 094 |
| DEEDS145647 | T0JU00000000600000184 | PORTION 184 OF FARM 6000 0 JU | 665,03 | 4 776 484 | 4 763 313 | 13 171 |
| DD30082014\_158085 | T0JS00000000010400002 | PORTION 2 OF FARM 104 FONTEIN ZONDER END JS | 665,58 | 4 780 401 | 4 767 220 | 13 182 |
| 453051 | T0KT00000000039600000 | FARM 396 OF KT-DE BAD | 665,79 | 4 781 959 | 4 768 773 | 13 186 |
| 488141 | T0KT00000000057100002 | PORTION 2 OF FARM 571 KLEINFONTEIN KT | 666,19 | 4 784 835 | 4 771 641 | 13 194 |
| 913191 | C03900000000040100000 | REMAINDER OF FARM 401 KNYSNA RD | 667,24 | 4 792 336 | 4 779 121 | 13 214 |
| DEEDS125259 | T0JU00000000500000293 | PORTION 293 OF FARM 5000 KAAPSCHE BLOK E JU | 668,19 | 4 799 174 | 4 785 941 | 13 233 |
| DEEDS124532 | T0JT00000000024600000 | FARM 246 DIEPKLOOF JT | 669,75 | 4 810 381 | 4 797 117 | 13 264 |
| 1024441 | N0GU00000001146300000 | FARM 11463 KLOOF GU | 669,76 | 4 810 413 | 4 797 148 | 13 264 |
| 1237581 | F00100000000129400003 | REMAINDER OF PORTION 3 OF FARM 1294 DE KAMP BETHLEHEM RD | 670,38 | 4 814 867 | 4 801 591 | 13 277 |
| 1086961 | N0GU00000000033000000 | REMAINDER OF FARM 330 GELUKSFONTIEN GU | 675,35 | 4 850 571 | 4 837 196 | 13 375 |
| DOD00050 | F03100000000027700000 | FARM 227 OF SMITHFIELD-SMITHFIELD | 676,00 | 4 855 254 | 4 841 866 | 13 388 |
| DEEDS625 | C00800000000000900002 | REMAINDER OF PORTION 2 OF FARM 9 PERCIVAL BATHURST RD | 676,26 | 4 857 135 | 4 843 742 | 13 393 |
| D\_3132013\_8251 | F02200000000066200000 | REMAINDER OF FARM 662 BENONI LINDLEY RD | 678,17 | 4 870 877 | 4 857 446 | 13 431 |
| 200000077561 | T0JU00000000026000004 | PORTION 4 OF FARM 260 0 JU | 679,28 | 4 878 811 | 4 865 358 | 13 453 |
| DD30082014\_158084 | T0JS00000000010400001 | PORTION 1 OF FARM 104 FONTEIN ZONDER END JS | 679,56 | 4 880 800 | 4 867 341 | 13 458 |
| 376461 | T0IT00000000022700001 | PORTION 1 OF FARM 227 SPRING GROVE IT | 680,10 | 4 884 690 | 4 871 220 | 13 469 |
| DD30082014\_178012 | T0LT00000000001500000 | REMAINDER OF FARM 15 LEVUBU LT | 682,02 | 4 898 537 | 4 885 030 | 13 507 |
| 1024391 | N0ES00000000567000000 | REMAINDER OF FARM 5670 SCYLLA ES | 683,98 | 4 912 608 | 4 899 062 | 13 546 |
| 565401 | C00700000000030900000 | REMAINDER OF FARM 309 PLAAS 309 BARKLY WES RD | 684,37 | 4 915 374 | 4 901 820 | 13 554 |
| 711191 | C07500000000025100000 | FARM 251 ZUUR VLAKTE TULBAGH RD | 685,07 | 4 920 377 | 4 906 810 | 13 568 |
| 200000066969 | C00400000000007300004 | PORTION 4 OF FARM 73 DOORN NEK ALEXANDRIA RD | 685,22 | 4 921 496 | 4 907 926 | 13 571 |
| 384491 | T0JP00000000006500002 | PORTION 2 OF FARM 65 OLIFANTSVALLEI JP | 685,23 | 4 921 526 | 4 907 955 | 13 571 |
| DD30082014\_166744 | T0KQ00000000045900001 | PORTION 1 OF FARM 459 BUFFELSPOORT KQ | 685,23 | 4 921 526 | 4 907 955 | 13 571 |
| 524869 | C04100000000067700002 | PORTION 2 OF FARM 677 COPTHORNE KURUMAN RD | 685,23 | 4 921 526 | 4 907 955 | 13 571 |
| 5248626 | C00700000000025800004 | PORTION 4 OF FARM 258 0 BARKLY WES RD | 685,61 | 4 924 264 | 4 910 685 | 13 578 |
| 410281 | T0HO00000000034600014 | REMAINDER OF PORTION 14 OF FARM 346 KALKFONTEIN HO | 685,69 | 4 924 896 | 4 911 316 | 13 580 |
| DEEDS23538 | C02800130000045600000 | REMAINDER OF ERF 456 OLYVENHOUTSDRIFT SETT | 686,71 | 4 932 212 | 4 918 611 | 13 600 |
| 445111 | T0JR00000000033500001 | REMAINDER OF PORTION 1 OF FARM 1 BEYNESPOORT JR | 687,52 | 4 937 993 | 4 924 376 | 13 616 |
| 910081 | C07400000000022400000 | FARM 224 LEEUWFONTEIN TARKA RD | 689,68 | 4 953 515 | 4 939 856 | 13 659 |
| 1678431 | C00900000000019500001 | PORTION 1 OF FARM 195 WOLVEHOKS KLOOF BEAUFORT WEST RD | 690,91 | 4 962 334 | 4 948 650 | 13 683 |
| 47681 | T0LS00000000027500000 | FARM 275 HANGLIP LS | 693,18 | 4 978 666 | 4 964 938 | 13 728 |
| 1030101 | N0GU00000000616300000 | FARM 6163 FORT CURTIS GU | 693,89 | 4 983 737 | 4 969 994 | 13 742 |
| 6515 | C04100000000055200002 | PORTION 2 OF FARM 552 ROSE VALLEY KURUMAN RD | 695,52 | 4 995 488 | 4 981 713 | 13 775 |
| 487301 | T0KT00000000057000002 | PORTION 2 OF FARM 570 ROODEWAL KT | 696,22 | 5 000 465 | 4 986 676 | 13 788 |
| 476241 | T0KT00000000057000000 | REMAINDER OF FARM 570 ROODEWAL | 696,22 | 5 000 465 | 4 986 676 | 13 788 |
| 3008591 | C05300000000049700000 | FARM 497 NAMAQUALAND RD | 698,85 | 5 019 351 | 5 005 511 | 13 840 |
| DEEDS125081 | T0JU00000000400000462 | PORTION 462 OF FARM 462 KAAPSCHE BLOK D JU | 702,45 | 5 045 207 | 5 031 295 | 13 912 |
| 1221211 | F00300000000001000000 | REMAINDER OF FARM 10 KLIPDRIFT BLOEMFONTEIN RD | 703,59 | 5 053 441 | 5 039 506 | 13 934 |
| 200000084660 | F01600000000072400000 | FARM 724 GROENPUNT HEILBRON RD | 705,72 | 5 068 742 | 5 054 765 | 13 977 |
| 724051 | C01100000000026400014 | PORTION 14 OF FARM 264 DOLLAS DOWNS BREDASDORP RD | 706,62 | 5 075 205 | 5 061 210 | 13 994 |
| 1215321 | F00300000000035700002 | PORTION 2 OF FARM 357 HARTEBEEST HOEK BLOEMFONTEIN RD | 707,33 | 5 080 290 | 5 066 281 | 14 008 |
| DEEDS139140 | T0HO00000000034600013 | REMAINDER OF PORTION 13 OF FARM 346 KALKFONTEIN HO | 708,20 | 5 086 534 | 5 072 509 | 14 026 |
| DD30082014\_054651 | F01500000000062300000 | FARM 623 GENERAL WILL HARRISMITH RD | 709,12 | 5 093 133 | 5 079 089 | 14 044 |
| DEEDS145657 | T0JU00000000600000194 | PORTION 194 OF FARM 194 JU | 712,11 | 5 114 593 | 5 100 490 | 14 103 |
| DEEDS141012 | T0IQ00000000038200009 | PORTION 9 OF FARM 382 WITKOPPIES IQ | 712,54 | 5 117 689 | 5 103 577 | 14 112 |
| DEEDS125213 | T0JU00000000500000242 | PORTION 242 OF FARM 5000 KAAPSCHE BLOK E JU | 713,10 | 5 121 729 | 5 107 606 | 14 123 |
| 390881 | T0IQ00000000006500010 | PORTION 10 OF FARM 65 KLERKSKRAAL IQ | 714,11 | 5 128 947 | 5 114 805 | 14 143 |
| 502231 | T0KT00000000008800001 | REMAINDER OF PORTION 1 OF FARM 88 PARIS KT | 714,33 | 5 130 581 | 5 116 434 | 14 147 |
| 2995121 | C03400000000037400000 | FARM 374 HUMANSDORP RD | 715,15 | 5 136 463 | 5 122 300 | 14 163 |
| 1369051 | T0MT00000000004900000 | REMAINDER OF FARM 49 TOYNTON MT | 716,92 | 5 149 166 | 5 134 967 | 14 198 |
| 899241 | C07600000000042100000 | FARM 421 DOWNTON UITENHAGE RD | 722,66 | 5 190 425 | 5 176 113 | 14 312 |
| DEEDS92061 | N0HV00000001583400006 | PORTION 6 OF FARM 15834 RESERVE NO 14 HV | 723,95 | 5 199 678 | 5 185 340 | 14 338 |
| DEEDS148889 | T0LS00000000030500001 | PORTION 1 OF FARM 305 MAY LS | 724,63 | 5 204 514 | 5 190 163 | 14 351 |
| 718911 | C06100000000014500007 | PORTION 7 OF FARM 145 WITPOORT PRINCE ALBERT RD | 724,87 | 5 206 238 | 5 191 883 | 14 356 |
| 2541001 | T0LR00000000047100000 | FARM 471 SONKWA STAD LR | 725,69 | 5 212 121 | 5 197 749 | 14 372 |
| 387101 | T0IP00000000002700000 | REMAINDER OF FARM 27 LICHTENBURG TOWN AND TOWNLANDS IP | 726,25 | 5 216 178 | 5 201 795 | 14 383 |
| S42\_31032015\_00823 | C02000000000028100000 | FARM 281 CLANWILLIAM | 726,92 | 5 220 963 | 5 206 567 | 14 396 |
| 714611 | C01300000000028300000 | FARM 283 JACKELS RIVIER CALEDON RD | 727,38 | 5 224 322 | 5 209 917 | 14 406 |
| 444391 | T0JT00000000026000003 | PORTION 3 OF FARM 260 UITZOEK JT | 728,05 | 5 229 121 | 5 214 702 | 14 419 |
| DEEDS17342 | C03400000000088000000 | FARM 880 HUMANSDORP RD | 729,03 | 5 236 130 | 5 221 692 | 14 438 |
| 1128061 | N0ES00000001727300000 | REMAINDER OF FARM 17273 0 ES | 729,33 | 5 238 313 | 5 223 869 | 14 444 |
| 1018711 | N0ET00000000351600002 | PORTION 2 OF FARM 3516 FERREBY ET | 729,98 | 5 242 999 | 5 228 542 | 14 457 |
| 3151941 | C00700000000025800000 | REMAINDER OF FARM 258 0 BARKLY WES RD | 730,15 | 5 244 152 | 5 229 692 | 14 460 |
| S42\_31032015\_00797 | C01300000000010100000 | FARM 101 GRABOUW | 730,31 | 5 245 307 | 5 230 843 | 14 463 |
| 1010481 | N0ES00000000453000001 | PORTION 1 OF FARM 4530 STAFFORD ES | 734,14 | 5 272 870 | 5 258 331 | 14 539 |
| DODDB0866 | T0LS00000000101100000 | FARM 1011 SPITSKOP LS | 735,29 | 5 281 105 | 5 266 542 | 14 562 |
| 1014981 | N0ES00000000504300000 | FARM 5043 LOT ST MARY'S B ES | 736,49 | 5 289 728 | 5 275 142 | 14 586 |
| DEEDS758 | C00900000000009200002 | PORTION 2 OF FARM 92 DROOGE HOEK BEAUFORT WEST RD | 746,61 | 5 362 428 | 5 347 642 | 14 786 |
| DEEDS142860 | T0JP00000000005500010 | REMAINDER OF PORTION 10 OF FARM 55 PETRUSDAM JP | 747,46 | 5 368 481 | 5 353 678 | 14 803 |
| 1510611 | N0HT00000000023500000 | FARM 236 OF UTRECHT RD-FRISCHGEWAAGD | 747,68 | 5 370 071 | 5 355 264 | 14 808 |
| 1029441 | N0HV00000001440200000 | REMAINDER OF FARM 14402 MKUZI-SUID HV | 748,45 | 5 375 658 | 5 360 835 | 14 823 |
| D31032014\_154326 | T0JQ00000000007700017 | REMAINDER OF PORTION 17 OF FARM 77 KLIPPLAAT JQ | 749,21 | 5 381 079 | 5 366 241 | 14 838 |
| 1029251 | N0GV00000001439000001 | PORTION 1 OF FARM 14390 MTOLO | 750,14 | 5 387 734 | 5 372 878 | 14 856 |
| DD30082014\_157989 | T0JS00000000008700000 | REMAINDER OF FARM 87 NOOITGEDACHT JS | 757,73 | 5 442 253 | 5 427 247 | 15 007 |
| S42\_31032015\_00080 | F01700000000008100000 | REMAINDER OF FARM 81 WINTERHOEK HOOPSTAD RD | 760,76 | 5 464 069 | 5 449 002 | 15 067 |
| 1126381 | N0ES00000000995400000 | FARM 9954 FAIR VIEW ES | 761,05 | 5 466 140 | 5 451 067 | 15 072 |
| 11223 | T0KP00000000012000000 | REMAINDER OF FARM 120 DROOGEDAL KP | 761,92 | 5 472 365 | 5 457 276 | 15 090 |
| DEEDS139832 | T0IP00000000038200000 | FARM 382 ETTA IP | 761,96 | 5 472 686 | 5 457 595 | 15 090 |
| 1083081 | N0GS00000000105100002 | REMAINDER OF PORTION 2 OF FARM 1051 RHENOSTER FONTEIN GS | 762,66 | 5 477 681 | 5 462 577 | 15 104 |
| S42\_31032015\_00847 | C04300000000023000000 | FARM 230 LADISMITH | 762,97 | 5 479 893 | 5 464 783 | 15 110 |
| 390181 | T0JT00000000020000001 | PORTION 1 OF FARM 200 SABIESHOEK JT | 764,81 | 5 493 119 | 5 477 973 | 15 147 |
| 780611 | C00900010000528900000 | REMAINDER OF ERF 5289 BEAUFORT WEST | 764,93 | 5 494 013 | 5 478 864 | 15 149 |
| 2993411 | N0ES00000001728800000 | FARM 17288 0 ES | 767,73 | 5 514 091 | 5 498 886 | 15 205 |
| 524862 | C04100000000067500002 | PORTION 2 OF FARM 675 THAAKWANENG KURUMAN RD | 770,58 | 5 534 570 | 5 519 308 | 15 261 |
| 524864 | C04100000000067500001 | PORTION 1 OF FARM 675 THAAKWANENG KURUMAN RD | 770,59 | 5 534 619 | 5 519 358 | 15 261 |
| 2916741 | C07800000000015700000 | FARM 157 SCHAAP VLEY HILLS VANRHYNSDORP RD | 772,02 | 5 544 883 | 5 529 593 | 15 290 |
| DEEDS32545 | C07600000000011300255 | PORTION 255 OF FARM 113 COMMANDO KRAAL ESTATE UITENHAGE RD | 773,28 | 5 553 953 | 5 538 638 | 15 315 |
| DEEDS17254 | C03400000000051100000 | FARM 511 KRUIS RIVER FOREST RESERVE HUMANSDORP RD | 776,87 | 5 579 779 | 5 564 394 | 15 386 |
| 3179371 | C01300000000003400000 | FARM 34 GALGE BERG CALEDON RD | 780,04 | 5 602 521 | 5 587 072 | 15 448 |
| 399061 | T0JT00000000025000005 | PORTION 5 OF FARM 250 BOSCHJESKOP JT | 782,16 | 5 617 719 | 5 602 228 | 15 490 |
| DEEDS31032015\_0026334 | F00100000000051800000 | FARM 518 RHEBOK KOP BETHLEHEM RD | 782,20 | 5 618 044 | 5 602 553 | 15 491 |
| 3151991 | C03100000000044000000 | REMAINDER OF FARM 440 PLAAS 440 HAY RD | 784,20 | 5 632 399 | 5 616 868 | 15 531 |
| 3037885 | N0GV00000001455900000 | FARM 14559 OF GV | 784,55 | 5 634 904 | 5 619 366 | 15 538 |
| 491501 | T0KT00000000057100003 | PORTION 3 OF FARM 571 KLEINFONTEIN KT | 785,39 | 5 640 941 | 5 625 386 | 15 554 |
| 476941 | T0KT00000000057100000 | REMAINDER OF FARM 571 KLEINFONTEIN KT | 785,41 | 5 641 069 | 5 625 514 | 15 555 |
| DEEDS3964 | C01100000000006400008 | PORTION 8 OF FARM 64 KLIP FONTEIN BREDASDORP RD | 785,42 | 5 641 145 | 5 625 590 | 15 555 |
| 3179381 | C01300000000003600000 | FARM 36 ZILVERMYN CALEDON RD | 785,57 | 5 642 221 | 5 626 663 | 15 558 |
| S42\_31032015\_00948 | C07500000000004200000 | ERF 42 OF PORTERVILLE | 787,53 | 5 656 333 | 5 640 736 | 15 597 |
| 200000078594 | T0JU00000000047200000 | FARM 472 PORTION 0 OF JU-NAAS | 788,44 | 5 662 851 | 5 647 236 | 15 615 |
| 3037901 | N0ES00000000792100000 | FARM 7921 THE PARK ES | 795,05 | 5 710 349 | 5 694 603 | 15 746 |
| S42\_31032015\_00895 | C07300000000011400017 | PORTION 17 OF FARM 114 THE GROOTVADERSBOSCH ESTATE SWELLENDAM RD | 796,65 | 5 721 848 | 5 706 070 | 15 777 |
| 1134621 | F00100000000015600000 | FARM 156 VAALBANK BETHLEHEM RD | 796,97 | 5 724 083 | 5 708 299 | 15 784 |
| 200000069068 | T0IT00000000019900000 | REMAINDER OF FARM 199 ISABELLADALE IT | 798,32 | 5 733 820 | 5 718 009 | 15 811 |
| 200000078409 | F01700000000006700001 | REMAINDER OF PORTION 1 OF FARM 67 ROODEDRAAI HOOPSTAD RD | 800,00 | 5 745 875 | 5 730 031 | 15 844 |
| S42\_31032015\_00121 | F01700000000000400000 | REMAINDER OF FARM 4 MIDDAGSON HOOPSTAD RD | 800,01 | 5 745 974 | 5 730 130 | 15 844 |
| 639301 | C01100000000017200002 | PORTION 2 OF FARM 172 EILANDS VALLEY A BREDASDORP RD | 800,04 | 5 746 164 | 5 730 319 | 15 845 |
| 494131 | T0JT00000000060500000 | FARM 605 DOORNSPRUIT JT | 804,59 | 5 778 874 | 5 762 939 | 15 935 |
| 3179821 | C01300000000053900000 | FARM 539 OF CALEDON-PAARDE POORT | 808,35 | 5 805 811 | 5 789 802 | 16 009 |
| 931641 | C02100000000020500000 | REMAINDER OF FARM 205 RIETBULT COLESBERG RD | 809,02 | 5 810 654 | 5 794 631 | 16 022 |
| 872941 | C05400000000014400016 | REMAINDER OF PORTION 16 OF FARM 144 WELGEVONDEN OUDTSHOORN RD | 810,13 | 5 818 638 | 5 802 593 | 16 044 |
| 743541 | C06400000000005500000 | FARM 55 TYGERBERG RIVERSDALE RD | 814,67 | 5 851 253 | 5 835 119 | 16 134 |
| 3037883 | N0GV00000001489300000 | FARM 14893 OF HLABISA | 816,43 | 5 863 853 | 5 847 684 | 16 169 |
| DEEDS125276 | T0JU00000000500000337 | PORTION 337 OF FARM 337 KAAPSCHE BLOK E JU | 818,83 | 5 881 090 | 5 864 873 | 16 217 |
| 1237981 | F00100000000126300000 | FARM 1263 DIEPFONTEIN BETHLEHEM RD | 818,96 | 5 882 043 | 5 865 824 | 16 219 |
| 200000078278 | C00400000000006900000 | FARM 69 HEATHERBRAE ALEXANDRIA RD | 820,27 | 5 891 442 | 5 875 197 | 16 245 |
| 200000078332 | C04700000000001000004 | PORTION 4 OF FARM 10 KRUISFONTEIN MARAISBURG RD | 821,27 | 5 898 622 | 5 882 357 | 16 265 |
| 501441 | T0JT00000000062400001 | PORTION 1 OF FARM 624 WARTBURG JT | 823,67 | 5 915 889 | 5 899 577 | 16 313 |
| 1026621 | 0000573600000 | FARM 5736 OF NATAL RD-LOT 30 | 824,79 | 5 923 929 | 5 907 594 | 16 335 |
| S42\_31032015\_00808 | C01400000000000400000 | FARM 4 OUDTSHOORN | 824,80 | 5 924 000 | 5 907 665 | 16 335 |
| DEEDS3896 | C01100000000016900001 | REMAINDER OF PORTION 1 OF FARM 169 BREDASDORP RD | 827,98 | 5 946 823 | 5 930 425 | 16 398 |
| 3037882 | N0GV00000001489200000 | FARM LOT U 87 14892 | 829,61 | 5 958 526 | 5 942 096 | 16 430 |
| 1067401 | N0ES00000000747700000 | FARM 7477 LOT F D ES | 829,87 | 5 960 407 | 5 943 971 | 16 435 |
| 1111251 | N0HT00000000014800006 | PORTION 6 OF FARM 148 WATERVAL HT | 832,84 | 5 981 770 | 5 965 275 | 16 494 |
| 1096981 | N0ES00000000864900000 | FARM 8649 LOT F E ES | 834,74 | 5 995 413 | 5 978 881 | 16 532 |
| 870261 | C03400000000037100000 | FARM 371 HUMANSDORP RD | 836,15 | 6 005 501 | 5 988 942 | 16 560 |
| 1355242 | T0LS00000000030600000 | REMAINDER OF FARM 306 FLURIAN LS | 837,87 | 6 017 853 | 6 001 259 | 16 594 |
| 754021 | C06100000000000700009 | REMAINDER OF PORTION 9 OF FARM 7 STINKFONTEIN PRINCE ALBERT RD | 837,87 | 6 017 887 | 6 001 293 | 16 594 |
| S42\_31032015\_00105 | F01700000000062300000 | REMAINDER OF FARM 623 ARCADIA HOOPSTAD RD | 838,00 | 6 018 821 | 6 002 225 | 16 596 |
| S42\_31032015\_00977 | C01300000000031100000 | FARM 311 OF CALEDON- FARM LANGE BERG | 838,48 | 6 022 256 | 6 005 650 | 16 606 |
| 454881 | T0JP00000000009200019 | REMAINDER OF PORTION 19 OF FARM 92 JP JP | 839,53 | 6 029 813 | 6 013 186 | 16 627 |
| 746211 | C00900000000018300000 | FARM 183 KLEIN PLAAT BEAUFORT WEST RD | 843,06 | 6 055 117 | 6 038 421 | 16 696 |
| 475051 | T0KT00000000054400000 | FARM 544 PEACH TREE KT | 843,15 | 6 055 825 | 6 039 126 | 16 698 |
| 100000034596 | T0KT00000000049200000 | FARM 492 OF SACRAMENTO CREEK KT | 845,09 | 6 069 717 | 6 052 981 | 16 737 |
| DEEDS31032015\_0141338 | T0JT00000000019900000 | REMAINDER OF FARM 199 OF QUANITA JT | 846,41 | 6 079 206 | 6 062 443 | 16 763 |
| 200000078331 | C04700000000001000003 | REMAINDER OF PORTION 3 OF FARM 10 KRUISFONTEIN MARAISBURG RD | 846,62 | 6 080 719 | 6 063 952 | 16 767 |
| DD30082014\_054675 | F01500000000089300000 | REMAINDER OF FARM 893 SEDAN HARRISMITH RD | 847,57 | 6 087 574 | 6 070 788 | 16 786 |
| 482541 | T0KT00000000053800001 | PORTION 1 OF FARM 538 VADERLANDS WILGEBOOM KT | 848,88 | 6 096 981 | 6 080 169 | 16 812 |
| 941861 | C00400000000015800000 | FARM 158 ALEXANDRIA RD | 850,22 | 6 106 588 | 6 089 749 | 16 838 |
| 1184521 | F01400000000138200000 | REMAINDER OF FARM 1382 BEGEERLYK FRANKFORT RD | 851,52 | 6 115 884 | 6 099 020 | 16 864 |
| 2784851 | T0IT00000000009800000 | REMAINDER OF FARM 98 UMPILUSI IT | 852,77 | 6 124 876 | 6 107 987 | 16 889 |
| 473021 | T0KT00000000054100000 | REMAINDER OF FARM 541 DRAKENSBERGEN KT | 853,43 | 6 129 656 | 6 112 754 | 16 902 |
| 873811 | C07600000000008400000 | REMAINDER OF FARM 84 LANDDROST VEEPLAATS UITENHAGE RD | 854,22 | 6 135 283 | 6 118 365 | 16 918 |
| 1027621 | N0GS00000001560800000 | REMAINDER OF FARM 15608 GUELDERLAND GS | 854,40 | 6 136 599 | 6 119 677 | 16 921 |
| DEEDS127854 | T0KT00000000051000000 | FARM 510 ROTUNDA CREEK KT | 854,83 | 6 139 654 | 6 122 724 | 16 930 |
| 470501 | T0KT00000000052700000 | FARM 527 KRUGERS HOOP KT | 855,56 | 6 144 914 | 6 127 970 | 16 944 |
| 10818 | C02800000000025100146 | PORTION 146 OF FARM 251 KALAHARI-WES GORDONIA RD | 855,98 | 6 147 923 | 6 130 971 | 16 952 |
| 5248622 | C00700000000025500001 | PORTION 1 OF FARM 255 ARBEIDSVREUGD BARKLY WES RD | 856,23 | 6 149 705 | 6 132 748 | 16 957 |
| 583721 | C00700000000030600001 | PORTION 1 OF FARM 306 GORDONSHOPE BARKLY WES RD | 856,53 | 6 151 907 | 6 134 944 | 16 963 |
| 481501 | T0KT00000000048800001 | PORTION 1 OF FARM 488 DOORNHOEK KT | 856,53 | 6 151 907 | 6 134 944 | 16 963 |
| 32451 | T0KR00000000057500001 | PORTION 1 OF FARM 575 GOEDGEDACHT KR | 856,53 | 6 151 907 | 6 134 944 | 16 963 |
| 5248611 | C04100000000067900002 | PORTION 2 OF FARM 679 BLASHFORD KURUMAN RD | 856,53 | 6 151 907 | 6 134 944 | 16 963 |
| 458711 | T0IT00000000042100002 | FARM 421 PORTION 2 IT | 856,53 | 6 151 907 | 6 134 944 | 16 963 |
| DEEDS178870 | T0HN00000000008400001 | PORTION 1 OF FARM 84 LANGMEAD HN | 856,54 | 6 151 969 | 6 135 005 | 16 964 |
| 100000034612 | T0JT00000000020200000 | FARM 202 OF LOT D JT | 856,63 | 6 152 584 | 6 135 618 | 16 965 |
| 577401 | C04100000000068400003 | PORTION 3 OF FARM 684 FRESHFORD KURUMAN RD | 857,39 | 6 158 059 | 6 141 079 | 16 980 |
| 1127831 | N0GS00000001005600000 | REMAINDER OF FARM 10056 POCCOLAN GS | 857,70 | 6 160 328 | 6 143 342 | 16 987 |
| 3034361 | T0KU00000000000200000 | FARM 2 OF KU | 858,19 | 6 163 790 | 6 146 794 | 16 996 |
| 2932062 | T0KS00000000087000000 | REMAINDER OF FARM 870 KLIPSPRUIT KS | 859,20 | 6 171 060 | 6 154 044 | 17 016 |
| 1674211 | C07600000000012000002 | PORTION 2 OF FARM 120 MARION BAREE UITENHAGE RD | 860,58 | 6 180 955 | 6 163 911 | 17 043 |
| DEEDS145642 | T0JU00000000600000178 | PORTION 178 OF FARM 6000 0 JU | 862,35 | 6 193 709 | 6 176 631 | 17 079 |
| 567581 | C00700000000030900002 | PORTION 2 OF FARM 309 PLAAS 309 BARKLY WES RD | 862,69 | 6 196 129 | 6 179 043 | 17 085 |
| 576191 | C00700000000030900001 | PORTION 1 OF FARM 309 PLAAS 309 BARKLY WES RD | 862,69 | 6 196 160 | 6 179 074 | 17 085 |
| 806491 | C04300000000019700000 | FARM 197 ROODE RAND LAINGSBURG RD | 863,92 | 6 204 988 | 6 187 878 | 17 110 |
| 100000034584 | T0JT00000000020100000 | FARM 201 OF LOT E JT | 864,27 | 6 207 469 | 6 190 352 | 17 117 |
| 390661 | T0JT00000000021700001 | PORTION 1 OF FARM 217 KLIPGAT JT | 864,67 | 6 210 361 | 6 193 236 | 17 125 |
| S42\_31032015\_00816 | C02000000000018200000 | FARM 182 CLANWILLIAM | 869,80 | 6 247 190 | 6 229 964 | 17 226 |
| DEEDS182269 | C08100000000025100008 | FARM 251 PORTION 8 OF VRYBURG RD-MAIN SECTION BLOCK B | 873,84 | 6 276 188 | 6 258 882 | 17 306 |
| 1645901 | T0IR00000000039200000 | REMAINDER OF FARM 392 HOUTPOORT IR | 874,61 | 6 281 752 | 6 264 431 | 17 321 |
| 1019301 | N0FS00000000538600000 | FARM 5386 LOT S 80 FS | 878,04 | 6 306 419 | 6 289 029 | 17 389 |
| DEEDS89654 | N0GS00000000122400021 | REMAINDER OF PORTION 21 OF FARM 1224 WALKERS HOEK GS | 878,74 | 6 311 378 | 6 293 975 | 17 403 |
| DD30082014\_162898 | T0JT00000000024400000 | REMAINDER OF FARM 244 DOORNKRAAL JT | 883,02 | 6 342 141 | 6 324 653 | 17 488 |
| DEEDS145643 | T0JU00000000600000179 | PORTION 179 OF FARM 6000 0 JU | 889,61 | 6 389 473 | 6 371 855 | 17 618 |
| 726541 | C01300000000046800000 | FARM 468 MIER NEST CALEDON RD | 892,96 | 6 413 548 | 6 395 863 | 17 685 |
| 583201 | C04100000000043800001 | PORTION 1 OF FARM 438 GAMOHAAN KURUMAN RD | 896,63 | 6 439 909 | 6 422 151 | 17 757 |
| 5248620 | C04100000000068300001 | REMAINDER OF PORTION 1 OF FARM 683 YEOVIL KURUMAN RD | 899,36 | 6 459 502 | 6 441 691 | 17 812 |
| DD30082014\_172764 | T0KT00000000050600001 | REMAINDER OF PORTION 1 OF FARM 506 BERLYN KT | 901,26 | 6 473 145 | 6 455 296 | 17 849 |
| DEEDS179099 | T0IM00000000043600010 | PORTION 10 OF FARM 436 RYNO IM | 902,78 | 6 484 110 | 6 466 231 | 17 879 |
| 32106521 | F01500000000018700001 | PORTION 1 OF FARM 187 FRAZERFIELD HARRISMITH RD | 904,45 | 6 496 061 | 6 478 149 | 17 912 |
| DEEDS149340 | T0LT00000000000100002 | PORTION 2 OF FARM 1 ROODEWAL LT | 909,22 | 6 530 351 | 6 512 344 | 18 007 |
| DEEDS3963 | C01100000000006400002 | REMAINDER OF PORTION 2 OF FARM 64 KLIP FONTEIN BREDASDORP RD | 910,51 | 6 539 564 | 6 521 532 | 18 032 |
| DD30082014\_060104 | F04000000000013600000 | REMAINDER OF FARM 136 KRUIDFONTEIN WEPENER RD | 911,65 | 6 547 797 | 6 529 742 | 18 055 |
| 1014441 | N0FS00000000496400000 | FARM 4964 BELLEVUE FS | 915,09 | 6 572 517 | 6 554 394 | 18 123 |
| DEEDS3909 | C01100000000017000001 | REMAINDER OF PORTION 1 OF FARM 170 BUFFELS FONTEIN BREDASDORP RD | 916,84 | 6 585 094 | 6 566 936 | 18 158 |
| S42\_31032015\_00859 | C05400000000000500000 | FARM 5 OUDTSHOORN | 918,26 | 6 595 258 | 6 577 073 | 18 186 |
| 200000078016 | C07400000000000300002 | PORTION 2 OF FARM 3 BAKENSKOP TARKA RD | 920,77 | 6 613 300 | 6 595 064 | 18 236 |
| 487021 | T0KT00000000056500002 | REMAINDER OF PORTION 2 OF FARM 565 GEELHOUTBOOM KT | 924,69 | 6 641 445 | 6 623 132 | 18 313 |
| 241771 | F04000000000013700000 | REMAINDER OF FARM 137 TIENFONTEIN WEPENER RD | 930,05 | 6 679 925 | 6 661 506 | 18 419 |
| S42\_31032015\_00884 | C06500000000017600000 | FARM 176 RIVIERSONDEREND | 934,65 | 6 712 980 | 6 694 470 | 18 510 |
| 100000034674 | T0JT00000000069900000 | REMAINDER OF FARM 699 OF MORGENZON JT | 935,87 | 6 721 717 | 6 703 182 | 18 535 |
| 568881 | C03100000000044000002 | PORTION 2 OF FARM 440 PLAAS 440 HAY RD | 941,04 | 6 758 875 | 6 740 238 | 18 637 |
| DEEDS149339 | T0LT00000000000100001 | PORTION 1 OF FARM 1 ROODEWAL LT | 942,19 | 6 767 098 | 6 748 438 | 18 660 |
| DEEDS146101 | T0KQ00000000028000007 | PORTION 7 OF FARM 280 BUFFELSPOORT KQ | 942,73 | 6 770 996 | 6 752 325 | 18 670 |
| 503441 | T0JT00000000069900001 | PORTION 1 OF FARM 699 MORGENZON JT | 944,22 | 6 781 739 | 6 763 039 | 18 700 |
| 749401 | C02000000000044000000 | FARM 440 CLANWILLIAM RD | 945,66 | 6 792 044 | 6 773 315 | 18 728 |
| 1112761 | N0FT00000000199700003 | PORTION 3 OF FARM 1997 MOOR FT | 951,22 | 6 832 003 | 6 813 165 | 18 839 |
| S42\_31032015\_00949 | C07500000000004300000 | ERF 43 OF PORTERVILLE | 951,52 | 6 834 143 | 6 815 299 | 18 845 |
| 494251 | T0JS00000000023500002 | REMAINDER OF PORTION 2 OF FARM 235 LEEUWKLOOF JS | 955,00 | 6 859 103 | 6 840 189 | 18 913 |
| 1013431 | N0FS00000001144700000 | FARM 11447 WESTVIEW FS | 959,92 | 6 894 441 | 6 875 430 | 19 011 |
| 1188771 | F00100000000029700000 | FARM 297 GLADSTONE BETHLEHEM RD | 960,34 | 6 897 498 | 6 878 479 | 19 019 |
| DEEDS3962 | C01100000000006400001 | REMAINDER OF PORTION 1 OF FARM 64 KLIP FONTEIN BREDASDORP RD | 963,48 | 6 920 054 | 6 900 972 | 19 081 |
| 720961 | C01300000000054400000 | REMAINDER OF FARM 544 CALEDON RD | 964,10 | 6 924 515 | 6 905 421 | 19 094 |
| 713711 | C07500000000025500000 | FARM 255 KASTEELS KLOOF TULBAGH RD | 966,47 | 6 941 545 | 6 922 405 | 19 141 |
| 1009741 | N0FS00000000433000000 | REMAINDER OF FARM 4330 COMPENSATION FS | 966,60 | 6 942 419 | 6 923 276 | 19 143 |
| 562101 | C00700000000030600003 | PORTION 3 OF FARM 306 GORDONSHOPE BARKLY WES RD | 966,85 | 6 944 242 | 6 925 093 | 19 148 |
| 32089 | F03000000000026900000 | ERF 625 PORTION 0 OF JT | 975,73 | 7 008 017 | 6 988 693 | 19 324 |
| S42\_31032015\_00845 | C04300000000022800000 | FARM 228 LADISMITH | 976,89 | 7 016 352 | 6 997 005 | 19 347 |
| 485661 | T0JT00000000062800002 | PORTION 2 OF FARM 628 EMMENES JT | 977,38 | 7 019 880 | 7 000 523 | 19 357 |
| 892041 | C07600000000004500007 | PORTION 7 OF FARM 45 WOODLANDS UITENHAGE RD | 977,87 | 7 023 429 | 7 004 063 | 19 366 |
| 397621 | T0JT00000000024200004 | PORTION 4 OF FARM 242 TWEEFONTEIN JT | 977,88 | 7 023 504 | 7 004 137 | 19 367 |
| 439781 | T0KQ00000000026300004 | REMAINDER OF PORTION 4 OF FARM 263 ELANDSHOEK KQ | 985,93 | 7 081 268 | 7 061 742 | 19 526 |
| 1102771 | N0HT00000000066400000 | FARM 664 VLEIPLAATS HT | 987,13 | 7 089 919 | 7 070 369 | 19 550 |
| 892531 | C04400000000015400000 | REMAINDER OF FARM 154 MINNEHAHA MACLEAR RD | 987,52 | 7 092 675 | 7 073 118 | 19 557 |
| 469021 | T0KT00060000009800000 | ERF 98 OHRIGSTAD | 988,00 | 7 096 155 | 7 076 588 | 19 567 |
| 495453 | T0KP00000000013300001 | REMAINDER OF PORTION 1 OF FARM 133 OPHIR KP | 988,11 | 7 096 935 | 7 077 365 | 19 569 |
| 1637261 | C07600000000003600000 | FARM 36 UITENHAGE RD | 992,27 | 7 126 800 | 7 107 149 | 19 652 |
| 940311 | C05700000000006600000 | REMAINDER OF FARM 66 LEMONFONTEIN PHILIPSTOWN RD | 997,81 | 7 166 618 | 7 146 856 | 19 761 |
| 155421 | T0KR00000000041900000 | ERF 419 OF NYLSTROOM | 999,73 | 7 180 382 | 7 160 583 | 19 799 |
| D31032014\_147042 | T0KS00000000088700004 | PORTION 4 OF FARM 887 UITVLUGT KS | 1 005,57 | 7 222 339 | 7 202 424 | 19 915 |
| DD\_31032017\_132805 | T0KS00000000088700002 | PORTION 2 OF FARM 887 UITVLUGT KS | 1 005,88 | 7 224 564 | 7 204 643 | 19 921 |
| S42\_31032015\_00860 | C05400000000000600000 | FARM 6 OUDTSHOORN | 1 007,16 | 7 233 791 | 7 213 845 | 19 947 |
| S42\_31032015\_00839 | C04300000000020700000 | FARM 207 LADISMITH | 1 008,03 | 7 240 036 | 7 220 072 | 19 964 |
| 474001 | T0KT00000000055800000 | REMAINDER OF FARM 558 PAARDEKRAAL KT | 1 014,11 | 7 283 673 | 7 263 589 | 20 084 |
| DEEDS149905 | T0LT00000000076300002 | PORTION 2 OF FARM 763 FREE STATE LT | 1 018,54 | 7 315 499 | 7 295 327 | 20 172 |
| S42\_31032015\_00904 | C07500000000025000006 | FARM 250 PORTION 6 TULBAGH | 1 024,36 | 7 357 305 | 7 337 018 | 20 287 |
| 574691 | C04100000000055500002 | PORTION 2 OF FARM 555 BRANKSEA KURUMAN RD | 1 027,84 | 7 382 288 | 7 361 932 | 20 356 |
| 639303 | C01100000000016900002 | REMAINDER OF PORTION 2 OF FARM 169 BREDASDORP RD | 1 028,45 | 7 386 708 | 7 366 340 | 20 368 |
| 5248625 | C00700000000025800003 | PORTION 3 OF FARM 258 0 BARKLY WES RD | 1 028,66 | 7 388 194 | 7 367 822 | 20 372 |
| DEEDS31032015\_0026344 | F00100000000071100000 | FARM 711 SNOW HILLS BETHLEHEM RD | 1 030,03 | 7 398 048 | 7 377 648 | 20 399 |
| 936721 | C11800000000037500000 | FARM 375 KROMMERIVIERS HOOGTE | 1 031,31 | 7 407 203 | 7 386 779 | 20 425 |
| 744611 | C06500000000014500000 | FARM 145 JONAS PLAATS ROBERTSON RD | 1 035,82 | 7 439 593 | 7 419 079 | 20 514 |
| 489581 | T0JU00000000031000000 | REMAINDER OF FARM 310 HAYWARD JU | 1 041,68 | 7 481 730 | 7 461 100 | 20 630 |
| 100000034976 | T0JT00000000026000000 | REMAINDER OF FARM 260 OF UITZOEK JT | 1 043,81 | 7 497 001 | 7 476 328 | 20 672 |
| 1955131 | T0KS00000000024100000 | ERF 241 OF NEBO | 1 046,61 | 7 517 097 | 7 496 370 | 20 728 |
| 453911 | T0KT00000000041100000 | FARM 411 BOVENOP KT | 1 083,39 | 7 781 270 | 7 759 814 | 21 456 |
| 1603622 | N0HU00000000006100000 | REMAINDER OF FARM 61 PONGOLA | 1 090,50 | 7 832 348 | 7 810 751 | 21 597 |
| 5248624 | C00700000000025800002 | PORTION 2 OF FARM 258 0 BARKLY WES RD | 1 095,25 | 7 866 495 | 7 844 804 | 21 691 |
| 75263 | T0KT00000000055500002 | FARM 555 PORTION 2 KT | 1 098,79 | 7 891 852 | 7 870 091 | 21 761 |
| 493781 | T0JT00000000060400000 | FARM 604 ZWARTKOP JT | 1 099,92 | 7 900 026 | 7 878 242 | 21 784 |
| S42\_31032015\_00799 | C01300000000016800000 | FARM 168 RIVIERSONDEREND | 1 100,85 | 7 906 682 | 7 884 880 | 21 802 |
| 3048091 | C06100000000018900000 | FARM 189 OF PRINCE ALBERT- FARM SPEKBOOM BERG | 1 109,30 | 7 967 345 | 7 945 376 | 21 969 |
| 8321811 | C00200000000019200000 | FARM 192 ALBANY RD | 1 109,45 | 7 968 442 | 7 946 469 | 21 972 |
| DEEDS140261 | T0IQ00000000002000003 | REMAINDER OF PORTION 3 OF FARM 20 BOOYSKRAAL IQ | 1 120,82 | 8 050 140 | 8 027 943 | 22 198 |
| S42\_31032015\_00880 | C06400000000004400000 | FARM 44 RIVERSDALE | 1 125,11 | 8 080 919 | 8 058 637 | 22 282 |
| DD30082014\_158076 | T0JS00000000010300000 | FARM 103 DONKERHOEK JS | 1 125,35 | 8 082 683 | 8 060 395 | 22 287 |
| 100000028808 | T0LT00000000049000000 | FARM 490 OF HELSCHE BOSCH LT | 1 126,61 | 8 091 706 | 8 069 394 | 22 312 |
| 2935762 | F03500000000073400000 | REMAINDER OF FARM 734 GLEN ROSS VENTERSBURG RD | 1 129,77 | 8 114 381 | 8 092 006 | 22 375 |
| 495452 | T0KP00000000013300000 | REMAINDER OF FARM 133 OPHIR KP | 1 134,56 | 8 148 787 | 8 126 317 | 22 470 |
| 5248621 | C00700000000025500000 | REMAINDER OF FARM 255 ARBEIDSVREUGD BARKLY WES RD | 1 137,94 | 8 173 059 | 8 150 523 | 22 536 |
| 783421 | C05000000000017000003 | PORTION 3 OF FARM 170 QUARRIEBOSCH KLOOF MONTAGU RD | 1 142,83 | 8 208 213 | 8 185 579 | 22 633 |
| DEEDS179144 | T0IM00000000049100001 | PORTION 1 OF FARM 491 LOLWANEN IM | 1 156,33 | 8 305 131 | 8 282 231 | 22 901 |
| DD30082014\_102351 | T0HO00000000035500022 | REMAINDER OF PORTION 22 OF FARM 355 VAALBANK HO | 1 163,23 | 8 354 751 | 8 331 714 | 23 037 |
| S42\_31032015\_00810 | C01400000000000600000 | FARM 6 CALITZDORP | 1 173,61 | 8 429 292 | 8 406 049 | 23 243 |
| S42\_31032015\_00852 | C05000000000016200000 | FARM 162 MONTAGU | 1 177,95 | 8 460 470 | 8 437 141 | 23 329 |
| DD30082014\_157982 | T0JS00000000008300000 | REMAINDER OF FARM 83 WELTEVREDEN JS | 1 178,38 | 8 463 537 | 8 440 200 | 23 337 |
| 888461 | C02100000000000700000 | REMAINDER OF FARM 7 ROODEWAL COLESBERG RD | 1 178,46 | 8 464 122 | 8 440 783 | 23 339 |
| 3153031 | F02100000000003700007 | PORTION 7 OF FARM 37 MARSEILLES LADYBRAND RD | 1,04 | 30 860 | 7 425 | 23 435 |
| 391211 | T0JT00000000022700001 | PORTION 1 OF FARM 227 ZWARTFONTEIN JT | 1 191,44 | 8 557 303 | 8 533 707 | 23 596 |
| 889971 | C03400000000078800001 | PORTION 1 OF FARM 788 HUMANSDORP RD | 1 194,14 | 8 576 697 | 8 553 048 | 23 649 |
| DEEDS3952 | C01100000000033700000 | REMAINDER OF FARM 337 SKIHAVEN BREDASDORP RD | 1 194,15 | 8 576 809 | 8 553 159 | 23 650 |
| 796551 | C05300000000020200000 | FARM 202 SPEKTAKEL NAMAQUALAND RD | 1 195,38 | 8 585 652 | 8 561 978 | 23 674 |
| 797621 | C01900000000026400000 | FARM 264 KARREE KLOOF CERES RD | 1 201,22 | 8 627 557 | 8 603 768 | 23 790 |
| DEEDS3908 | C01100000000017000000 | REMAINDER OF FARM 170 BUFFELS FONTEIN BREDASDORP RD | 1 202,17 | 8 634 410 | 8 610 601 | 23 809 |
| 3048101 | C06100000000018800000 | FARM 188 OF PRINCE ALBERT- FARM SPEKBOOM BERG | 1 207,41 | 8 672 035 | 8 648 123 | 23 912 |
| S42\_31032015\_00820 | C02000000000027800000 | FARM 278 CLANWILLIAM | 1 214,13 | 8 720 269 | 8 696 224 | 24 045 |
| D31032014\_144279 | T0JU00000000093900000 | FARM 939 0 JU | 1 229,14 | 8 828 136 | 8 803 793 | 24 343 |
| 1125121 | N0GS00000000238400000 | REMAINDER OF FARM 2384 NOLANS VOLENS GS | 1 230,25 | 8 836 045 | 8 811 681 | 24 365 |
| S42\_31032015\_00893 | C07300000000007200000 | FARM 72 SUURBRAAK | 1 230,84 | 8 840 331 | 8 815 954 | 24 376 |
| 1209811 | F00300000000246700000 | FARM 2467 BLESBOKPAN BLOEMFONTEIN RD | 1 233,41 | 8 858 746 | 8 834 319 | 24 427 |
| 200000078350 | C04700000000001700000 | REMAINDER OF FARM 17 GROOT DOORNHOEK MARAISBURG RD | 1 233,43 | 8 858 940 | 8 834 512 | 24 428 |
| 702511 | C08500000000050400000 | REMAINDER OF FARM 504 WAGENBOOMS BERG WORCESTER RD | 1 237,16 | 8 885 724 | 8 861 222 | 24 502 |
| 3034211 | T0IP00000000038300002 | REMAINDER OF PORTION 2 OF FARM 383 MODDERFONTEIN IP | 1 243,05 | 8 928 040 | 8 903 422 | 24 618 |
| 914061 | C02100000000000700001 | PORTION 1 OF FARM 7 ROODEWAL COLESBERG RD | 1 244,54 | 8 938 721 | 8 914 073 | 24 648 |
| 709151 | C07500000000020700000 | REMAINDER OF FARM 207 VOGEL VALLEY TULBAGH RD | 1 257,54 | 9 032 106 | 9 007 201 | 24 905 |
| DEEDS17693 | C03600070000076600000 | REMAINDER OF ERF766 KAKAMAS SUID SETT | 1 263,89 | 9 077 681 | 9 052 650 | 25 031 |
| DEEDS143643 | T0JQ00000000030800015 | REMAINDER OF PORTION 15 OF FARM 308 BAVIAANSKRANS JQ | 1 270,45 | 9 124 843 | 9 099 683 | 25 161 |
| 897501 | C02700000000000600000 | FARM 6 UPPER DIEP KLOOF GEORGE RD | 1 271,24 | 9 130 507 | 9 105 330 | 25 177 |
| 32455 | T0KR00000000059500000 | REMAINDER OF FARM 595 BOOMFONTEIN KR | 1 278,16 | 9 180 204 | 9 154 890 | 25 314 |
| 3164551 | T0LS00000000080800001 | REMAINDER OF PORTION 1 OF FARM 808 ROODEWAL LS | 1 284,25 | 9 223 925 | 9 198 490 | 25 434 |
| 581661 | C03100000000043900001 | PORTION 1 OF FARM 439 PLAAS 439 HAY RD | 1 284,80 | 9 227 861 | 9 202 416 | 25 445 |
| 600000010129 | T0IM00000000024400001 | PORTION 1 OF FARM 244 IM | 1 285,41 | 9 232 240 | 9 206 783 | 25 457 |
| 974811 | N0ES0000000010300000 | FARM 103 MOUNT CURRIE | 1 289,14 | 9 259 051 | 9 233 520 | 25 531 |
| 393441 | T0JT00000000023700001 | PORTION 1 OF FARM 237 KLIPBANKSPRUIT JT | 1 290,05 | 9 265 592 | 9 240 043 | 25 549 |
| 901251 | C07700000000009300000 | FARM 93 BUITEN GEBRUIK UNIONDALE RD | 1 295,50 | 9 304 760 | 9 279 103 | 25 657 |
| DEEDS142939 | T0JP00000000009500002 | PORTION 2 OF FARM 95 ZANDPOORTJE JP | 1 296,89 | 9 314 694 | 9 289 010 | 25 684 |
| 929751 | C05400000000007400001 | PORTION 1 OF FARM 74 SOLOMONS KRAAL OUDTSHOORN RD | 1 300,36 | 9 339 601 | 9 313 848 | 25 753 |
| 5248616 | C04100000000068300000 | REMAINDER OF FARM 683 YEOVIL KURUMAN RD | 1 301,66 | 9 348 964 | 9 323 185 | 25 779 |
| 798351 | C01900000000034800000 | FARM 348 LATJES KLOOF CERES RD | 1 304,95 | 9 372 605 | 9 346 760 | 25 844 |
| DEEDS124959 | T0JU00000000300000165 | PORTION 165 OF FARM 3000 KAAPSCHE BLOK C JU | 1 305,74 | 9 378 295 | 9 352 435 | 25 860 |
| S42\_31032015\_00864 | C05400000000001400000 | FARM 14 OUDTSHOORN | 1 325,06 | 9 517 031 | 9 490 789 | 26 242 |
| DEEDS178629 | T0HM00000000011500002 | PORTION 2 OF FARM 115 KANGKURU HM | 1 328,65 | 9 542 787 | 9 516 473 | 26 313 |
| 1355243 | T0LS00000000030700000 | FARM 307 EDNA LS | 1 337,34 | 9 605 239 | 9 578 753 | 26 486 |
| 716151 | C06100000000019200000 | REMAINDER OF FARM 192 DE WETS VLEY PRINCE ALBERT RD | 1 338,58 | 9 614 147 | 9 587 637 | 26 510 |
| 3048111 | C06100000000018700000 | FARM 187 OF PRINCE ALBERT RD-ANGELIERS BERG | 1 345,75 | 9 665 651 | 9 638 999 | 26 652 |
| 498821 | T0JT00000000071200000 | REMAINDER OF FARM 712 WELTEVREDEN JT | 1 346,84 | 9 673 475 | 9 646 801 | 26 674 |
| 503791 | T0JT00000000071200001 | PORTION 1 OF FARM 1 WELTEVREDEN JT | 1 346,84 | 9 673 487 | 9 646 813 | 26 674 |
| DEEDS151368 | T0MS00000000045900000 | REMAINDER OF FARM 459 ZOUTPAN MS | 1 367,50 | 9 821 827 | 9 794 745 | 27 083 |
| S42\_31032015\_00836 | C04300000000020400000 | FARM 204 LADISMITH | 1 370,76 | 9 845 296 | 9 818 149 | 27 148 |
| DEEDS27210 | C05700000000006400000 | REMAINDER OF FARM 64 ROODE KOP PHILIPSTOWN RD | 1 387,36 | 9 964 464 | 9 936 988 | 27 476 |
| 100000034594 | T0KT00000000048200000 | FARM 482 OF NORMADALE KT | 1 392,94 | 10 004 600 | 9 977 013 | 27 587 |
| S42\_31032015\_00837 | C04300000000020500000 | FARM 205 LADISMITH | 1 399,04 | 10 048 371 | 10 020 664 | 27 708 |
| DEEDS3966 | C01100000000006400010 | REMAINDER OF PORTION 10 OF FARM 64 KLIP FONTEIN BREDASDORP RD | 1 409,00 | 10 119 887 | 10 091 982 | 27 905 |
| 892101 | C07700000000008600000 | FARM 86 DES DUIVELS SPEELPLAATS UNIONDALE RD | 1 411,45 | 10 137 522 | 10 109 569 | 27 953 |
| S42\_31032015\_00135 | F01700000000003400001 | PORTION 1 OF FARM 34 BULTFONTEIN HOOPSTAD RD | 1 419,08 | 10 192 346 | 10 164 241 | 28 104 |
| S42\_31032015\_00881 | C06400000000007600000 | FARM 0 RIVERSDALE | 1 422,88 | 10 219 629 | 10 191 450 | 28 180 |
| 563211 | C04100000000043800000 | REMAINDER OF FARM 438 GAMOHAAN KURUMAN RD | 1 449,06 | 10 407 673 | 10 378 975 | 28 698 |
| S42\_31032015\_00844 | C04300000000022700000 | FARM 227 LADISMITH | 1 469,69 | 10 555 852 | 10 526 745 | 29 107 |
| S42\_31032015\_00958 | C06100000000019600000 | FARM 196 OF PRINCE ALBERT- FARM SPEKBOOM BERG | 1 472,51 | 10 576 082 | 10 546 919 | 29 163 |
| DEEDS92059 | N0HV00000001583400003 | PORTION 3 OF FARM 15834 RESERVE NO 14 HV | 1 473,08 | 10 580 179 | 10 551 005 | 29 174 |
| S42\_31032015\_00833 | C04200000000018700000 | FARM 187 LADISMITH | 1 488,36 | 10 689 923 | 10 660 446 | 29 477 |
| 448831 | T0JT00000000017500000 | FARM 175 LUNSKLIP JT | 1 501,79 | 10 786 344 | 10 756 601 | 29 742 |
| 928381 | C05400000000012700000 | FARM 127 PAARDE KLOOF | 1 508,35 | 10 833 508 | 10 803 636 | 29 872 |
| 3048281 | C06100000000019500000 | FARM 195 OF PRINCE ALBERT RD-GROOT KLOOF | 1 513,67 | 10 871 691 | 10 841 713 | 29 978 |
| DEEDS6422 | C01900000000005800000 | FARM 58 HEXBERG CERES RD | 1 527,92 | 10 974 059 | 10 943 799 | 30 260 |
| 903081 | C07700000000009200000 | FARM 92 UITZIGT UNIONDALE RD | 1 540,94 | 11 067 588 | 11 037 070 | 30 518 |
| 524863 | C04100000000067500000 | REMAINDER OF FARM 675 THAAKWANENG KURUMAN RD | 1 541,17 | 11 069 178 | 11 038 656 | 30 522 |
| 443321 | T0HT00000000002300000 | FARM 23 OF HT-GROOTSPRUIT | 1 560,86 | 11 210 661 | 11 179 749 | 30 912 |
| 200000082663 | T0LS00000000030300000 | REMAINDER OF FARM 303 SLIEDRECHT LS | 1 576,93 | 11 326 055 | 11 294 824 | 31 231 |
| 705311 | C07500000000026000000 | REMAINDER OF FARM 260 KNOL VLEI FOREST RESERVE TULBAGH RD | 1 588,28 | 11 407 577 | 11 376 121 | 31 455 |
| 5248610 | C04100000000067900000 | REMAINDER OF FARM 679 BLASHFORD KURUMAN RD | 1 601,07 | 11 499 432 | 11 467 723 | 31 709 |
| 1044731 | N0GV00000001486600000 | REMAINDER OF FARM 14866 ELDERSLIE | 1 602,41 | 11 509 042 | 11 477 307 | 31 735 |
| 418341 | T0KT00000000041300008 | REMAINDER OF PORTION 8 OF FARM 413 RIETVLEY KT | 1 609,33 | 11 558 774 | 11 526 902 | 31 872 |
| 577301 | C03100000000045400000 | FARM 454 OF HAY RD-MIMOSA | 1 614,47 | 11 595 687 | 11 563 713 | 31 974 |
| 756741 | C06100000000019100000 | FARM 191 DORPS RIVIER PRINCE ALBERT RD | 1 626,55 | 11 682 420 | 11 650 207 | 32 213 |
| DEEDS89769 | N0GS00000000126100000 | REMAINDER OF FARM 1261 LOMBARDS KOP GS | 1 634,17 | 11 737 153 | 11 704 789 | 32 364 |
| 800181 | C04200000000018000000 | FARM 180 EZELRAND LADISMITH RD | 1 635,32 | 11 745 446 | 11 713 059 | 32 387 |
| 873541 | C02700000000013700000 | FARM 137 KLEIN FONTEIN BERG GEORGE RD | 1 642,83 | 11 799 358 | 11 766 822 | 32 536 |
| 947361 | C01200000000013200000 | REMAINDER OF FARM 132 NEW VAALKOP BRITSTOWN RD | 1 649,42 | 11 846 672 | 11 814 006 | 32 666 |
| S42\_31032015\_00900 | C07300000000040100000 | FARM 401 RIVIERSONDEREND | 1 653,18 | 11 873 696 | 11 840 955 | 32 741 |
| DEEDS31032015\_0117019 | T0KT00000000000900000 | FARM 9 BADEN KT | 1 672,94 | 12 015 607 | 11 982 475 | 33 132 |
| 1018871 | N0GT00000000115000000 | REMAINDER OF FARM 1150 BLINKWATER GT | 1 674,64 | 12 027 849 | 11 994 683 | 33 166 |
| 396661 | T0JT00000000024200003 | PORTION 3 OF FARM 242 TWEEFONTEIN JT | 1 681,54 | 12 077 412 | 12 044 109 | 33 302 |
| 5248623 | C00700000000025600000 | REMAINDER OF FARM 256 MALANS RUST BARKLY WES RD | 1 688,81 | 12 129 644 | 12 096 197 | 33 446 |
| 880661 | C05400000000009200000 | REMAINDER OF FARM 92 RYKDOM OUDTSHOORN RD | 1 692,73 | 12 157 791 | 12 124 266 | 33 524 |
| 3208191 | T0JU00000000054700000 | FARM 547 VAALRIBBOK JU | 1 703,98 | 12 238 545 | 12 204 798 | 33 747 |
| DEEDS179403 | T0JM00000000000100080 | PORTION 80 OF FARM 1 R/E VAN BLOCK C 2ND RAILWAY GRANT NR 1 JM | 1 712,56 | 12 300 183 | 12 266 267 | 33 917 |
| 899551 | C07600000000059600000 | FARM 596 UITENHAGE RD | 1 712,83 | 12 302 122 | 12 268 200 | 33 922 |
| 3152081 | C04100000000055600000 | REMAINDER OF FARM 556 KOLI KURUMAN RD | 1 713,06 | 12 303 814 | 12 269 887 | 33 927 |
| 3048081 | C06100000000019300000 | FARM 193 OUDTSHOORN | 1 727,00 | 12 403 875 | 12 369 672 | 34 203 |
| DODDB0910 | T0MS00000000017100000 | FARM 171 LANDBOU MS | 1 727,71 | 12 409 042 | 12 374 826 | 34 217 |
| 892161 | C02100000000000600000 | FARM 6 OVERSCHOT COLESBERG RD | 1 739,62 | 12 494 523 | 12 460 071 | 34 453 |
| 3048131 | C06100000000018300000 | FARM 183 OF PRINCE ALBERT RD-VENTERSKLOOF ANNEX | 1 760,48 | 12 644 384 | 12 609 518 | 34 866 |
| 508381 | T0KU00000000000900000 | FARM 9 RHODA KU | 1 769,75 | 12 710 988 | 12 675 939 | 35 049 |
| 3048381 | C06100000000020900000 | FARM 209 OSSEN BERG PRINCE ALBERT RD | 1 778,65 | 12 774 845 | 12 739 619 | 35 226 |
| S42\_31032015\_00915 | C06100000000018500000 | FARM 185 OUDTSHOORN | 1 781,22 | 12 793 342 | 12 758 066 | 35 277 |
| DEEDS175838 | T0KS00090000075400000 | AGRICULTURAL HOLDING 754 ZEBEDIELA HOLDINGS LS | 1 784,54 | 12 817 150 | 12 781 808 | 35 342 |
| DEEDS175210 | T0KS00090000012200000 | AGRICULTURAL HOLDING 122 ZEBEDIELA HOLDINGS LS | 1 784,54 | 12 817 150 | 12 781 808 | 35 342 |
| DEEDS175211 | T0KS00090000012300000 | AGRICULTURAL HOLDING 123 ZEBEDIELA HOLDINGS LS | 1 784,54 | 12 817 150 | 12 781 808 | 35 342 |
| DEEDS175272 | T0KS00090000018100000 | AGRICULTURAL HOLDING 181 ZEBEDIELA HOLDINGS LS | 1 784,54 | 12 817 150 | 12 781 808 | 35 342 |
| DEEDS175743 | T0KS00090000066300000 | AGRICULTURAL HOLDING 663 ZEBEDIELA HOLDINGS LS | 1 784,54 | 12 817 150 | 12 781 808 | 35 342 |
| DEEDS175460 | T0KS00090000036400000 | AGRICULTURAL HOLDING 364 ZEBEDIELA HOLDINGS LS | 1 784,54 | 12 817 150 | 12 781 808 | 35 342 |
| DEEDS175897 | T0KS00090000081400000 | AGRICULTURAL HOLDING 814 ZEBEDIELA HOLDINGS LS | 1 784,54 | 12 817 150 | 12 781 808 | 35 342 |
| DEEDS175895 | T0KS00090000081200000 | AGRICULTURAL HOLDING 812 ZEBEDIELA HOLDINGS LS | 1 784,54 | 12 817 150 | 12 781 808 | 35 342 |
| DEEDS175926 | T0KS00090000009100000 | AGRICULTURAL HOLDING 91 ZEBEDIELA HOLDINGS LS | 1 784,54 | 12 817 150 | 12 781 808 | 35 342 |
| DEEDS175403 | T0KS00090000031100000 | AGRICULTURAL HOLDING 311 ZEBEDIELA HOLDINGS LS | 1 784,54 | 12 817 150 | 12 781 808 | 35 342 |
| DEEDS175664 | T0KS00090000059000000 | AGRICULTURAL HOLDING 590 ZEBEDIELA HOLDINGS LS | 1 784,54 | 12 817 150 | 12 781 808 | 35 342 |
| DEEDS175791 | T0KS00090000070800000 | AGRICULTURAL HOLDING 708 ZEBEDIELA HOLDINGS LS | 1 784,54 | 12 817 150 | 12 781 808 | 35 342 |
| DEEDS175872 | T0KS00090000078700000 | AGRICULTURAL HOLDING 787 ZEBEDIELA HOLDINGS LS | 1 784,54 | 12 817 150 | 12 781 808 | 35 342 |
| DEEDS175896 | T0KS00090000081300000 | AGRICULTURAL HOLDING 813 ZEBEDIELA HOLDINGS LS | 1 784,54 | 12 817 150 | 12 781 808 | 35 342 |
| DEEDS175461 | T0KS00090000036500000 | AGRICULTURAL HOLDING 365 ZEBEDIELA HOLDINGS LS | 1 784,54 | 12 817 150 | 12 781 808 | 35 342 |
| 1119071 | N0ES00000001726000000 | REMAINDER OF FARM 17260 0 ES | 1 791,14 | 12 864 582 | 12 829 109 | 35 473 |
| DD30082014\_158400 | T0JS00000000041100000 | FARM 411 GEMSBOKFONTEIN JS | 1 793,08 | 12 878 525 | 12 843 014 | 35 511 |
| 1214831 | F00300000000246900000 | REMAINDER OF FARM 2469 SALISBURY PLAIN BLOEMFONTEIN RD | 1 804,49 | 12 960 451 | 12 924 714 | 35 737 |
| DEEDS127934 | T0KU00000000020400000 | FARM 204 DARGAI KU | 1 809,36 | 12 995 432 | 12 959 598 | 35 834 |
| 893851 | C05400000000000100000 | FARM 1 KRIEGASBERG OUDTSHOORN RD | 1 809,46 | 12 996 129 | 12 960 294 | 35 836 |
| DEEDS182272 | C08100000000025100011 | PORTION 11 OF FARM 251 MAIN SECTION BLOCK B VRYBURG RD | 1 814,60 | 13 033 064 | 12 997 126 | 35 938 |
| 524865 | C04100000000067600000 | REMAINDER OF FARM 676 MOUNT HUXLEY KURUMAN RD | 1 818,58 | 13 061 657 | 13 025 640 | 36 016 |
| S42\_31032015\_00818 | C02000000000027600000 | FARM 276 CLANWILLIAM | 1 820,05 | 13 072 208 | 13 036 162 | 36 045 |
| DD30082014\_175075 | T0LR00000000086300000 | FARM 863 OF LR-RIETFONTEIN | 1 840,11 | 13 216 275 | 13 179 832 | 36 443 |
| 1080051 | N0FT00000860000000095 | PORTION 95 OF FARM 860 GLEN FT | 1 840,33 | 13 217 914 | 13 181 467 | 36 447 |
| DEEDS143111 | T0JQ00000000013500000 | REMAINDER OF FARM 135 NOOITGEDACHT JQ | 1 853,14 | 13 309 907 | 13 273 206 | 36 701 |
| 508801 | T0KU00000000001000000 | REMAINDER OF FARM 10 SHEILA KU | 1 871,07 | 13 438 654 | 13 401 599 | 37 056 |
| DD30082014\_020798 | C02100000000001400000 | REMAINDER OF FARM 14 DOORNHOEK COLESBERG RD | 1 872,44 | 13 448 479 | 13 411 396 | 37 083 |
| DEEDS148604 | T0LR00000000086700000 | FARM 867 OF LR-HOLMESLEIGH | 1 883,37 | 13 526 998 | 13 489 698 | 37 300 |
| DEEDS124312 | T0JS00000000008500000 | FARM 85 RHENOSTERHOEK JS | 1 893,95 | 13 602 984 | 13 565 475 | 37 509 |
| DEEDS139834 | T0IP00000000038300001 | PORTION 1 OF FARM 383 MODDERFONTEIN IP | 1 896,88 | 13 624 064 | 13 586 497 | 37 567 |
| DEEDS178872 | T0HN00000000008400004 | PORTION 4 OF FARM 84 LANGMEAD HN | 1 897,37 | 13 627 571 | 13 589 994 | 37 577 |
| 906881 | C05100000000027700000 | FARM 277 DRIE BRAKKEFONTEINEN MOSSEL BAY RD | 1 898,93 | 13 638 778 | 13 601 170 | 37 608 |
| 501111 | T0IU00000000000500000 | FARM 5 OF IU-KRANSKOP | 1 899,74 | 13 644 581 | 13 606 957 | 37 624 |
| DEEDS17277 | C03400000000058300000 | REMAINDER OF FARM 583 FARM 583 HUMANSDORP RD | 1 904,29 | 13 677 285 | 13 639 571 | 37 714 |
| 832184 | C00200000000018900000 | REMAINDER OF FARM 189 BURNT KRAAL ALBANY RD | 1 912,82 | 13 738 511 | 13 700 628 | 37 883 |
| DD30082014\_054590 | F01500000000018600001 | PORTION 1 OF FARM 186 STRATHERRICK HARRISMITH RD | 1 923,38 | 13 814 342 | 13 776 250 | 38 092 |
| DD30082014\_001654 | C00400000000007400000 | FARM 74 ALEXANDRIA RD | 1 939,69 | 13 931 547 | 13 893 132 | 38 415 |
| DD30082014\_157980 | T0JS00000000008000000 | REMAINDER OF FARM 80 VERGELEGEN | 1 943,33 | 13 957 641 | 13 919 154 | 38 487 |
| S42\_31032015\_00965 | C06100000000020300000 | FARM 203 OF PRINCE ALBERT- FARM SPEKBOOM BERG | 1 965,44 | 14 116 494 | 14 077 569 | 38 925 |
| 1599911 | C07600000000002400000 | REMAINDER OF FARM 24 BREAK NECK UITENHAGE RD | 1 967,66 | 14 132 404 | 14 093 435 | 38 969 |
| 1234151 | F00300000000247100000 | REMAINDER OF FARM 2471 RUSTPAN BLOEMFONTEIN RD | 1 970,02 | 14 149 345 | 14 110 329 | 39 016 |
| 881581 | C08300000000020400000 | FARM 204 BOSCH KLOOF WILLOWMORE RD | 1 970,05 | 14 149 560 | 14 110 543 | 39 016 |
| 3048071 | C06100000000019400000 | FARM 194 OF PRINCE ALBERT RD-PAARDE VLEY | 1 984,91 | 14 256 299 | 14 216 989 | 39 310 |
| 3048271 | C06100000000020100000 | FARM 201 OF PRINCE ALBERT RD-WATERKLOOF | 1 991,08 | 14 300 623 | 14 261 191 | 39 433 |
| S42\_31032015\_00809 | C01400000000000500000 | FARM 5 OF CALITZDORP | 1 997,46 | 14 346 473 | 14 306 913 | 39 559 |
| S42\_31032015\_00840 | C04300000000021400000 | FARM 214 LADISMITH | 2 000,36 | 14 367 266 | 14 327 650 | 39 616 |
| 924211 | C05400000000012600000 | FARM 126 ROODE ELS KLOOF OUDTSHOORN RD | 2 010,81 | 14 442 319 | 14 402 496 | 39 823 |
| 3048051 | C06100000000019800000 | FARM 198 OF PRINCE ALBERT RD-GROOT VLEY | 2 037,79 | 14 636 094 | 14 595 736 | 40 358 |
| D\_3132013\_85245 | T0JS00000000010200000 | FARM 102 ZAAGKUIL JS | 2 046,44 | 14 698 218 | 14 657 689 | 40 529 |
| S42\_31032015\_00842 | C04300000000021800000 | FARM 218 LADISMITH | 2 046,52 | 14 698 792 | 14 658 262 | 40 531 |
| 785301 | C07800070000031800000 | REMAINDER OF ERF 318 OLIFANTSRIVIER SETT | 2 055,68 | 14 764 577 | 14 723 865 | 40 712 |
| 714831 | C07800000000028700000 | FARM 287 OLIFANTS RIVIER SETTLEMENT VANRHYNSDORP RD | 2 055,68 | 14 764 577 | 14 723 865 | 40 712 |
| 874601 | C02100000000008300000 | FARM 83 GOODLANDS COLESBERG RD | 2 071,30 | 14 876 798 | 14 835 776 | 41 021 |
| 756121 | C06100000000019000000 | FARM 190 VOET PADS BERG PRINCE ALBERT RD | 2 090,19 | 15 012 458 | 14 971 062 | 41 396 |
| DEEDS89817 | N0GS00000000126500001 | PORTION 1 OF FARM 1265 KERK PLAATS GS | 2 091,01 | 15 018 370 | 14 976 959 | 41 412 |
| 5248614 | C04100000000068100000 | FARM 681 BILLINGHURST KURUMAN RD | 2 102,79 | 15 102 932 | 15 061 287 | 41 645 |
| 600000010016 | F00300000000227700000 | FARM 2277 OF TEMPE BLOEMFONTEIN RD | 2 108,18 | 15 141 658 | 15 099 906 | 41 752 |
| 720302 | C05300050000000100000 | REMAINDER OF ERF 1 HONDEKLIPBAAI | 2 127,19 | 15 278 241 | 15 236 112 | 42 128 |
| 3169601 | T0LT00000000076300000 | REMAINDER OF FARM 763 FREE STATE LT | 2 141,33 | 15 379 768 | 15 337 359 | 42 408 |
| DEEDS178970 | T0IM00000000023200010 | PORTION 10 OF FARM 10 PEPANI IM | 2 141,33 | 15 379 768 | 15 337 359 | 42 408 |
| 913121 | C07600000000002400004 | PORTION 4 OF FARM 24 BREAK NECK UITENHAGE RD | 2 183,92 | 15 685 694 | 15 642 443 | 43 252 |
| 566921 | C04100000000055500000 | REMAINDER OF FARM 555 BRANKSEA KURUMAN RD | 2 206,16 | 15 845 395 | 15 801 703 | 43 692 |
| 750051 | C02000000000033900000 | FARM 339 VAN ROOYENS KRAAL CLANWILLIAM RD | 2 209,55 | 15 869 767 | 15 826 007 | 43 759 |
| 471901 | T0KT00000000053800000 | REMAINDER OF FARM 538 VADERLANDS WILGEBOOM KT | 2 210,29 | 15 875 088 | 15 831 314 | 43 774 |
| 1507661 | N0FT0000000831400000 | FARM 8314 ITAFAMASA MISSION RESERVE FT | 2 216,04 | 15 916 327 | 15 872 440 | 43 888 |
| 3048011 | C06100000000020200000 | FARM 202 OF PRINCE ALBERT RD-BOTES NEK | 2 226,44 | 15 991 042 | 15 946 948 | 44 094 |
| 584251 | C00700070000039900000 | AGRICULTURAL HOLDING 399 VAALHARTSNEDERSETTING B AGRICULTURAL HOLDING | 5,21 | 81 429 | 37 313 | 44 116 |
| DEEDS3959 | C01100000000035200000 | FARM 352 BREDASDORP RD | 2 245,28 | 16 126 364 | 16 081 896 | 44 467 |
| S42\_31032015\_00865 | C05400000000012800000 | FARM 128 OUDTSHOORN | 2 246,67 | 16 136 329 | 16 091 834 | 44 495 |
| 3048041 | C06100000000019900000 | FARM 199 OF PRINCE ALBERT RD-DOORN KLOOF | 2 266,26 | 16 277 085 | 16 232 202 | 44 883 |
| 912181 | C11800000000017700000 | FARM 177 TOVERWATER | 2 270,61 | 16 308 295 | 16 263 326 | 44 969 |
| D31032014\_155581 | T0KP00000000039800000 | FARM 398 NOOITGEDACHT KP | 2 272,79 | 16 323 983 | 16 278 971 | 45 012 |
| 3048031 | C06100000000020000000 | FARM 200 OF PRINCE ALBERT RD-BUSHMANS KLOOF | 2 273,86 | 16 331 652 | 16 286 619 | 45 033 |
| 1020621 | N0ES00000001725800002 | PORTION 2 OF FARM 17258 ES ES | 2 298,45 | 16 508 267 | 16 462 747 | 45 520 |
| 3048411 | C06100000000020400000 | FARM 204 OF PRINCE ALBERT- FARM SPEKBOOM BERG | 2 300,46 | 16 522 720 | 16 477 160 | 45 560 |
| 200000058871 | T0JQ00000000040500002 | REMAINDER OF PORTION 2 OF FARM 405 LOSPERFONTEIN JQ | 2 307,02 | 16 569 834 | 16 524 144 | 45 690 |
| S42\_31032015\_00843 | C04300000000022600000 | FARM 226 LADISMITH | 2 328,34 | 16 722 934 | 16 676 822 | 46 112 |
| S42\_31032015\_00812 | C01400000000000800000 | FARM 8 CALITZDORP | 2 331,26 | 16 743 922 | 16 697 752 | 46 170 |
| DEEDS45303 | C00700000000030800000 | FARM 308 PLAAS 308 BARKLY WEST RD | 2 343,23 | 16 829 895 | 16 783 488 | 46 407 |
| 939441 | C07600000000001800000 | REMAINDER OF FARM 18 DEEP DRIFT UITENHAGE RD | 2 345,57 | 16 846 692 | 16 800 239 | 46 453 |
| 3026241 | N0GT00000001543300000 | FARM 15433 OF QUDENI FOREST RESERVE | 2 356,50 | 16 925 215 | 16 878 546 | 46 670 |
| 742831 | C06100000000018400000 | FARM 184 KLAARSTROOM PRINCE ALBERT RD | 2 375,31 | 17 060 263 | 17 013 221 | 47 042 |
| S42\_31032015\_00104 | F01700000000007800000 | FARM 78 VET RIVIER'S MOND HOOPSTAD RD | 2 382,66 | 17 113 067 | 17 065 879 | 47 188 |
| S42\_31032015\_00834 | C04200000000018800000 | FARM 188 LADISMITH | 2 382,97 | 17 115 282 | 17 068 088 | 47 194 |
| 712871 | C07500000000025000004 | PORTION 4 OF FARM 250 WATERVALS BERG TULBAGH RD | 2 385,31 | 17 132 138 | 17 084 898 | 47 240 |
| 3048391 | C06100000000020700000 | FARM 207 OF PRINCE ALBERT RD-GAMKAS BERG | 2 403,40 | 17 262 046 | 17 214 447 | 47 599 |
| D31032014\_155593 | T0KQ00000000039600000 | REMAINDER OF FARM 396 WITFONTEIN KQ | 2 414,58 | 17 342 324 | 17 294 504 | 47 820 |
| 3169891 | C04200000000018300000 | FARM 183 KROON LADISMITH RD | 2 426,39 | 17 427 173 | 17 379 119 | 48 054 |
| 2937992 | N0GS00000000133200000 | FARM 1332 OF BRAKFONTEIN | 2 432,57 | 17 471 536 | 17 423 359 | 48 176 |
| S42\_31032015\_00861 | C05400000000000700000 | FARM 7 OUDTSHOORN | 2 456,53 | 17 643 669 | 17 595 018 | 48 651 |
| S42\_31032015\_00811 | C01400000000000700000 | FARM 7 CALITZDORP | 2 457,19 | 17 648 396 | 17 599 732 | 48 664 |
| 909171 | C05400000000008900000 | REMAINDER OF FARM 89 DOORNKUIL & RHENOSTERHOEK OUDTSHOORN RD | 2 476,74 | 17 788 762 | 17 739 711 | 49 051 |
| DEEDS179419 | T0JM00000000018900008 | PORTION 8 OF FARM 189 0 JM | 2 479,29 | 17 807 141 | 17 758 039 | 49 102 |
| DEEDS128224 | T0KU00000000030000000 | FARM 300 DERRICK KU | 2 492,33 | 17 900 747 | 17 851 387 | 49 360 |
| DEEDS151346 | T0MS00000000003700000 | FARM 37 GREEFSWALD MS | 2 503,84 | 17 983 429 | 17 933 841 | 49 588 |
| 1354761 | T0LR00000000080500000 | FARM 805 APPINGENDAM LR | 2 531,68 | 18 183 427 | 18 133 288 | 50 139 |
| 3025561 | C01900000000034700000 | FARM 347 HARTEBEESTE KRAAL CERES RD | 2 547,08 | 18 294 008 | 18 243 564 | 50 444 |
| DEEDS179420 | T0JM00000000018900010 | PORTION 10 OF FARM 189 0 JM | 2 569,30 | 18 453 568 | 18 402 684 | 50 884 |
| 562781 | C04100000000055600001 | PORTION 1 OF FARM 556 KOLI KURUMAN RD | 2 569,50 | 18 455 027 | 18 404 138 | 50 888 |
| DEEDS178871 | T0HN00000000008400003 | PORTION 3 OF FARM 84 LANGMEAD HN | 2 569,60 | 18 455 721 | 18 404 831 | 50 890 |
| 472461 | T0KT00000000054000000 | FARM 540 HEBRON KT | 2 586,83 | 18 579 518 | 18 528 287 | 51 231 |
| 706901 | C00900000000019700001 | PORTION 1 OF FARM 197 DOORNHOEK BEAUFORT WEST RD | 2 633,87 | 18 917 375 | 18 865 212 | 52 163 |
| 906501 | C00300000000025600000 | REMAINDER OF FARM 256 ALBERT RD | 2 679,31 | 19 243 733 | 19 190 670 | 53 063 |
| S42\_31032015\_00918 | C07700000000005700000 | FARM 57 UNIONDALE WESTERN CAPE | 2 691,68 | 19 332 559 | 19 279 251 | 53 308 |
| 600000010094 | T0KU00000000034400000 | FARM 344 OF BRANDYBAL KU | 2 694,88 | 19 355 529 | 19 302 158 | 53 371 |
| S42\_31032015\_00815 | C02000000000018100000 | FARM 181 CLANWILLIAM | 2 705,97 | 19 435 207 | 19 381 616 | 53 591 |
| 3048401 | C06100000000020500000 | FARM 205 OF PRINCE ALBERT RD-PAARDE KRAAL | 2 722,21 | 19 551 827 | 19 497 915 | 53 912 |
| 448061 | T0JT00000000016300000 | FARM 163 HARTEBEESTVLAKTE JT | 2 724,33 | 19 567 083 | 19 513 129 | 53 955 |
| 3182301 | T0JS00000000027300000 | FARM 273 DOORNKOP JS | 2 724,52 | 19 568 437 | 19 514 479 | 53 958 |
| DD\_31032017\_18765 | C09000000000003800000 | FARM 38 0 | 2 740,57 | 19 683 738 | 19 629 462 | 54 276 |
| 3180541 | T0KS00000000076700000 | ERF 767 OF GA-MASEMOLA | 2 746,66 | 19 727 443 | 19 673 047 | 54 397 |
| 801221 | C01900000000035500000 | FARM 355 CERES RD | 2 759,25 | 19 817 856 | 19 763 210 | 54 646 |
| 600000010100 | T0KU00000000035500000 | FARM 355 GENOA KU | 2 765,62 | 19 863 605 | 19 808 833 | 54 772 |
| S42\_31032015\_00885 | C06500000000018500000 | FARM 185 RIVIERSONDEREND | 2 780,40 | 19 969 765 | 19 914 700 | 55 065 |
| S42\_31032015\_00892 | C07300000000003500000 | FARM 35 BARRYDALE | 2 783,16 | 19 989 584 | 19 934 464 | 55 120 |
| 600000010113 | T0KU00000000038600000 | FARM 386 OF EGYPTE KU | 2 784,17 | 19 996 866 | 19 941 726 | 55 140 |
| 600000010103 | T0KU00000000035800000 | FARM 358 OF CONGCONIA KU | 2 845,80 | 20 439 537 | 20 383 177 | 56 360 |
| 475821 | T0KT00000000056500000 | REMAINDER OF FARM 565 GEELHOUTBOOM KT | 2 849,20 | 20 463 941 | 20 407 513 | 56 428 |
| 1050481 | N0GS00000001287300000 | REMAINDER OF FARM 12873 LOMBARDS KOP SETTLEMENT GS | 2 876,99 | 20 663 503 | 20 606 525 | 56 978 |
| 200000077586 | T0KU00000000036900000 | FARM 369 GOEDGENOEG KU | 2 881,38 | 20 695 046 | 20 637 981 | 57 065 |
| DEEDS128289 | T0KU00000000037400000 | FARM 374 VENETIA KU | 2 881,58 | 20 696 502 | 20 639 433 | 57 069 |
| DD30082014\_178002 | T0LT00000000001200000 | FARM 12 LISBON LT | 2 890,79 | 20 762 665 | 20 705 414 | 57 251 |
| 893651 | C05700000000006500000 | REMAINDER OF FARM 65 ROLLFONTEIN PHILIPSTOWN RD | 2 895,96 | 20 799 776 | 20 742 422 | 57 354 |
| S42\_31032015\_00862 | C05400000000000800000 | FARM 8 OUDTSHOORN | 2 902,62 | 20 847 593 | 20 790 108 | 57 485 |
| 3048061 | C06100000000019700000 | FARM 197 OF PRINCE ALBERT RD-KLIPHUIS VLEY | 2 903,37 | 20 852 996 | 20 795 495 | 57 500 |
| 382501 | T0JT00000000019500000 | REMAINDER OF FARM 195 SPITSKOP JT | 2 944,50 | 21 148 430 | 21 090 115 | 58 315 |
| 200000077588 | T0KU00000000039200000 | FARM 392 LILIESDALE KU | 2 957,21 | 21 239 664 | 21 181 098 | 58 567 |
| 939331 | C07700000000006700004 | PORTION 4 OF FARM 67 PIETS LAAGTE UNIONDALE RD | 2 971,54 | 21 342 649 | 21 283 798 | 58 850 |
| 600000010073 | T0KU00000000013900000 | FARM 139 OF GROOTBOOM KU | 2 977,22 | 21 383 403 | 21 324 440 | 58 963 |
| 3150131 | F04200000000124500000 | REMAINDER OF FARM 1245 KRUIDBADEN WINBURG RD | 3 007,02 | 21 597 438 | 21 537 885 | 59 553 |
| 444161 | T0LU00000000003100000 | FARM 31 LOOLE LU | 3 014,21 | 21 649 094 | 21 589 398 | 59 695 |
| 600000010089 | T0KU00000000033300000 | FARM 333 OF BESANCON KU | 3 014,73 | 21 652 836 | 21 593 131 | 59 706 |
| 600000010102 | T0KU00000000035700000 | FARM 357 OF INKLAMALA KU | 3 046,70 | 21 882 426 | 21 822 087 | 60 339 |
| 5248615 | C04100000000068200000 | FARM 682 CRAWLEY KURUMAN RD | 3 078,38 | 22 109 954 | 22 048 988 | 60 966 |
| 840992 | C01200000000013300000 | REMAINDER OF FARM 133 SINCLAIRS DAM BRITSTOWN RD | 3 080,33 | 22 124 015 | 22 063 010 | 61 005 |
| 200000078893 | T0JU00000000014400000 | FARM 144 OF SARDINIA JU | 3 093,79 | 22 220 688 | 22 159 417 | 61 272 |
| 600000010090 | T0KU00000000033400000 | FARM 334 OF TROYES KU | 3 094,87 | 22 228 388 | 22 167 096 | 61 293 |
| 600000010088 | T0KU00000000033100000 | FARM 331 OF FIELDHEAD KU | 3 105,22 | 22 302 785 | 22 241 287 | 61 498 |
| DEEDS45285 | C00700000000025700000 | FARM 257 PLAAS 257 BARKLY WES RD | 3 108,94 | 22 329 444 | 22 267 872 | 61 571 |
| 600000010086 | T0KU00000000032600000 | FARM 326 OF CLERMONT KU | 3 117,83 | 22 393 352 | 22 331 604 | 61 748 |
| 3105311 | T0MT00000000000700001 | PORTION 1 OF FARM 7 ANTONVILLA MT | 3 125,99 | 22 451 904 | 22 389 995 | 61 909 |
| 3105851 | C02800030000010400000 | REMAINDER OF AGRICULTURAL HOLDING 104 GARIEP SETTLEMENT AGRICULTURAL HOLDING GORDONIA RD | 3 136,38 | 22 526 584 | 22 464 468 | 62 115 |
| 938961 | C11800000000017400000 | FARM 174 DWAAS RIVIER | 3 136,98 | 22 530 847 | 22 468 720 | 62 127 |
| DEEDS148857 | T0LS00000000027600000 | FARM 276 RIETVLY LS | 3 140,12 | 22 553 445 | 22 491 256 | 62 189 |
| 459451 | T0KR00000000025300000 | REMAINDER OF FARM 253 STERKRIVIERNEDERSETTING KR | 3 144,33 | 22 583 654 | 22 521 382 | 62 272 |
| 706181 | C00900000000019700002 | PORTION 2 OF FARM 197 DOORNHOEK BEAUFORT WEST RD | 3 147,22 | 22 604 439 | 22 542 109 | 62 330 |
| 1539091 | C05400000000000900000 | FARM 9 OF OUDTSHOORN RD-TAFELBERG | 3 148,77 | 22 615 579 | 22 553 218 | 62 360 |
| 600000010075 | T0KU00000000014200000 | FARM 142 OF BOOMPLAATS KU | 3 175,07 | 22 804 422 | 22 741 541 | 62 881 |
| 600000010106 | T0KU00000000036400000 | FARM 364 OF GLENCAIRN KU | 3 188,72 | 22 902 483 | 22 839 331 | 63 152 |
| 779111 | C01900000000034900000 | FARM 349 EIKENBOSCH HOEK CERES RD | 3 205,10 | 23 020 098 | 22 956 622 | 63 476 |
| 600000010109 | T0KU00000000037000000 | FARM 370 OF GASCONY KU | 3 229,79 | 23 197 468 | 23 133 503 | 63 965 |
| 3203063 | T0JQ00000000043200000 | REMAINING EXTENT OF FARM 334 JQ | 3 238,12 | 23 257 285 | 23 193 155 | 64 130 |
| DEEDS182336 | C08100000000042800001 | PORTION 1 OF FARM 428 POLER VRYBURG RD | 3 277,47 | 23 539 882 | 23 474 972 | 64 909 |
| 424271 | T0LU00000000002500000 | FARM 25 SCHIETTOCHT LU | 3 292,33 | 23 646 659 | 23 581 456 | 65 204 |
| 586271 | C00700000000030700000 | FARM 307 DOORN FONTEIN BARKLY WES RD | 3 302,53 | 23 719 928 | 23 654 523 | 65 406 |
| 600000010112 | T0KU00000000037700000 | FARM 377 OF PRAIRIE KU | 3 312,43 | 23 791 044 | 23 725 443 | 65 602 |
| 872501 | C05400000000012500000 | FARM 125 VERMAAKS RIVIER OUDTSHOORN RD | 3 337,01 | 23 967 522 | 23 901 434 | 66 088 |
| 1019171 | N0GT00000000116400000 | REMAINDER OF FARM 1164 VAALKOP GT | 3 357,28 | 24 113 103 | 24 046 613 | 66 490 |
| DD30082014\_172797 | T0KT00000000056400000 | REMAINDER OF FARM 564 GRASKOP KT | 3 366,98 | 24 182 818 | 24 116 136 | 66 682 |
| 1056571 | N0GT00000000131200000 | FARM 1312 BOSCH HOEK GT | 3 381,15 | 24 284 592 | 24 217 629 | 66 963 |
| DEEDS31032015\_0141692 | T0JU00000000015400000 | FARM 154 OF JU DOODSLAAN | 3 395,85 | 24 390 158 | 24 322 904 | 67 254 |
| DEEDS128305 | T0KU00000000005000000 | FARM 50 HOUTBOSCHRAND KU | 3 398,63 | 24 410 142 | 24 342 833 | 67 309 |
| 600000010063 | T0KU00000000010400000 | FARM 104 OF MOOIPLAATS KU | 3 421,52 | 24 574 541 | 24 506 779 | 67 762 |
| 2059051 | T0IQ00000000043100000 | REMAINDER OF FARM 431 WELGEVONDEN IQ | 3 457,83 | 24 835 321 | 24 766 839 | 68 481 |
| 600000010074 | T0KU00000000014000000 | FARM 140 OF BOSCHKOP KU | 3 466,40 | 24 896 860 | 24 828 209 | 68 651 |
| DEEDS90871 | N0GV00000001661600000 | FARM 16616 KINGSA-TOJAN | 3 542,76 | 25 445 314 | 25 375 151 | 70 163 |
| DEEDS128313 | T0KU00000000009100000 | FARM 91 BLACKBERRYGLEN KU | 3 547,12 | 25 476 667 | 25 406 418 | 70 250 |
| 600000010070 | T0KU00000000012800000 | FARM 128 OF PERU KU | 3 567,32 | 25 621 698 | 25 551 049 | 70 650 |
| 600000010121 | T0KU00000000009500000 | FARM 95 OF ROBERTS HOOP KU | 3 581,38 | 25 722 692 | 25 651 764 | 70 928 |
| 736051 | C01600110000101300000 | ERF 1013 CONSTANTIA | 2,18 | 86 538 | 15 583 | 70 955 |
| DD30082014\_172676 | T0KT00000000041400000 | REMAINDER OF FARM 414 CLERMONT KT | 3 589,57 | 25 781 494 | 25 710 404 | 71 090 |
| 600000010093 | T0KU00000000033800000 | FARM 338 OF ATHERSTONE KU | 3 614,06 | 25 957 449 | 25 885 874 | 71 575 |
| 3198481 | F03200250000033000000 | ERF 330 THABA'NCHU | 2,78 | 91 800 | 19 891 | 71 909 |
| 600000010083 | T0KU00000000018400000 | FARM 184 OF CEYLON KU | 3 632,97 | 26 093 273 | 26 021 323 | 71 950 |
| 420861 | T0KU00000000004900000 | FARM 49 BATAVIA KU | 3 685,66 | 26 471 656 | 26 398 663 | 72 993 |
| D31032014\_144054 | T0JU00000000015200000 | FARM 152 OF JU-RUITERSGAT | 3 711,09 | 26 654 316 | 26 580 819 | 73 497 |
| 600000010077 | T0KU00000000014400000 | FARM 144 OF DOORNSPRUIT KU | 3 715,58 | 26 686 562 | 26 612 977 | 73 586 |
| 3055541 | C03200060000000100000 | AGRICULTURAL HOLDING 1 | 3 741,67 | 26 873 962 | 26 799 860 | 74 103 |
| 600000010104 | T0KU00000000036200000 | FARM 362 OF ALBUMIN KU | 3 758,34 | 26 993 666 | 26 919 233 | 74 433 |
| 901921 | C03900000000025000000 | REMAINDER OF FARM 250 BLAAUW KRANTZ KNYSNA RD | 3 761,89 | 27 019 176 | 26 944 673 | 74 503 |
| 600000010068 | T0KU00000000012300000 | FARM 123 OF RIETFONTEIN KU | 3 813,75 | 27 391 643 | 27 316 113 | 75 530 |
| 600000010092 | T0KU00000000033700000 | FARM 337 OF ANNIE SIDE KU | 3 823,01 | 27 458 176 | 27 382 462 | 75 714 |
| 600000010085 | T0KU00000000032400000 | FARM 324 OF HELENA KU | 3 845,53 | 27 619 919 | 27 543 760 | 76 160 |
| DEEDS179032 | T0IM00000000038600000 | FARM 386 SANDOWN IM | 4 018,77 | 28 864 173 | 28 784 583 | 79 590 |
| 600000010118 | T0KU00000000007000000 | FARM 70 OF REDGORTON KU | 4 024,10 | 28 902 449 | 28 822 753 | 79 696 |
| 943591 | C07700000000005800000 | FARM 58 PAARDEBERG | 4 032,76 | 28 964 675 | 28 884 808 | 79 868 |
| DEEDS167625 | T0IR00630000001000000 | ERF 10 VAL | 4 046,26 | 29 061 609 | 28 981 474 | 80 135 |
| 600000010119 | T0KU00000000007300000 | FARM 73 OF SIKKELTOUWKLOOF KU | 4 050,11 | 29 089 262 | 29 009 051 | 80 211 |
| 799791 | C01900000000035100000 | FARM 351 KWARTELFONTEIN CERES RD | 4 064,00 | 29 189 056 | 29 108 569 | 80 486 |
| 911061 | C07600000000042700000 | FARM 427 LONGMORE FOREST RESERVE UITENHAGE RD | 4 066,46 | 29 206 723 | 29 126 188 | 80 535 |
| DEEDS128241 | T0KU00000000032100000 | FARM 321 GOWRIE KU | 4 098,77 | 29 438 762 | 29 357 587 | 81 175 |
| 470221 | T0KT00000000050600000 | REMAINDER OF FARM 506 BERLYN KT | 4 118,46 | 29 580 188 | 29 498 623 | 81 565 |
| DEEDS17934 | C03600000000031300006 | REMAINDER OF PORTION 6 OF FARM 313 SPRINGBOK PAN KENHARDT RD | 4 159,12 | 29 872 233 | 29 789 863 | 82 370 |
| DEEDS178486 | C02800000000032900003 | PORTION 3 OF FARM 329 KHORKHAM GORDONIA RD | 4 282,66 | 30 759 504 | 30 674 688 | 84 817 |
| S42\_31032015\_00817 | C02000000000018500000 | FARM 185 CLANWILLIAM | 4 296,33 | 30 857 740 | 30 772 652 | 85 088 |
| S42\_31032015\_00899 | C07300000000017100000 | FARM 171 SWELLENDAM | 4 299,58 | 30 881 066 | 30 795 914 | 85 152 |
| 382981 | T0JT00000000019700000 | FARM 197 CEYLON JT | 4 395,77 | 31 571 894 | 31 484 838 | 87 057 |
| 708341 | C00900000000019700000 | REMAINDER OF FARM 197 DOORNHOEK BEAUFORT WEST RD | 4 413,59 | 31 699 884 | 31 612 474 | 87 410 |
| 600000010105 | T0KU00000000036300000 | FARM 363 OF MEMOSIA KU | 4 417,61 | 31 728 809 | 31 641 319 | 87 489 |
| S42\_31032015\_00829 | C03900000000000200000 | FARM 2 KNYSNA | 4 502,25 | 32 336 733 | 32 247 567 | 89 166 |
| 600000010080 | T0KU00000000014700000 | FARM 147 OF RIETLOOP KU | 4 542,35 | 32 624 732 | 32 534 772 | 89 960 |
| S42\_31032015\_00919 | C07700000000006100000 | FARM 0 UNIONDALE WESTERN CAPE | 4 608,42 | 33 099 239 | 33 007 970 | 91 268 |
| 871051 | C00400000000032800000 | FARM 328 MAINFOR ALEXANDRIA RD | 4 995,95 | 35 882 649 | 35 783 706 | 98 943 |
| DEEDS17184 | C03400000000039000000 | FARM 390 WITTE ELS BOSCH FOREST RESERVE HUMANSDORP RD | 5 058,68 | 36 333 163 | 36 232 977 | 100 186 |
| 2842191 | C09600000000010300000 | ERF 103 OF LUSIKISIKI | 5 065,72 | 36 383 723 | 36 283 398 | 100 325 |
| 3025571 | C01900000000035300000 | REMAINDER OF FARM 353 BOKKE RIVIER CERES RD | 5 081,91 | 36 500 023 | 36 399 378 | 100 646 |
| 796901 | C01900000000038500000 | FARM 385 BEN ETIVE CERES RD | 5 094,17 | 36 588 088 | 36 487 200 | 100 888 |
| 450551 | T0JS00000000004500000 | REMAINING EXTENT OF FARM WELGEVONDEN 45 JS | 5 139,13 | 36 910 991 | 36 809 212 | 101 779 |
| 780341 | C01500000000019600000 | REMAINDER OF FARM 196 COMMISSIONERS VLEY CALVINIA RD | 5 178,67 | 37 194 973 | 37 092 411 | 102 562 |
| 1200311 | F01100000000067700000 | REMAINDER OF FARM 677 KALKFONTEIN FAURESMITH RD | 5 593,63 | 40 175 398 | 40 064 618 | 110 780 |
| 920371 | C02100000000019000000 | REMAINDER OF FARM 190 COLESBERG RD | 5 614,23 | 40 323 303 | 40 212 115 | 111 188 |
| 720461 | C05300000000032900000 | FARM 329 OF BRAZIL | 5 835,19 | 41 910 318 | 41 794 754 | 115 564 |
| 3026171 | N0HV00000001583400019 | FARM 15834 OF UBOMBO | 5 857,55 | 42 070 904 | 41 954 898 | 116 007 |
| 3048151 | C06100000000018000000 | FARM 180 OF PRINCE ALBERT RD- | 6 005,45 | 43 133 173 | 43 014 237 | 118 936 |
| DD30082014\_172814 | T0KT00000000059500000 | FARM 595 BLYDERIVIERPOORT KT | 6 147,21 | 44 151 406 | 44 029 662 | 121 744 |
| 897641 | C07700000000009100000 | FARM 91 KOUGA BRONNEN UNIONDALE RD | 6 179,96 | 44 386 624 | 44 264 232 | 122 392 |
| D31032014\_163415 | C06000000000000100000 | FARM 1 PRIESKA RD | 6 402,57 | 45 985 457 | 45 858 656 | 126 801 |
| 927461 | C03900000000007600000 | FARM 76 KNYSNA | 6 825,33 | 49 021 845 | 48 886 672 | 135 173 |
| DEEDS149761 | T0LT00000000055800041 | PORTION 41 OF FARM 558 YAMORNA LT | 6 920,00 | 49 701 817 | 49 564 768 | 137 048 |
| DEEDS179713 | C04100000000005500000 | FARM 55 CORSHAM KURUMAN RD | 6 924,85 | 49 736 661 | 49 599 516 | 137 144 |
| DODDB0912 | T0MS00000000017100001 | PORTION 1 OF FARM 171 LANDBOU MS | 6 991,19 | 50 213 119 | 50 074 661 | 138 458 |
| 587721 | C02800000000025100097 | PORTION 97 OF FARM 251 KALAHARI-WES GORDONIA RD | 8 005,51 | 57 498 315 | 57 339 768 | 158 547 |
| 875231 | C03400000000039200000 | REMAINDER OF FARM 392 BLUE LILIES BUSH FOREST RESERVE HUMANSDORP RD | 8 215,62 | 59 007 391 | 58 844 683 | 162 708 |
| 564691 | C02800000000025100042 | PORTION 42 OF FARM 251 KALAHARI-WES GORDONIA RD | 8 268,73 | 59 388 843 | 59 225 084 | 163 760 |
| 572971 | C02800000000025100043 | FARM 251 PORTION 43 OF UNREGISTERED-KALAHARI-WES | 8 478,28 | 60 893 885 | 60 725 976 | 167 910 |
| S42\_31032015\_00022 | F01800000000038700000 | REMAINDER OF FARM 387 RIET RIVER SETTLEMENT EAST JACOBSDAL RD | 8 540,67 | 61 341 996 | 61 172 850 | 169 145 |
| 1546221 | C02800000000025100096 | PORTION 96 OF FARM 251 KALAHARI-WES GORDONIA RD | 8 820,26 | 63 350 126 | 63 175 444 | 174 682 |
| DD\_31032017\_146677 | T0IM00000000036000000 | FARM 360 MADEBING IM | 8 843,26 | 63 515 296 | 63 340 158 | 175 138 |
| 394071 | T0KS00020000016000000 | ERF 160 MARBLE HALL EXT 1 | 9 368,00 | 67 284 194 | 67 098 663 | 185 530 |
| 3152631 | C05300000000002100005 | FARM 21 PORTION 5 OF NAMAQUALAND RD | 9 903,66 | 71 131 497 | 70 935 358 | 196 139 |
| 3116271 | C00700070000000100000 | REMAINDER OF AGRICULTURAL HOLDING 1 VAALHARTSNEDERSETTING B AGRICULTURAL HOLDING NOT AVAILABLE | 10 147,40 | 72 882 101 | 72 681 135 | 200 966 |
| 3077571 | C02700000000012500004 | PORTION 4 OF FARM 125 OUTENIQUABERGE GEORGE RD | 10 416,92 | 74 817 909 | 74 611 605 | 206 304 |
| 572891 | C03600000000038900000 | FARM 389 FARM 389 KENHARDT RD | 12 063,80 | 86 646 391 | 86 407 471 | 238 920 |
| 5248627 | C04100000000067800000 | FARM 678 MAREMANE NATUUR RESERVAAT KURUMAN RD | 12 175,57 | 87 449 096 | 87 207 962 | 241 133 |
| 896041 | C07600000000062400000 | FARM 624 UITENHAGE RD | 13 137,14 | 94 355 419 | 94 095 243 | 260 177 |
| 3162981 | T0MT00000000041600000 | FARM 416 MADIMBO MT | 26 826,24 | 192 675 270 | 192 143 985 | 531 285 |
| 2681383 | NOGU00000001584000000 | ERF 15840 PORTION DUM 3 OF ULUNDI | 26 940,86 | 193 498 483 | 192 964 928 | 533 555 |
| 585441 | C04100000000054800000 | FARM 548 GATHLOSE NATIVE RESERVE KURUMAN RD | 49 778,92 | 357 529 319 | 356 543 463 | 985 856 |
| 709581 | C01600000000089500001 | PORTION 1 OF FARM 895 BEL OMBRE CAPE RD | 52,39 | 2 084 049 | 375 275 | 1 708 774 |
| 774651 | C05300130000022600000 | REMAINDER OF ERF 226 VIOOLSDRIF SETT | 129 250,68 | 928 322 769 | 925 763 001 | 2 559 769 |
| **Total** | | | | | | **30 508 806** |

**Impact**

The Immovable assets (land) valued using the average vacant land has been overstated by an amount of R30 508 806.

**Internal control deficiency**

*Financial and Performance Management*

Management did not implement a proper financial and reporting system to enable proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

Furthermore, management did not prepare accurate and valid AVL rates to be used in determining land values where MVR values are not available.

**Recommendation**

It is recommended that:

* Management ensures that only land with determined land extents that is owned by PMTE should be considered in AVL rates.
* Management ensures that financial statements and supporting schedules are adequately reviewed before submission for audit.
* Management to re-assess the AVL rates determined for the land parcels considered that should have not been considered in determining the AVL rates

**Management response**

Management are in agreement with the finding. AVL rates as calculated by the AGSA agree to the rates as calculated by management. Management to conduct final confirmations of the value of the adjustment to be passed in the current and prior year as amount.

**Auditor’s conclusion**

Management’s comments noted. Finding will be reported in the management report.

**PMTE HO COFF 15** Immovable assets: Differences in the extents for multi-story buildings

**Requirements**

Section 40(a) and (b) of the Public Finance Management Act (PFMA) states that: *“The accounting officer for a department, trading entity or constitutional institution must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards; must prepare financial statements for each financial year in accordance with generally recognized accounting practice…”*

Generally Recognised Accounting Practice (GRAP) 17 paragraph 38 states that*: “If there is no market-based evidence of fair value because of the specialised nature of the item of plant and equipment, an entity may need to estimate fair value using, for example, either reproduction cost or depreciated replacement cost. The depreciated replacement cost of an item of plant or equipment may be established by reference to the market buying price of components used to produce the asset or the indexed price for the same or a similar asset based on a price for a previous period. When the indexed price method is used, judgement is required to determine whether production technology has changed significantly over the period, and whether the capacity of the reference asset is the same as that of the asset being valued….”*

Directive 7 paragraph 6 states that: *“When an entity initially recognises or acquires an asset using the Standards of GRAP, it measures such assets using either cost or fair value (acquisition cost). Where the acquisition cost of an asset is not available on the adoption of the Standards of GRAP or on the transfer date or the merger date (initial acquisition), acquisition cost is measured using a surrogate value (deemed cost) at the date an entity adopts the Standards of GRAP or on the transfer date or the merger date (measurement date). Deemed cost is determined as the fair value of an asset at the measurement date…”*

Directive 7 paragraph 10(a) to (c) states that: *“If fair value at the measurement date cannot be determined for an item of property, plant and equipment, investment property or a heritage asset, an entity may estimate such fair value using depreciated replacement cost at the measurement date for an item of property, plant and equipment; depreciated replacement cost at the measurement date for an investment property, but only if the investment property is of such a specialised nature that there is no market-based evidence of fair value; and replacement cost at the measurement date for heritage assets…”*

**Nature**

During the audit of immovable assets, we noted that the extents included on the immovable asset register (IAR) did not agree to the extents as per management’s expert reports submitted for audit. The above is based on the following assumptions:

* The number of floors included on the IAR is correct. The accuracy of the number of floors will be confirmed during the physical verification. Refer to the table below

**Heritage - Multi-storey**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Unique prop code of land parcel/site** | **Building ID** | **Extent Of structure as per IAR** | **Extent Of structure as per management expert** | **Difference** | **Deemed cost as per IAR** | **Recalculated depreciable replacement cost (R)** | **Impact on the deemed cost (R)** | **Reason for Variance** |
| 980822 | 2109550125 | 10 797,44 | 6 294,22 | 4 503,22 | 104 951116,80 | 61 179 818,40 | 43 771 298,40 | 2 buildings share the common ground floor, and common first floor. Regarded as one building. |

**Property, plant and equipment - Multi-storey**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Unique prop code of land parcel/site** | **Building ID** | **Extent Of structure as per IAR** | **Extent Of structure as per management expert** | **Difference** | **Deemed cost as per IAR** | **Recalculated depreciable replacement cost** | **Impact on the deemed cost** | **Reason for variance** |
| 959932 | 200000046367 | 5799,00 | 4330,04 | 1468,96 | 10 351 215 | 9 807 540 | 543 674 | Basement added to former extent after initial verification and review. |
| DEEDS58508 | 232550919 | 3629,00 | 3574 | 55,00 | 14 153 100 | 13 938 600 | 214 500 | Storeroom, which was attached on ground floor, to main building included. |
| 1374851 | 230600977 | 6065,47 | 5892 | 173,47 | 28 992 946 | 28 163 760 | 829 187 | Additional structure added to top of roof, indicating the addition of the 6th floor, as well as alignment and review of the 5 floors extent. |
| 707971 | 200000061723 | 14114,00 | 16501,5 | -2387,50 | 77 612 886 | 93 637 761 | - 16 024 876 | 5th floor removed, due to 4th floor being a double volume.[Loft atrium, open space, not usable as a floor] |
| 520291 | 200000089396 | 26567,00 | 26415,19 | 151,81 | 203 078 148 | 201 917 712 | 1 160 436 | Elevator shaft control room on 12th floor has an additional floor within the structure on roof, which was added. |
| 1374851 | 230600905 | 58151,18 | 58155 | -3,82 | 277 962 640 | 277 980 900 | - 18 260 | Mathematical rounding area adjustment when converting from hectares to square metres. Adjustment was made to nearest square metre. |
| 595366 | 200000089142 | 62772,00 | 63752 | -980,00 | 352 527 552 | 358 031 232 | - 5 503 680 | A double volume section on 3rd floor had to be excluded from 3rd floor area. |
| **Total** | | | | **- 1 522,08** |  |  | **- 18 799 019** |  |

**Impact**

This will result in the overstatement of the heritage buildings of R43 771 298 and an understatement of property, plant and equipment buildings of R18 799 019. The property extent used to estimate the deemed is high and does not reliably reflect the extent of the land.

**Internal control deficiency**

*Financial and Performance Management*

Management did not implement a proper financial and reporting system to enable proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

**Recommendation**

It is recommended that:

* Management ensures that financial statements and supporting schedules are adequately reviewed before submission for audit.
* Management to ensure the land extents in the IAR are accurate and based on supporting documentation.

**Management response:**

Management disagrees with the finding.

Management in collaboration with service provider exercised detailed review of the multi-storey buildings. This resulted in management revising the extents of multi-storey buildings as previously recognised in the IAR.

The detailed reason for the adjustment per building selected is provided in the table above within the detailed finding. Please refer to added columns on table marked “Reason for Variance”.

Multi-storey building reports to support the extents as per the IAR provided as part of COFF response.

**Auditor’s conclusion**

Management’s comments are noted. Based on the assessment of multi-storey reports provided, the discrepancies identified with regards to the extents of the buildings **(Property, Plant and Equipment)** mentioned above are **resolved** with the exception of the Heritage buildings.

**Heritage Building: ID number: 2109550125**

The finding regarding the extent of the building is a recurring issue that was identified in the prior year as a misstatement due to the differences in the extents between the related building and the building adjacent to it. This resulted in the buildings being re-measured as a corrective measure to accurately account for the separate buildings in the immovable asset register.

According to management’s response, the buildings were further re-measured to account for the two separate buildings as one building due to the two buildings sharing the common ground floor, and common first floor.

However, the mentioned adjacent building that has been indicated to be the merged with heritage building mentioned above has been separately disclosed with a different building id (214050513) and site ID (200000057619) in the immovable asset register, resulting in extent of the building to be double counted in the immovable asset register, resulting in an overstatement of Heritage assets by R43 771 298,40.

**PMTE HO COFF 21** Immovable property: Ownership of property could not be proven

**Requirements:**

Section 40(a) and (b)of the Public Finance Management Act (PFMA) states that: *“The accounting officer for a department, trading entity or constitutional institution must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards; must prepare financial statements for each financial year in accordance with generally recognized accounting practice…”*

Section 41 furthermore states that: *“An accounting officer of a department, trading entity or constitutional institution must submit to the relevant Treasury or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as the relevant Treasury or the Auditor-General may require…”*

Paragraph 1: Custodian Framework for the state of immovable assets state that: *“Custodianship is the equivalent of control or ownership of the assets from an accounting perspective. DPW must therefore, in terms of the relevant reporting framework, recognize/disclose as its own assets all immovable assets that it controls, whether it is through custodianship on behalf of the state, or direct ownership…”*

**Nature**

During the audit of immovable assets, we noted that custodianship for the land parcel listed below could not be confirmed to belong by PMTE based on what is deemed to belong to the Department of Public Works in terms of the Immovable Asset Guide. No supporting documentation were provided to proof ownership.

**PPE – LAND AVL**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Unique Property Code** | **LPI Code (as per deeds aktex)** | **Site ID\_2021** | **Property Description** | **CARRYING VALUE 31 MARCH 2021 (R.)** |
| 927461 | C03900000000007600000 | 200000047075 | FARM 76 KNYSNA | 49 021 844,98 |

**Impact of the finding**

The above will result in an

* Overstatement of PPE: Land (carrying amount) by an amount of R49 021 844.98

However, management should revisit the whole population to determine the full impact of this finding.

**Internal control deficiency**

*Financial and Performance Management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by complete information.

Management didn’t properly review the land parcels recorded on the IAR to be supported by the Deeds support to ensure that all inputs have been correctly transferred to the IAR.

**Recommendation**

It is recommended that:

* Management should ensure that adequate review process be implemented on the schedules and other information supporting the annual financial statement to ensure that the annual financial statements submitted are supported by accurate and complete schedules and information.
* Furthermore, the land extent recorded on the IAR should be reviewed against the Deeds support or CSG Diagram to confirm that all inputs have been accurately transferred before finalizing immovable asset register.
* Management should revisit the whole population to determine the full impact of this finding and correct the population.

**Management response**

Management is in agreement with the finding. AGSA has subsequently raised the finding on the entire population in the form of COFFs 26 and 27 from which adjustments will be made**.**

**Auditors Conclusion**

Management’s comments are noted. Finding will be reported in the management report.

**PMTE HO COFF 24 Immovable property:** Ownership of property could not be proven

**Requirements:**

Section 40(a) and (b)of the Public Finance Management Act (PFMA) states that: *“The accounting officer for a department, trading entity or constitutional institution must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards; must prepare financial statements for each financial year in accordance with generally recognized accounting practice…”*

Section 41 furthermore states that: *“An accounting officer of a department, trading entity or constitutional institution must submit to the relevant Treasury or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as the relevant Treasury or the Auditor-General may require…”*

Paragraph 1: Custodian Framework for the state of immovable assets state that: *“Custodianship is the equivalent of control or ownership of the assets from an accounting perspective. DPW must therefore, in terms of the relevant reporting framework, recognize/disclose as its own assets all immovable assets that it controls, whether it is through custodianship on behalf of the state, or direct ownership…”*

**Nature**

During the audit of immovable assets, we noted that the custodianship for the land parcels listed below could not be confirmed to belong by PMTE based on what is deemed to belong to the Department of Public Works in terms of the Immovable Asset Guide. No supporting documentation could be provided to proof ownership.

**Heritage assets - Land**

|  |  |  |  |
| --- | --- | --- | --- |
| **Unique Property Code\_2021** | **LPI Code (as per deeds aktex)\_2021** | **Property Description** | CARRYING VALUE 31 MARCH 2021 |
| 943591 | C07700000000005800000 | FARM 58 PAARDEBERG | 28 964 675 |
| 928381 | C05400000000012700000 | FARM 127 PAARDE KLOOF | 10 833 508 |
| 3113096 | C01300020000304000000 | ERF 3040 BETTYS BAY | 6 030 000 |
| DEEDS50916 | C03800070000898900000 | ERF 8989 KING WILLIAM'S TOWN | 3 480 000 |
| 3113091 | C01300020000242000000 | ERF 2420 BETTYS BAY | 2 400 000 |
| 776601 | C08500040000375500000 | ERF 3755 WORCESTER | 364 645 |
| DEEDS79189 | N0FU00850001169700000 | ERF 11697 DURBAN | 362 256 |
| DEEDS79191 | N0FU00850001170000000 | ERF 11700 DURBAN | 132 259 |
| DEEDS79173 | N0FU00850001165400000 | REMAINDER OF ERF 11654 DURBAN | 118 497 |
| 785221 | C08500000000030600092 | PORTION 92 OF FARM 306 HARTEBEESTERIVIER WORCESTER RD | 49 500 |
| DEEDS79177 | N0FU00850001166100000 | REMAINDER OF ERF 11661 DURBAN | 32 851 |
| 711881 | C08500000000030600041 | PORTION 41 OF FARM 306 HARTEBEESTERIVIER WORCESTER RD | 29 700 |
| DEEDS79188 | N0FU00850001169400000 | ERF 11694 DURBAN | 14 375 |
| **Total** | | | **52 812 266** |

**Investment property – Land**

|  |  |  |  |
| --- | --- | --- | --- |
| **Unique Property Code\_2021** | **LPI Code (as per deeds aktex)\_2021** | **Property Description** | **CARRYING VALUE 31 MARCH 2021** |
| 1274361 | T0IQ05030000054600019 | PORTION 19 OF ERF 546 ALLEN'S NEK EXT 2 | 380 000 |

**Property, plant and equipment - Land**

| **Unique Property Code\_2021** | **LPI Code (as per deeds aktex)\_2021** | **Property Description** | **CARRYING VALUE 31 MARCH 2021 (R.)** |
| --- | --- | --- | --- |
| 200000056374 | N0GU00940000795500000 | REMAINDER OF ERF 7955 EMPANGENI | 247 288 091 |
| 2721571 | C01600590000011300000 | REMAINDER OF ERF 113 VREDEHOEK | 99 000 000 |
| 200000056490 | N0FT02580000329600000 | REMAINDER OF ERF 3296 PIETERMARITZBURG | 45 849 861 |
| DEEDS 180196 | T0JR00000000047600000 | REMAINDER OF FARM 476 LOUWSBAKEN JR | 43 648 207 |
| DEEDS5711 | C01600070005638000000 | REMAINDER OF ERF56380 CAPE TOWN | 41 000 000 |
| 2990971 | C03800000000220800000 | REMAINDER OF FARM 2208 KING WILLIAM'S TOWN RD | 37 800 000 |
| DEEDS 180232 | T0JR00000000052900001 | REMAINDER OF PORTION 1 OF FARM 529 SUIKERBOSCHFONTEIN JR | 36 242 078 |
| 953782 | N0FT00000000466700016 | PORTION 16 OF FARM 4667 UMVOTI LOCATION FT | 33 260 230 |
| D\_3132013\_103749 | N0FU00850001063800004 | PORTION 4 OF ERF 10638 DURBAN | 24 720 000 |
| DEEDS58502 | T0IR03100000435400000 | REMAINDER OF ERF4354 JOHANNESBURG | 24 133 600 |
| 200000059365 | T0JR00000000030000009 | REMAINDER OF PORTION 9 OF FARM 300 DE ONDERSTEPOORT JR | 24 002 598 |
| DEEDS145195 | T0JR00000000048000002 | REMAINDER OF PORTION 2 OF FARM 480 ELANDSFONTEIN JR | 21 091 887 |
| 3188701 | F00100020000443500000 | ERF 4435 BETHLEHEM | 12 285 411 |
| DEEDS31032015\_0085179 | N0FU00000001390300001 | PORTION 1 OF FARM 13903 LOT 9 COTTONLANDS FU | 11 691 574 |
| 200000055789 | T0IQ05570000237000000 | ERF PORTION MOROKA | 10 750 000 |
| 3198571 | T0IR07760003201900000 | ERF 32019 TSAKANE EXT 12 | 9 360 000 |
| 996911 | N0HT03670000070600000 | ERF 706 VRYHEID | 9 258 145 |
| 2924921 | C03800330000478800000 | ERF 4788 BISHO | 8 500 000 |
| DEEDS179144 | T0IM00000000049100001 | PORTION 1 OF FARM 491 LOLWANEN IM | 8 305 131 |
| 28232 | T0JR00000000035100008 | REMAINDER OF PORTION 8 OF FARM 351 PRETORIA TOWN AND TOWNLANDS JR | 7 960 045 |
| 1420131 | T0IQ03970000013700000 | ERF 137 TECHNIKON | 7 760 000 |
| 200000059567 | C06400060000065700000 | REMAINDER OF ERF 657 STILBAAI WES | 7 581 002 |
| 200000066349 | C06700040000217800000 | ERF 2178 BRACKENFELL | 7 345 106 |
| 3113094 | C01300020000300900000 | ERF 3009 BETTYS BAY | 6 500 000 |
| 1151941 | F00300090003216400000 | ERF 32164 MANGAUNG | 5 643 060 |
| 577321 | C00700070000048900000 | AGRICULTURAL HOLDING 489 VAALHARTSNEDERSETTING B AGRICULTURAL HOLDING | 5 454 811 |
| 3152201 | T0IR05900000002500004 | PORTION 4 OF ERF 25 SANDHURST | 5 360 000 |
| 200000056263 | T0IR09000000011500000 | ERF PORTION ZONKIZIZWE | 5 040 000 |
| 445111 | T0JR00000000033500001 | REMAINDER OF PORTION 1 OF FARM 1 BEYNESPOORT JR | 4 937 993 |
| DEEDS179098 | T0IM00000000043600009 | PORTION 9 OF FARM 436 RYNO IM | 4 613 930 |
| DEEDS34078 | C04600140000422300000 | ERF 4223 VREDENBURG | 4 505 000 |
| DEEDS31032015\_0005745 | C02300000000086700000 | FARM 867 EAST LONDON RD | 4 500 000 |
| D31032014\_154993 | T0JQ00000000038100026 | PORTION 26 OF FARM 381 SYFERFONTEIN | 4 361 600 |
| 568071 | C00700070000048800000 | AGRICULTURAL HOLDING 488 VAALHARTSNEDERSETTING B AGRICULTURAL HOLDING | 4 227 049 |
| 1695111 | T0IQ05640000067600000 | ERF 676 NALEDI | 4 194 000 |
| 200000058638 | T0IP00620000547900000 | ERF PORTION KHUMA | 4 055 949 |
| 453921 | T0JR00000000036500080 | PORTION 80 OF FARM 365 DONKERHOEK JR | 3 923 690 |
| 1431421 | T0IR00000000001500042 | PORTION 42 OF FARM 15 WITFONTEIN IR | 3 896 461 |
| 3014161 | C00900010000196600000 | REMAINDER OF ERF1966 BEAUFORT WEST | 3 698 849 |
| DEEDS30222 | C06700220000449300000 | ERF 4493 STELLENBOSCH | 3 665 000 |
| 3113092 | C01300020000242200000 | ERF 2422 BETTYS BAY | 3 500 000 |
| 200000056077 | C02700090000094300000 | ERF PORTION WILDERNESS | 3 452 940 |
| 200000059578 | T0IR07450000021700000 | ERF PORTION YEOVILLE | 3 360 000 |
| 200000055811 | T0JR00000000035100170 | REMAINDER OF PORTION 170 OF FARM 351 PRETORIA TOWN AND TOWNLANDS JR | 3 306 480 |
| DEEDS34067 | C04600140000312800000 | ERF 3128 VREDENBURG | 3 290 000 |
| DEEDS35525 | C01600620000027900000 | ERF 279 ZEEKOEVLEI | 3 143 635 |
| 200000058139 | C01600110000271100000 | ERF PORTION CONSTANTIA | 3 120 000 |
| DEEDS104074 | N0GS02820000000100000 | ERF 1 ROOS BOOM | 3 054 271 |
| 630832 | C06700150000167300000 | ERF 1673 MACASSAR | 3 050 000 |
| DEEDS90485 | N0GT00000000056800002 | REMAINDER OF PORTION 2 OF FARM 568 PIET RETIEF GT | 3 033 023 |
| DEEDS90378 | N0GT00000000014000001 | PORTION 1 OF FARM 140 BOSCH HOEK GT | 3 031 287 |
| DEEDS90489 | N0GT00000000060100002 | REMAINDER OF PORTION 2 OF FARM 601 GELUK GT | 3 022 185 |
| 3009651 | T0IR08920000871200000 | ERF 8712 IVORY PARK EXT 9 | 3 000 000 |
| 200000070104 | C02300000000086600001 | REMAINDER OF PORTION 1 OF FARM 866 EAST LONDON RD | 2 725 685 |
| 200000057234 | N0ET05060000209900000 | ERF PORTION GAMALAKHE A | 2 671 832 |
| C02300000000086200001 | C02300000000086200001 | REMAINDER OF PORTION 1 OF FARM 862 EAST LONDON RD | 2 503 495 |
| 3120121 | T0JR00360000125000006 | REMAINDER OF PORTION 6 OF ERF 1250 CLAYVILLE EXT 14 | 2 490 000 |
| 939151 | C07100020000017000000 | ERF 170 STUTTERHEIM | 2 464 572 |
| DD30082014\_098973 | N0HT00000000002900001 | REMAINDER OF PORTION 1 OF FARM 29 POLITIEK | 2 460 763 |
| 3120851 | N0GS00000000139300367 | PORTION 367 OF FARM 1393 MATOWAANS KOP | 2 393 170 |
| 634381 | C01600070011046900000 | ERF 110469 CAPE TOWN | 2 378 243 |
| DEEDS46288 | C00700070000023800000 | AGRICULTURAL HOLDING 238 VAAL HARTS SETTLEMENT A AGRICULTURAL HOLDING | 2 301 986 |
| D31032014\_153389 | T0JO00000000011400002 | PORTION 2 OF FARM 114 FAIRVIEW JO | 2 217 024 |
| DEEDS90490 | N0GT00000000060100003 | PORTION 3 OF FARM 601 GELUK GT | 2 153 114 |
| 1553231 | T0IQ05810000000100000 | ERF 1 DOBSONVILLE | 2 145 000 |
| 200000057641 | T0IO00130000433800000 | ERF PORTION ITSOSENG UNIT 3 | 2 070 000 |
| DD\_31032017\_79907 | N0GT00000000047300001 | PORTION 1 OF FARM 473 BABANANGO GT | 2 052 707 |
| 718311 | C01600500000034500000 | ERF 345 SCHAAP KRAAL | 2 028 250 |
| DEEDS3997 | C03900020000007400000 | ERF 74 BRENTON | 2 000 000 |
| DEEDS90482 | N0GT00000000052900003 | PORTION 3 OF FARM 529 WIJDGELEGEN GT | 1 949 392 |
| 587331 | C00700070000051800000 | AGRICULTURAL HOLDING 518 VAAL HARTS SETTLEMENT A AGRICULTURAL HOLDING | 1 900 001 |
| 1613601 | T0IR07730003102900000 | ERF 31029 DAVEYTON | 1 895 000 |
| 1050361 | N0GS02820000004600000 | ERF 46 ROOS BOOM | 1 877 022 |
| 200000056911 | T0JR00000000035700199 | REMAINDER OF PORTION 199 OF FARM 357 ELANDSPOORT JR | 1 861 426 |
| DEEDS79297 | N0FU00850000342700004 | PORTION 4 OF ERF 3427 DURBAN | 1 802 000 |
| 200000070108 | C02300000000104500001 | REMAINDER OF PORTION 1 OF FARM 1045 EAST LONDON RD | 1 792 229 |
| DEEDS90083 | N0GS00000000588200000 | REMAINDER OF FARM 5882 SECOND GS | 1 743 956 |
| 1107651 | N0HS00500000059500000 | ERF 595 CHARLESTOWN | 1 741 667 |
| DEEDS24995 | C01600420000635000000 | REMAINDER OF ERF 6350 PAROW | 1 700 000 |
| 3041291 | T0IQ00000000053600062 | PORTION 62 OF FARM 536 WILDEBEESTFONTEIN IQ | 1 700 000 |
| 2724895 | T0IR03160000088500000 | ERF 885 HOUGHTON ESTATE | 1 672 975 |
| DEEDS89975 | N0GS00000000211800000 | REMAINDER OF FARM 2118 HOBSLAND GS | 1 657 356 |
| 597391 | C01600630001372500000 | REMAINDER OF ERF 13725 KHAYELITSHA | 1 625 700 |
| 200000070162 | C03800000000195000002 | PORTION 2 OF FARM 1950 KING WILLIAM'S TOWN RD | 1 625 641 |
| DEEDS90487 | N0GT00000000005900009 | PORTION 9 OF FARM 59 WITPOORT GT | 1 622 661 |
| 3121121 | N0GS00000000139300438 | PORTION 438 OF FARM 1393 MATOWAANS KOP | 1 617 895 |
| DEEDS3762 | C06700040000220900000 | ERF 2209 BRACKENFELL | 1 580 000 |
| D\_3132013\_47436 | T0IR07780002093100000 | ERF 20931 VOSLOORUS EXT 28 | 1 561 080 |
| DEEDS29236 | C06700210000445300000 | ERF 4453 SOMERSET WEST | 1 500 000 |
| C04000000000028900000 | C04000000000028900000 | REMAINDER OF FARM 289 KOMGA RD | 1 479 000 |
| 200000070485 | F02100030000092200000 | ERF 922 LADYBRAND | 1 426 120 |
| D31032014\_150958 | T0JQ00070000050800000 | ERF 508 DERBY | 1 379 792 |
| DEEDS166729 | T0HO00190000097500000 | ERF 975 TSWELELANG EXT 2 | 1 333 841 |
| 2551806 | T0JR00000000030200026 | PORTION 26 OF FARM 302 WONDERBOOM JR | 1 322 592 |
| 564321 | C00700070000007400000 | AGRICULTURAL HOLDING 74 VAAL HARTS SETTLEMENT A AGRICULTURAL HOLDING | 1 305 241 |
| DEEDS46305 | C00700070000007500000 | AGRICULTURAL HOLDING 75 VAAL HARTS SETTLEMENT A AGRICULTURAL HOLDING | 1 305 192 |
| DD30082014\_123280 | T0IR00000000006100070 | REMAINDER OF PORTION 70 OF FARM 61 RIETFONTEIN IR | 1 261 274 |
| 200000066319 | C01600070011570800000 | REMAINDER OF ERF 115708 CAPE TOWN | 1 255 462 |
| D31032014\_43335 | T0IQ00000000010300047 | REMAINDER OF PORTION 47 OF FARM 103 WONDERFONTEIN IQ | 1 240 000 |
| 1100821 | N0HT00000000881600020 | REMAINDER OF PORTION 20 OF FARM 8816 KOPIJ ALEEN | 1 236 085 |
| 1084051 | N0GS00000000106700020 | PORTION 20 OF FARM 1067 RIET KUIL | 1 233 547 |
| 799211 | C08500040000360500000 | ERF 3605 WORCESTER | 1 233 000 |
| 1674341 | T0IR03160000106900000 | ERF 1069 HOUGHTON ESTATE | 1 210 000 |
| 200000060324 | C05800050000049400000 | ERF PORTION LAAIPLEK | 1 180 536 |
| 200000054484 | T0IP00550000096100000 | ERF PORTION WILKOPPIES | 1 175 637 |
| DEEDS18918 | C05800050000038300000 | ERF 383 LAAIPLEK | 1 175 637 |
| 618631 | C01300080000099300000 | ERF 993 GENADENDAL | 1 150 942 |
| 3113095 | C01300020000302300000 | ERF 3023 BETTYS BAY | 1 150 000 |
| DEEDS31032015\_0088079 | N0GU00000000929600003 | PORTION 3 OF FARM 9296 LOT 149 AMATIKULU GU | 1 137 435 |
| 200000070110 | C02300000000124000001 | PORTION 1 OF FARM 1240 BLUE MOUNTAINS EAST LONDON RD | 1 127 010 |
| D31032014\_154992 | T0JQ00000000038100025 | REMAINDER OF PORTION 25 OF FARM 381 SYFERFONTEIN | 1 123 810 |
| 2724896 | T0IR03160000088400000 | REMAINDER OF ERF 884 HOUGHTON ESTATE | 1 087 956 |
| DEEDS31032015\_0066216 | T0IR07060000001800000 | ERF 18 VULCANIA | 1 070 103 |
| DEEDS47243 | C02300030000057900000 | ERF 579 CINTSA | 1 052 290 |
| 1341461 | T0IR03080000196900000 | ERF 1969 HIGHLANDS NORTH | 1 038 905 |
| DEEDS135886 | T0JR00830000001500000 | ERF 15 ERASMUSRAND | 1 018 886 |
| 3131051 | N0GS00000000110200017 | PORTION 17 OF FARM 1102 ROOS BOOM | 1 014 144 |
| D\_3132013\_47447 | T0IR07780002094200000 | ERF 20942 VOSLOORUS EXT 28 | 1 008 000 |
| 200000059243 | C04600190000047000000 | ERF PORTION RIEBEEK KASTEEL | 1 001 250 |
| DEEDS31032015\_0088078 | N0GU00000000929600002 | PORTION 2 OF FARM 9296 LOT 149 AMATIKULU GU | 984 631 |
| 1349181 | T0IR04650000020100000 | ERF 201 NEW MODDER EXT 1 | 970 000 |
| 1674371 | T0IR04880000029700001 | PORTION 1 OF ERF 297 OBSERVATORY | 960 000 |
| DEEDS 180223 | T0JR00000000050200018 | PORTION 18 OF FARM 502 SPITSKOP JR | 950 503 |
| 1059721 | N0GS02820000005900000 | ERF 59 ROOS BOOM | 929 961 |
| DEEDS92591 | N0ET01630000003000000 | ERF 30 KINGSBURGH | 911 258 |
| 1376371 | T0IR01660000166400000 | ERF 1664 DAWN PARK EXT 29 | 885 000 |
| DEEDS140645 | T0IQ00000000030200139 | PORTION 139 OF FARM 302 ROODEPOORT IQ | 880 000 |
| DD\_31032017\_76477 | N0FT00000000183600000 | REMAINDER OF FARM 1836 WHITECLIFF FT | 870 729 |
| D31032014\_43332 | T0IQ00000000010300037 | REMAINDER OF PORTION 37 OF FARM 103 WONDERFONTEIN IQ | 870 000 |
| 200000066886 | T0JR00370000046500000 | ERF 465 CLUBVIEW EXT 2 | 841 153 |
| 1145332 | F03900070000000200000 | ERF 7884 PORTION 3 OF WELKOM | 813 552 |
| 2724891 | T0IR03160000090800000 | ERF 908 HOUGHTON ESTATE | 784 254 |
| 200000066885 | T0JR00370000046400000 | ERF 464 CLUBVIEW EXT 2 | 784 057 |
| 200000070166 | C03800000000195100005 | PORTION 5 OF FARM 1951 HOLL KING WILLIAM'S TOWN RD | 764 818 |
| DEEDS31032015\_0012570 | C03800000000195100002 | PORTION 2 OF FARM 1951 HOLL KING WILLIAM'S TOWN RD | 764 816 |
| 200000070168 | C03800000000195100007 | PORTION 7 OF FARM 1951 HOLL KING WILLIAM'S TOWN RD | 764 814 |
| 200000070167 | C03800000000195100006 | PORTION 6 OF FARM 1951 HOLL KING WILLIAM'S TOWN RD | 764 813 |
| DEEDS 180222 | T0JR00000000050200002 | REMAINDER OF PORTION 2 OF FARM 502 SPITSKOP JR | 764 164 |
| D31032014\_179886 | C05500080000174700000 | REMAINDER OF ERF1747 PAARL | 761 397 |
| 3167931 | C01300040000061500000 | REMAINDER OF ERF615 CALEDON | 758 306 |
| DEEDS31032015\_0149484 | T0IM00000000024500016 | PORTION 16 OF FARM 245 MOGHALANEN IM | 754 314 |
| 817041 | C07100020000097900000 | ERF 979 STUTTERHEIM | 749 171 |
| DEEDS31032015\_0012569 | C03800000000195100001 | PORTION 1 OF FARM 1951 HOLL KING WILLIAM'S TOWN RD | 748 204 |
| 2724892 | T0IR03160000090700000 | ERF 907 HOUGHTON ESTATE | 739 482 |
| 2724893 | T0IR03160000090600000 | ERF 906 HOUGHTON ESTATE | 739 482 |
| 2724897 | T0IR03160000090900000 | ERF 909 HOUGHTON ESTATE | 739 482 |
| 200000082664 | C03800000000195200001 | REMAINDER OF PORTION 1 OF FARM 1952 KING WILLIAM'S TOWN RD | 737 915 |
| DEEDS141188 | T0IQ00000000049000018 | PORTION 18 OF FARM 490 HAASKRAAL | 734 773 |
| DEEDS58074 | T0IR03160000189900000 | ERF 1899 HOUGHTON ESTATE | 721 041 |
| DEEDS58063 | T0IR03160000181200000 | ERF 1812 HOUGHTON ESTATE | 699 068 |
| DEEDS58065 | T0IR03160000181400000 | ERF 1814 HOUGHTON ESTATE | 699 068 |
| DEEDS58072 | T0IR03160000189700000 | ERF 1897 HOUGHTON ESTATE | 699 068 |
| DEEDS58064 | T0IR03160000181300000 | ERF 1813 HOUGHTON ESTATE | 699 004 |
| DEEDS58066 | T0IR03160000181500000 | ERF 1815 HOUGHTON ESTATE | 699 004 |
| DEEDS58067 | T0IR03160000181600000 | ERF 1816 HOUGHTON ESTATE | 699 004 |
| D\_3132013\_125170 | N0GS00000000422500220 | PORTION 220 OF FARM 4225 TREKBOER | 690 565 |
| 3113097 | C01300020000304500000 | ERF 3045 BETTYS BAY | 680 000 |
| DEEDS36918 | F00300000000039400001 | REMAINDER OF PORTION 1 OF FARM 394 KAREELAAGTE BLOEMFONTEIN RD | 677 628 |
| DEEDS58073 | T0IR03160000189800000 | ERF 1898 HOUGHTON ESTATE | 666 214 |
| 2932071 | F02500080000829300000 | ERF 8293 ZAMDELA EXT 4 | 659 600 |
| 2750781 | N0ES04200000012900000 | ERF 129 UMZIMKHULU | 656 177 |
| 200000059004 | T0IR03520000135800000 | ERF PORTION KEMPTON PARK | 639 100 |
| D31032014\_151608 | T0HO00000000034400087 | PORTION 87 OF FARM 344 KLIPFONTEIN HO | 588 822 |
| DEEDS92593 | N0ET01630000003100000 | ERF 31 KINGSBURGH | 585 757 |
| D\_3132013\_136621 | T0HO00190000011200000 | ERF 112 TSWELELANG EXT 1 | 576 936 |
| 1073351 | N0HT00000000757600031 | PORTION 31 OF FARM 7576 CRANE VALLEY | 564 717 |
| D\_3132013\_47438 | T0IR07780002093300000 | ERF 20933 VOSLOORUS EXT 28 | 560 000 |
| DEEDS31032015\_0150970 | T0JO00000000009300015 | PORTION 15 OF FARM 93 BENADEPLAATS JO | 554 400 |
| 379451 | T0JO00000000010000002 | PORTION 2 OF FARM 100 WAGENDRIFT | 544 500 |
| D\_3132013\_47441 | T0IR07780002093600000 | ERF 20936 VOSLOORUS EXT 28 | 530 000 |
| DEEDS66873 | T0IR06140000083400000 | ERF 834 SOUTH GERMISTON | 526 765 |
| 3089851 | T0IR07130000005000000 | ERF 50 WEBBER | 520 000 |
| 2724894 | T0IR03160000088600000 | REMAINDER OF ERF 886 HOUGHTON ESTATE | 516 369 |
| 1621451 | T0IR04020000004500000 | REMAINDER OF ERF 45 LOMBARDY EAST | 508 000 |
| 3171311 | C01600420001086700000 | REMAINDER OF ERF 10867 PAROW | 501 725 |
| DEEDS91183 | N0GV01440000001200000 | ERF 12 HLUHLUWE | 501 600 |
| 3113093 | C01300020000280100000 | ERF 2801 BETTYS BAY | 500 150 |
| D\_3132013\_47437 | T0IR07780002093200000 | ERF 20932 VOSLOORUS EXT 28 | 500 000 |
| D\_3132013\_47449 | T0IR07780002094400000 | ERF 20944 VOSLOORUS EXT 28 | 490 000 |
| D\_3132013\_126335 | N0HT00000000723900018 | PORTION 18 OF FARM 7239 GARDENS | 488 434 |
| DEEDS18280 | C03900000000018300051 | PORTION 51 OF FARM 183 EASTBROOK KNYSNA RD | 480 000 |
| 2801231 | T0JO00040000002700000 | ERF 27 MAFIKENG | 480 000 |
| 739951 | C05000000000018700000 | FARM 187 LEEUW RIVIER EXTENSION | 472 000 |
| D\_3132013\_138145 | T0IR08970000266700000 | ERF 2667 BLUEGUM VIEW EXT 3 | 460 000 |
|  | C02000010000112900000 | ERF 1129 PORTION 0 OF CITRUSDAL | 454 486 |
|  | C01600070006156900000 | ERF 61569 PORTION 0 OF LANSDOWNE | 454 486 |
|  | C01600420000772000000 | ERF 7720 PORTION 0 OF PAROW | 454 486 |
|  | C05800080000006300000 | ERF 63 PORTION 0 OF LWANDLE | 454 486 |
|  | N0FT02130000010200000 | PORTION OF ERF 102 OF  MONTESEEL | 454 486 |
|  | N0FT02580000079600000 | UNREGISTERED | 454 486 |
|  | N0FT02580001000000000 | UNREGISTERED | 454 486 |
|  | T0JO00130000074000000 | ERF 740 PORTION 0 OF MONTSHIWA-2 | 454 486 |
|  | T0HO00020000036500000 | ERF 365 OF BLOEMHOF | 454 486 |
|  | F00300090002200200000 | ERF 22002 PORTION 0 OF MANGAUNG EXT 2 | 454 486 |
|  | N0GU06450000011000000 | ERF 110 PORTION 0 OF ULUNDI BA | 454 486 |
|  | T0IP00630000459000000 | ERF 4590 KANANA | 454 486 |
|  | T0IP00630000259300000 | ERF 2593 KANANA | 454 486 |
| DD\_31032017\_38677 | T0JR00810000020100000 | ERF 201 ERASMUS | 449 901 |
| DEEDS31032015\_0051186 | T0IR04880000028800000 | REMAINDER OF ERF288 OBSERVATORY | 444 704 |
| 1133582 | F03900070000952300000 | ERF 9523 WELKOM EXT 31 | 438 709 |
| D\_3132013\_47427 | T0IR07780002092100000 | ERF 20921 VOSLOORUS EXT 28 | 430 000 |
| DEEDS46013 | C03700000000013100007 | PORTION 7 OF FARM 131 DOORNS KIMBERLEY RD | 426 086 |
| DEEDS166728 | T0HO00190000144400000 | ERF 1444 TSWELELANG EXT 2 | 421 502 |
| DEEDS58076 | T0IR03160000228900002 | PORTION 2 OF ERF 2289 HOUGHTON ESTATE | 420 989 |
| 200000070546 | F03900070000785100000 | ERF 7851 WELKOM EXT 12 | 420 130 |
| D\_3132013\_99141 | N0GS02820000029800000 | ERF 298 ROOS BOOM | 415 654 |
| DEEDS54742 | C07000000000096200003 | PORTION 3 OF FARM 962 EBENEZER WEST STOCKENSTROM RD | 411 403 |
| D\_3132013\_47443 | T0IR07780002093800000 | ERF 20938 VOSLOORUS EXT 28 | 410 000 |
| D31032014\_94288 | N0GS00000000534200000 | REMAINDER OF FARM 5342 UNDANYAN | 403 816 |
| DEEDS103317 | N0FT02760000428500017 | PORTION 17 OF ERF 4285 RESERVOIR HILLS | 398 803 |
| DEEDS31032015\_0160193 | C03700010003596700000 | ERF 35967 KIMBERLEY | 398 610 |
| 3133511 | N0GT03710000034500000 | REMAINDER OF ERF345 WASBANK | 394 609 |
| DEEDS95332 | N0FU02050000015400000 | ERF 154 MEREPARK | 380 000 |
| D31032014\_158071 | T0IQ03050000010200001 | REMAINDER OF PORTION 1 OF ERF 102 POTCHEFSTROOM | 377 184 |
| 1075751 | N0HT00000000757600053 | PORTION 53 OF FARM 7576 CRANE VALLEY | 377 006 |
| DEEDS31032015\_0012571 | C03800000000195100004 | PORTION 4 OF FARM 1951 HOLL KING WILLIAM'S TOWN RD | 370 000 |
| DEEDS140255 | T0IQ00000000019900119 | REMAINDER OF PORTION 119 OF FARM 199 BOSCHKOP IQ | 360 000 |
| D\_3132013\_47444 | T0IR07780002093900000 | ERF 20939 VOSLOORUS EXT 28 | 350 000 |
| DEEDS15423 | C01600200000108400000 | ERF 1084 GRASSY PARK | 345 840 |
| D\_3132013\_45715 | T0IR00750000129100000 | ERF 1291 BOKSBURG | 340 000 |
| DEEDS31032015\_0088116 | N0GU00000001122300002 | PORTION 2 OF FARM 11223 BROOMFIELD GU | 336 183 |
| 980892 | N0FU00850000342900000 | ERF 3429 DURBAN | 331 392 |
| S42\_31032015\_00873 | C05500080000096700000 | FARM 967 PAARL | 330 374 |
| 3118761 | C04000000000004800000 | FARM 48 KOMGA RD | 328 841 |
| 3111601 | C07000010000004400000 | ERF 44 SEYMOUR | 326 260 |
| DEEDS55552 | T0IR00750000103800000 | ERF 1038 BOKSBURG | 320 000 |
| DEEDS79301 | N0FU00850000343000000 | ERF 3430 DURBAN | 319 338 |
| DEEDS31032015\_0106244 | N0ES04200000022200000 | ERF 222 UMZIMKHULU | 314 096 |
| 2782181 | N0FT02770000016600000 | ERF 166 RICHMOND | 308 278 |
| 167333656 | C07100000000022700001 | FARM 114 PORTION 29 OF BADFONTEIN | 305 181 |
| 562751 | C00700070000054300000 | AGRICULTURAL HOLDING 543 VAAL HARTS SETTLEMENT A AGRICULTURAL HOLDING | 302 335 |
| 581051 | C00700070000054200000 | AGRICULTURAL HOLDING 542 VAAL HARTS SETTLEMENT A AGRICULTURAL HOLDING | 301 269 |
| D\_3132013\_124442 | N0FU00000001582600010 | PORTION 10 OF FARM 15826 RESERVE NO 7A | 300 150 |
| DEEDS79299 | N0FU00850000342800000 | ERF 3428 DURBAN | 293 440 |
| 200000058961 | C00900040000001000000 | ERF PORTION NELSPOORT | 292 500 |
| DEEDS31876 | C07300070000061100000 | ERF 611 SUURBRAAK | 290 970 |
| 1544781 | C03800330000106900000 | ERF 1069 BISHO | 289 221 |
| D\_3132013\_124444 | N0FU00000001582600029 | PORTION 29 OF FARM 15826 RESERVE NO 7A | 287 000 |
| DEEDS18911 | C05800050000018800000 | ERF 188 LAAIPLEK | 286 072 |
| DEEDS31867 | C07300070000010200000 | ERF 102 SUURBRAAK | 284 112 |
| 200000085547 | N0FU01120000029000000 | ERF 290 GLEN ANIL EXT 1 | 273 043 |
| DEEDS166730 | T0HO00190000225200000 | ERF 2252 TSWELELANG EXT 4 | 265 000 |
|  | C04600130000004100000 | ERF 41 PORTION 0 OF ST HELENA BAY | 264 441 |
|  | C05300000000000100000 | FARM 1 PORION 0 OF FARM 1 NAMAQUALAND RD | 264 441 |
|  | T0IQ00000000019000433 | FARM 190 POPRTION 433 IQ | 264 441 |
|  | T0IR00000000002600106 | FARM 26 PORTION 106 IR | 264 441 |
|  | N0FT00000000094500010 | SDF | 264 441 |
|  | C03100000000045800015 | FARM 458 PORTION 15 OF CARTER BLOCK | 264 441 |
|  | T0IR00970000102600000 | ERF 1026 PORTION 0 BRAKPAN | 264 441 |
|  | C11700060000011900000 | ERF 119 PORTION 0 OF PEDDIE | 264 441 |
|  | T0IP00630000459100000 | ERF 4591 KANANA | 264 441 |
|  | T0IP00630000259100000 | ERF 2590 KANANA | 264 441 |
| 1057641 | N0GS00000000110200423 | PORTION 423 OF FARM 1102 ROOS BOOM | 263 072 |
| DEEDS46012 | C03700000000013100006 | PORTION 6 OF FARM 131 DOORNS KIMBERLEY RD | 260 677 |
| 535431 | C03100030000285300000 | ERF 2853 POSTMASBURG | 260 389 |
| D\_3132013\_47430 | T0IR07780002092400000 | ERF 20924 VOSLOORUS EXT 28 | 252 000 |
| DEEDS31868 | C07300070000001400000 | ERF 14 SUURBRAAK | 244 924 |
| DEEDS87808 | N0FU00000001582600025 | PORTION 25 OF FARM 15826 RESERVE NO 7A | 241 500 |
| 2947021 | C11700060000045400000 | ERF 454 PEDDIE | 241 076 |
| DEEDS90486 | N0GT00000000056800003 | PORTION 3 OF FARM 568 PIET RETIEF GT | 240 007 |
| DD30082014\_025046 | C02800070001267500000 | ERF 12675 UPINGTON | 240 001 |
| D\_3132013\_47445 | T0IR07780002094000000 | ERF 20940 VOSLOORUS EXT 28 | 240 000 |
| DEEDS31986 | C07300000000004400003 | PORTION 3 OF FARM 44 FARM 44 | 235 127 |
| 1091311 | N0FT00000000187800004 | FARM 1878 PORTION 4 OF NATAL RD-AMBLETON | 235 127 |
| 850231 | C03800070000352100000 | ERF 3521 KING WILLIAM'S TOWN | 230 400 |
| D\_3132013\_45714 | T0IR00750000129000000 | ERF 1290 BOKSBURG | 230 000 |
| D\_3132013\_45712 | T0IR00750000128800000 | ERF 1288 BOKSBURG | 230 000 |
| 1030421 | N0FU00000001582600066 | PORTION 66 OF FARM 15826 RESERVE NO 7A | 230 000 |
| 3120831 | N0GS00000000139300351 | PORTION 351 OF FARM 1393 MATOWAANS KOP | 229 005 |
| 3120771 | N0GS00000000139300474 | PORTION 474 OF FARM 1393 MATOWAANS KOP | 225 322 |
| 200000066879 | T0JR00230000020400000 | REMAINDER OF ERF 204 BROOKLYN | 224 951 |
| 568611 | C00700070000054100000 | AGRICULTURAL HOLDING 541 VAAL HARTS SETTLEMENT A AGRICULTURAL HOLDING | 223 929 |
| 2767341 | T0IQ02170000346900000 | ERF 3469 LENASIA SOUTH EXT 4 | 223 612 |
| DEEDS71395 | N0ET00030000021500000 | ERF 215 AMANZIMTOTI | 220 445 |
| D\_3132013\_45713 | T0IR00750000128900000 | ERF 1289 BOKSBURG | 220 000 |
| DEEDS105164 | N0FT03160000032900018 | PORTION 18 OF ERF 329 SPRINGFIELD | 218 643 |
| DEEDS33725 | C07800080000027100000 | ERF 271 VANRHYNSDORP | 215 780 |
| 3073541 | N0ET02520000029000000 | ERF 290 OF PARK RYNIE SOUTH | 207 355 |
| 200000077725 | T0IR00000000006100085 | PORTION 85 OF FARM 61 RIETFONTEIN IR | 206 836 |
| 2664042 | N0GU04050000064400000 | ERF 644 NSELENI A | 205 197 |
| 2545431 | C03800450000014600000 | ERF 146 MIDDLEDRIFT | 204 046 |
| 2545433 | C03800450000014500000 | ERF 145 MIDDLEDRIFT | 204 046 |
| 2545432 | C03800450000014400000 | ERF 144 MIDDLEDRIFT | 204 046 |
| 1589652 | C03800450000014300000 | ERF 143 MIDDLEDRIFT | 204 046 |
| DD30082014\_030333 | C03800070000289400000 | ERF 2894 KING WILLIAM'S TOWN | 203 893 |
| D\_3132013\_125171 | N0GS00000000422500221 | PORTION 221 OF FARM 4225 TREKBOER | 203 881 |
| DEEDS13576 | C01600190001624700000 | REMAINDER OF ERF 16247 GOODWOOD | 202 222 |
| 1099381 | N0HT00000000881600005 | REMAINDER OF PORTION 5 OF FARM 8816 KOPIJ ALEEN | 201 621 |
| D\_3132013\_47440 | T0IR07780002093500000 | ERF 20935 VOSLOORUS EXT 28 | 200 000 |
| DEEDS84291 | N0ET00000000474800000 | FARM 4748 LOT 4 UMKONYE ET | 194 000 |
| 3131031 | N0GS02820000028300000 | ERF 283 ROOS BOOM | 189 412 |
| DEEDS31032015\_0037672 | T0JR00080000065200000 | ERF 652 OF ARCADIA | 186 342 |
| 200000055781 | C04600090000027500000 | ERF PORTION MAMRE | 184 200 |
| DD\_31032017\_28817 | F02100030000034900000 | REMAINDER OF ERF 349 LADYBRAND | 180 273 |
| D31032014\_43130 | T0IR03160000091200000 | ERF 912 HOUGHTON ESTATE | 174 707 |
| D31032014\_43129 | T0IR03160000091100000 | ERF 911 HOUGHTON ESTATE | 174 707 |
| D31032014\_43128 | T0IR03160000091000000 | ERF 910 HOUGHTON ESTATE | 174 707 |
| DEEDS179541 | T0JO00000000040600003 | PORTION 3 OF FARM 406 BUGLER'S POST JO | 173 474 |
| DEEDS92595 | N0ET01630000003300000 | ERF 33 KINGSBURGH | 170 988 |
| 76783 | N0FT03920000032900063 | PORTION 63 OF ERF 63 ZEEKOE VALLEI | 162 749 |
| 76788 | N0FT03920000032900064 | PORTION 64 OF ERF 64 ZEEKOE VALLEI | 162 027 |
| D\_3132013\_125160 | N0GS00000000422500156 | PORTION 156 OF FARM 4225 TREKBOER | 159 159 |
| 403051 | T0JQ00000000021100070 | REMAINDER OF PORTION 70 OF FARM 211 KAMEELDRIFT | 158 500 |
| 545591 | C03700010001323700000 | ERF 13237 KIMBERLEY | 156 958 |
| D31032014\_154991 | T0JQ00000000038100011 | PORTION 11 OF FARM 381 SYFERFONTEIN | 152 424 |
| 200000065215 | F01500100000021400000 | SDF - N/A - (DISTRICT WITZIESHOEK)DIE BULT PHUTHADITJHABA | 151 625 |
| 3073551 | N0ET02520000029100000 | ERF 291 OF PARK RYNIE | 144 463 |
| 3131091 | N0GS00000000110200009 | REMAINDER OF PORTION 9 OF FARM 1102 ROOS BOOM | 143 374 |
| DD\_31032017\_40250 | T0IR02970000077500000 | ERF 775 HEIDELBERG EXT 1 | 141 567 |
| 980891 | N0FU00850000334000000 | ERF 3340 DURBAN | 140 474 |
| WC000001 | C07800080000026400000 | ERF 264 VANRHYNSDORP | 133 491 |
| 200000070109 | C02300000000104600008 | PORTION 8 OF FARM 1046 EAST LONDON RD | 133 019 |
| 14615 | N0FU00850001169900000 | ERF 11699 DURBAN | 132 259 |
| 1451361 | T0IR04190000019500000 | ERF 195 MARLBORO | 132 000 |
| DEEDS181732 | T0JO00130000231200000 | ERF 2312 OF MONTSHIWA-2 | 128 000 |
| 2928251 | C03800330000107000000 | ERF 1070 BISHO | 126 804 |
| 141771 | T0JP00020000006200000 | ERF 62 GROOT MARICO | 123 442 |
| D31032014\_154990 | T0JQ00000000038100000 | REMAINDER OF FARM 381 SYFERFONTEIN | 119 948 |
| 200000070107 | C02300000000104300015 | REMAINDER OF PORTION 15 OF FARM 1043 EAST LONDON RD | 118 489 |
| D\_3132013\_112241 | N0ET03960000954400000 | ERF 9544 LOVU | 110 000 |
| 864521 | C07700040000055200000 | ERF 552 UNIONDALE | 108 800 |
| 286022 | T0JR00740000004300000 | AGRICULTURAL HOLDING 43 ELLISON AGRICULTURAL HOLDINGS | 101 670 |
| EC332\_4 | C03800010000145300000 | ERF 1453 BERLIN | 100 347 |
| 1101141 | N0GS00000000106400013 | PORTION 13 OF FARM 1064 SWARTZKLOOF GS | 99 968 |
| 169391 | T0JP00020000006400000 | ERF 64 GROOT MARICO | 97 970 |
| DEEDS35526 | C01600620000029000000 | ERF 290 ZEEKOEVLEI | 97 941 |
| EC332\_6 | C03800010000145500000 | ERF 1455 BERLIN | 97 369 |
| C11700060000031700000 | C11700060000031700000 | ERF 317 PEDDIE | 97 156 |
| 980893 | N0FU00850000342700000 | REMAINDER OF ERF 3427 DURBAN | 94 389 |
| 3198481 | F03200250000033000000 | ERF 330 THABA'NCHU | 91 800 |
| 200000070675 | T0IQ00000000022400198 | PORTION 198 OF FARM 224 LANGLAAGTE IQ | 91 474 |
| DEEDS181897 | T0HN00030000028200000 | ERF 282 PUDIMOE-1 | 91 432 |
| 1607532 | C11700040000021100000 | ERF 211 HAMBURG | 90 670 |
| DD\_31032017\_50550 | T0IR05490000060300000 | ERF 603 RENSBURG | 90 670 |
| 1607531 | C11700040000021000000 | ERF 210 HAMBURG | 90 670 |
| 589481 | C00700070000007300000 | AGRICULTURAL HOLDING 73 VAAL HARTS SETTLEMENT A AGRICULTURAL HOLDING | 90 476 |
| 566591 | C03700030000031000000 | ERF 310 WARRENTON | 90 476 |
| 3004751 | N0ET03960001197900000 | ERF 11979 LOVU | 90 000 |
| EC332\_3 | C03800010000001800000 | ERF 18 BERLIN | 87 198 |
| 721121 | C01600540000212000000 | ERF 2120 SIMON'S TOWN | 86 896 |
| 200000058804 | T0IQ05780000147600000 | ERF PORTION MUNSIEVILLE | 85 724 |
| D\_3132013\_2299 | F00200010000148300000 | ERF 1483 BETHULIE | 84 254 |
| 1069721 | N0HT00000000757600009 | PORTION 9 OF FARM 7576 CRANE VALLEY | 83 941 |
| D\_3132013\_47435 | T0IR07780002093000000 | ERF 20930 VOSLOORUS EXT 28 | 82 656 |
| 1073931 | N0HT00000000757600036 | PORTION 36 OF FARM 36 CRANE VALLEY HT | 80 424 |
| DEEDS109792 | N0FU04630000300900000 | ERF 3009 WATERLOO EXT 11 | 80 000 |
| 1073231 | N0HT00000000757600030 | PORTION 30 OF FARM 30 CRANE VALLEY HT | 79 577 |
| D\_3132013\_47426 | T0IR07780002092000000 | ERF 20920 VOSLOORUS EXT 28 | 75 371 |
| DEEDS109793 | N0FU04630000301000000 | ERF 3010 WATERLOO EXT 11 | 75 000 |
| DEEDS104202 | N0GS02820000000500000 | ERF 5 ROOS BOOM | 74 976 |
| D31032014\_153229 | T0IO00130000414200000 | ERF 4142 ITSOSENG UNIT 3 | 67 888 |
| 1080541 | N0HT00000000757700011 | PORTION 11 OF FARM 7577 LOCH LOMOND | 65 798 |
| 200000066887 | T0JR00370000073000064 | PORTION 64 OF ERF 730 CLUBVIEW EXT 24 | 65 052 |
| DD30082014\_131954 | T0IR05640000002600000 | ERF 26 KOPANONG | 64 168 |
| 3074181 | N0GS00000000139300354 | PORTION 354 OF FARM 1393 MATOWAANS KOP | 62 348 |
| D\_3132013\_125159 | N0GS00000000422500138 | PORTION 138 OF FARM 4225 TREKBOER | 61 100 |
| D31032014\_35146 | T0JR00370000073000086 | PORTION 86 OF ERF 730 CLUBVIEW EXT 24 | 57 824 |
| 200000057233 | N0ET05060000209500000 | ERF PORTION GAMALAKHE A | 56 688 |
| 1613401 | T0IQ05790000407800000 | ERF 4078 MOHLAKENG | 55 000 |
| DEEDS 180233 | T0JR00000000052900008 | PORTION 8 OF FARM 8 SUIKERBOSCHFONTEIN JR | 52 948 |
| 3120781 | N0GS00000000139300429 | PORTION 429 OF FARM 1393 MATOWAANS KOP | 52 614 |
| 702801 | C01600110000014100000 | ERF 141 CONSTANTIA | 51 387 |
| DEEDS107761 | N0GS03640000001500000 | ERF 15 VAN REENEN | 51 299 |
| 2370341 | C01600220000458700000 | ERF 4587 OF GUGULETHU | 51 263 |
| DEEDS66712 | T0IQ03520000075600000 | ERF 756 ROODEPOORT | 50 132 |
| 200000058181 | T0IQ01010000004100000 | ERF PORTION ELDORADOPARK | 49 010 |
| 1101881 | N0HT00000000881600029 | REMAINDER OF PORTION 29 OF FARM 29 KOPIJ ALEEN HT | 48 230 |
| 3169111 | N0FS00000000217200028 | PORTION 28 OF FARM 2172 FOUNTAIN HALL | 48 028 |
| DEEDS109811 | N0FU04630000319100000 | ERF 3191 WATERLOO EXT 11 | 47 500 |
| 744831 | C08500000000005700025 | PORTION 25 OF FARM 57 MATROOSBERG | 45 000 |
| 1080311 | N0HT00000000757700009 | PORTION 9 OF FARM 7577 LOCH LOMOND | 44 861 |
| EC332\_5 | C03800010000145400000 | ERF 1454 BERLIN | 44 778 |
| DEEDS46301 | C00700070000056700000 | AGRICULTURAL HOLDING 567 VAAL HARTS SETTLEMENT A AGRICULTURAL HOLDING | 44 589 |
| DEEDS46300 | C00700070000056600000 | AGRICULTURAL HOLDING 566 VAAL HARTS SETTLEMENT A AGRICULTURAL HOLDING | 44 589 |
| 792951 | C04600000000055200004 | PORTION 4 OF FARM 552 SLANG KOP MALMESBURY RD | 44 500 |
| DEEDS45946 | C03700010000772900000 | ERF 7729 KIMBERLEY | 44 000 |
| DEEDS58446 | T0IR03100000243800000 | ERF 2438 JOHANNESBURG | 43 897 |
| D\_3132013\_171083 | T0JR00740000005600000 | AGRICULTURAL HOLDING 56 ELLISON AGRICULTURAL HOLDINGS | 43 107 |
| 900871 | C02700090000128100000 | ERF 1281 WILDERNESS | 41 882 |
| D\_3132013\_47446 | T0IR07780002094100000 | ERF 20941 VOSLOORUS EXT 28 | 40 687 |
| 748111 | C08500000000007100010 | PORTION 10 OF FARM 71 ROODE ELS BERG | 40 500 |
| 200000077736 | T0JR00370000073000063 | PORTION 63 OF ERF 730 CLUBVIEW EXT 24 | 40 005 |
| D\_3132013\_47439 | T0IR07780002093400000 | ERF 20934 VOSLOORUS EXT 28 | 39 562 |
| DEEDS90055 | N0GS00000000422500171 | PORTION 171 OF FARM 4225 TREKBOER | 39 461 |
| 2950771 | F03200250000005400000 | ERF 54 THABA'NCHU | 39 188 |
| DEEDS 180193 | T0JR00000000042400035 | PORTION 35 OF FARM 424 ONVERWACHT | 39 188 |
| DEEDS142039 | T0IR00000000009200545 | PORTION 545 OF FARM 92 DOORNFONTEIN IR | 39 086 |
| D\_3132013\_171090 | T0JR00740000006300000 | AGRICULTURAL HOLDING 63 ELLISON AGRICULTURAL HOLDINGS | 38 208 |
| 12503967 | T0IR07220000031600001 | PORTION 1 OF ERF 316 WEST GERMISTON | 38 000 |
| DD\_31032017\_40190 | T0IR02970000054000000 | ERF 540 HEIDELBERG | 37 792 |
| DEEDS46313 | C00700070000008300000 | AGRICULTURAL HOLDING 83 VAAL HARTS SETTLEMENT A AGRICULTURAL HOLDING | 36 912 |
|  | T0JR01250000014400000 | ERF 144 PORTION 0 OF   KOEDOESPOORT | 35 905 |
|  | N0FT00010000113500000 | UNREGISTERED | 35 905 |
|  | N0FU00000000157500000 | FARM 1575 PORTION 0 OF FU | 35 905 |
|  | T0IR00000000006400282 | FARM 64 PORTION 282 OF WITKOPPIE IR | 35 905 |
|  | T0HO00020000034000000 | ERF 340 OF BLOEMHOF | 35 905 |
|  | F01600000000015200002 | PORTION 2 OF FARM 152 HEILBRON RD | 35 905 |
|  | C07900020000044400000 | ERF 444 Portion Of Alice | 35 905 |
|  | T0IP00630000458900000 | ERF 4589 KANANA | 35 905 |
|  | T0IP00630000259200000 | ERF 2592 KANANA | 35 905 |
| DEEDS22074 | C05100070000573700000 | ERF 5737 MOSSEL BAY | 35 122 |
| DEEDS83915 | N0ET00000001310800000 | FARM 13108 LOT 7 UMKUNYA ET | 34 801 |
| 3183111 | N0HT05420000001200000 | ERF 12 MONDLO A | 34 289 |
| DEEDS103240 | N0FT02760000407800000 | REMAINDER OF ERF4078 RESERVOIR HILLS | 33 886 |
| DEEDS179335 | T0IO00000000063300002 | PORTION 2 OF FARM 633 WINTERHOEK IO | 33 884 |
| DEEDS90053 | N0GS00000000422500162 | PORTION 162 OF FARM 4225 TREKBOER | 33 477 |
| DEEDS46292 | C00700070000043100000 | AGRICULTURAL HOLDING 431 VAAL HARTS SETTLEMENT A AGRICULTURAL HOLDING | 32 571 |
| DEEDS46302 | C00700070000007100000 | AGRICULTURAL HOLDING 71 VAAL HARTS SETTLEMENT A AGRICULTURAL HOLDING | 30 760 |
| D\_3132013\_47455 | T0IR07780002095000000 | ERF 20950 VOSLOORUS EXT 28 | 29 473 |
| DEEDS110114 | N0FU04630000431100000 | ERF 4311 WATERLOO | 29 000 |
| DEEDS166726 | T0HO00190000117900000 | ERF 1179 TSWELELANG EXT 2 | 27 794 |
| DEEDS90054 | N0GS00000000422500163 | PORTION 163 OF FARM 4225 TREKBOER | 26 307 |
| 3183041 | N0HT05420000000500000 | ERF 5 MONDLO A | 24 492 |
| 158515 | C01600070009516400000 | ERF 95164 CAPE TOWN | 24 361 |
| DEEDS166731 | T0HO00190000293500000 | ERF 2935 TSWELELANG EXT 4 | 23 407 |
| DEEDS2305 | C07800010000005100000 | ERF 51 BITTERFONTEIN | 22 663 |
| DEEDS45945 | C03700010000772800000 | ERF 7728 KIMBERLEY | 22 000 |
| 3120721 | N0GS00000000139300009 | PORTION 9 OF FARM 1393 MATOWAANS KOP | 21 046 |
| 200000060668 | T0JO00000000004700000 | REMAINDER OF FARM 47 WELBEDACHT JO | 18 043 |
| DEEDS46018 | C03700000000005200001 | PORTION 1 OF FARM 52 WITPAN KIMBERLEY RD | 17 464 |
| 1030571 | N0GS00000000139300398 | PORTION 398 OF FARM 1393 MATOWAANS KOP | 17 100 |
| 1121711 | N0HT00000000964200008 | PORTION 8 OF FARM 9642 JUBILEE NO 1 | 17 000 |
| D31032014\_157980 | T0JQ00960000187800000 | ERF 1878 MOTHUTLUNG-A | 16 500 |
| D31032014\_157979 | T0JQ00960000173600000 | ERF 1736 MOTHUTLUNG-A | 16 500 |
| DEEDS46014 | C03700000000013100008 | PORTION 8 OF FARM 131 DOORNS KIMBERLEY RD | 16 436 |
| 733351 | C04300000000014600005 | PORTION 5 OF FARM 146 RIET FONTEIN LAINGSBURG RD | 16 000 |
| D\_3132013\_47425 | T0IR07780002091900000 | ERF 20919 VOSLOORUS EXT 28 | 15 615 |
| D\_3132013\_136623 | T0HO00190000043900000 | ERF 439 TSWELELANG | 15 564 |
| 568021 | C03200000000014300001 | PORTION 1 OF FARM 143 HERBERT RD | 15 351 |
| DEEDS58070 | T0IR03160000189500000 | ERF 1895 HOUGHTON ESTATE | 14 852 |
| DEEDS58069 | T0IR03160000189400000 | ERF 1894 HOUGHTON ESTATE | 14 852 |
| DEEDS58071 | T0IR03160000189600000 | ERF 1896 HOUGHTON ESTATE | 14 852 |
| DEEDS143695 | T0JQ00000000034400072 | PORTION 72 OF FARM 72 BUFFELSFONTEIN JQ | 14 302 |
| DEEDS45723 | C03200000000007500001 | PORTION 1 OF FARM 75 MAZELSFONTEIN HERBERT RD | 13 474 |
| DEEDS58068 | T0IR03160000189300000 | ERF 1893 HOUGHTON ESTATE | 12 180 |
| 3120861 | N0GS00000000139300425 | PORTION 425 OF FARM 1393 MATOWAANS KOP | 11 444 |
| 200000055937 | T0JO00360000247700000 | ERF PORTION LEHURUTSHE UNIT 3 | 10 877 |
| 863071 | C02300040002071100000 | ERF 20711 OF EAST LONDON | 10 032 |
| 397541 | T0JQ00000000041000990 | PORTION 990 OF FARM 410 HARTEBEESTPOORT B | 10 000 |
| **Total** | | | **1 094 033 244** |

**Impact of the finding**

The above will result in an

* Overstatement of PPE: Land (carrying amount) by an amount of R1 094 033 244
* Overstatement of Heritage assets: Land (carrying amount) by an amount of R52 812 266
* Overstatement of Investment property: Land (carrying amount) by an amount of R380 000

Furthermore, the above finding will possibly have an impact on the custodianship of following improvements situated and linked to the listed land parcels:

| Building ID | Unique prop code of land parcel/site | Accommodation Type | CARRY VALUE FOR THE YEAR 2020/21 (R.) |
| --- | --- | --- | --- |
| 200000178981 | 28232 | RESIDENTIAL ACCOMODATION | 23 661,00 |
| 200000179166 | 28232 | OFFICE | 25 542,00 |
| 200000179167 | 28232 | OFFICE | 25 542,00 |
| 200000179168 | 28232 | OFFICE | 25 542,00 |
| 200000179169 | 28232 | OFFICE | 25 542,00 |
| 200000179172 | 28232 | OFFICE | 25 542,00 |
| 200000179173 | 28232 | OFFICE | 25 542,00 |
| 200000179163 | 28232 | OFFICE | 25 542,00 |
| 200000179164 | 28232 | OFFICE | 25 542,00 |
| 200000179165 | 28232 | OFFICE | 25 542,00 |
| 200000178979 | 28232 | RESIDENTIAL ACCOMODATION | 42 064,00 |
| 200000178980 | 28232 | RESIDENTIAL ACCOMODATION | 42 064,00 |
| 200000179282 | 28232 | RESIDENTIAL ACCOMODATION | 42 064,00 |
| 200000178978 | 28232 | RESIDENTIAL ACCOMODATION | 42 064,00 |
| 200000179202 | 28232 | OFFICE | 45 408,00 |
| 200000092378 | 1544781 | OFFICE | 90 816,00 |
| 200000092370 | 1544781 | OFFICE | 93 654,00 |
| 200000092374 | 1544781 | OFFICE | 96 492,00 |
| 200000179199 | 28232 | OFFICE | 99 330,00 |
| 200000179180 | 28232 | OFFICE | 99 330,00 |
| 200000092369 | 1544781 | OFFICE | 99 330,00 |
| 200000092371 | 1544781 | OFFICE | 99 330,00 |
| 200000092376 | 1544781 | OFFICE | 99 330,00 |
| 200000092379 | 1544781 | OFFICE | 99 330,00 |
| 200000092377 | 1544781 | OFFICE | 105 006,00 |
| 200000092368 | 1544781 | OFFICE | 107 844,00 |
| 200000092372 | 1544781 | OFFICE | 107 844,00 |
| 200000092375 | 1544781 | OFFICE | 107 844,00 |
| 200000161873 | 1544781 | OFFICE | 107 844,00 |
| 200000179016 | 28232 | OFFICE | 110 682,00 |
| 200000092373 | 1544781 | OFFICE | 113 520,00 |
| 200000179200 | 28232 | OFFICE | 116 358,00 |
| 200000179271 | 28232 | OFFICE | 119 196,00 |
| 200000179238 | 28232 | OFFICE | 130 548,00 |
| 200000179013 | 28232 | OFFICE | 133 386,00 |
| 200000179198 | 28232 | OFFICE | 139 062,00 |
| 200000179197 | 28232 | OFFICE | 139 062,00 |
| 200000179196 | 28232 | OFFICE | 139 062,00 |
| 200000179027 | 28232 | OFFICE | 147 576,00 |
| 200000179014 | 28232 | OFFICE | 158 928,00 |
| 200000092414 | 1544781 | OFFICE | 161 766,00 |
| 200000179029 | 28232 | OFFICE | 198 660,00 |
| 200000179019 | 28232 | OFFICE | 221 364,00 |
| 200000179021 | 28232 | OFFICE | 238 392,00 |
| 200000092365 | 1544781 | OFFICE | 246 906,00 |
| 200000178986 | 28232 | RESIDENTIAL ACCOMODATION | 257 642,00 |
| 200000179018 | 28232 | OFFICE | 280 962,00 |
| 200000179010 | 28232 | OFFICE | 306 504,00 |
| 200000178994 | 28232 | RESIDENTIAL ACCOMODATION | 312 851,00 |
| 200000179025 | 28232 | OFFICE | 317 856,00 |
| 200000178999 | 28232 | RESIDENTIAL ACCOMODATION | 336 512,00 |
| 200000179000 | 28232 | RESIDENTIAL ACCOMODATION | 336 512,00 |
| 200000178996 | 28232 | RESIDENTIAL ACCOMODATION | 341 770,00 |
| 200000178998 | 28232 | RESIDENTIAL ACCOMODATION | 341 770,00 |
| 200000092413 | 1544781 | OFFICE | 354 750,00 |
| 200000092404 | 1544781 | OFFICE | 371 778,00 |
| 200000179007 | 28232 | OFFICE | 377 454,00 |
| 200000179008 | 28232 | OFFICE | 377 454,00 |
| 200000179009 | 28232 | OFFICE | 383 130,00 |
| 200000179015 | 28232 | OFFICE | 383 130,00 |
| 200000178993 | 28232 | RESIDENTIAL ACCOMODATION | 402 237,00 |
| 200000178992 | 28232 | RESIDENTIAL ACCOMODATION | 402 237,00 |
| 200000178997 | 28232 | RESIDENTIAL ACCOMODATION | 402 237,00 |
| 200000179203 | 28232 | OFFICE | 422 862,00 |
| 200000178990 | 28232 | RESIDENTIAL ACCOMODATION | 425 898,00 |
| 200000178991 | 28232 | RESIDENTIAL ACCOMODATION | 425 898,00 |
| 200000179237 | 28232 | OFFICE | 431 376,00 |
| 200000178987 | 28232 | RESIDENTIAL ACCOMODATION | 446 930,00 |
| 200000179031 | 28232 | OFFICE | 456 918,00 |
| 200000179022 | 28232 | OFFICE | 465 432,00 |
| 200000179026 | 28232 | OFFICE | 471 108,00 |
| 200000179030 | 28232 | OFFICE | 471 108,00 |
| 200000178989 | 28232 | RESIDENTIAL ACCOMODATION | 483 736,00 |
| 200000179023 | 28232 | OFFICE | 496 650,00 |
| 200000179003 | 28232 | RESIDENTIAL ACCOMODATION | 499 510,00 |
| 200000179002 | 28232 | RESIDENTIAL ACCOMODATION | 520 542,00 |
| 200000179006 | 28232 | OFFICE | 530 706,00 |
| 200000179001 | 28232 | RESIDENTIAL ACCOMODATION | 538 945,00 |
| 200000179011 | 28232 | OFFICE | 547 734,00 |
| 200000179012 | 28232 | OFFICE | 593 142,00 |
| 200000178985 | 28232 | RESIDENTIAL ACCOMODATION | 599 412,00 |
| 200000179028 | 28232 | OFFICE | 632 874,00 |
| 200000179205 | 28232 | OFFICE | 635 712,00 |
| 200000179179 | 28232 | OFFICE | 635 712,00 |
| 200000179204 | 28232 | OFFICE | 649 902,00 |
| 200000179024 | 28232 | OFFICE | 675 444,00 |
| 200000179194 | 28232 | OFFICE | 689 634,00 |
| 200000179201 | 28232 | OFFICE | 746 394,00 |
| 200000179195 | 28232 | OFFICE | 817 344,00 |
| 200000179004 | 28232 | OFFICE | 882 618,00 |
| 200000179042 | 28232 | OFFICE | 1 084 116,00 |
| 200000179192 | 28232 | RESIDENTIAL ACCOMODATION | 1 840 300,00 |
| 200000179037 | 28232 | OFFICE | 2 395 272,00 |
| 200000179193 | 28232 | RESIDENTIAL ACCOMODATION | 2 529 098,00 |
| 200000179033 | 28232 | RESIDENTIAL ACCOMODATION | 3 798 905,00 |
| Total | | | **37 523 013,00** |

However, management should revisit the whole population to determine the full impact of this finding.

**Internal control deficiency**

*Financial and Performance Management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by complete information.

Management didn’t properly review the land parcels recorded on the IAR to be supported by the Deeds support to ensure that all inputs have been correctly transferred to the IAR.

**Recommendation**

It is recommended that:

* Management should ensure that adequate review process be implemented on the schedules and other information supporting the annual financial statement to ensure that the annual financial statements submitted are supported by accurate and complete schedules and information.
* Furthermore, the land extent recorded on the IAR should be reviewed against the Deeds support or CSG Diagram to confirm that all inputs have been accurately transferred before finalizing immovable asset register.
* Management should revisit the whole population to determine the full impact of this finding and correct the population.

**Management response**

Oustanding

**Auditors Conclusion**

Management’s response not provided. In the absence of management response, the finding is considered valid and will be reported in the management report.

**PMTE HO COFF 26** Immovable property:Ownership of property could not be proven

**Requirements:**

Section 40(a) and (b)of the Public Finance Management Act (PFMA) states that: *“The accounting officer for a department, trading entity or constitutional institution must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards; must prepare financial statements for each financial year in accordance with generally recognized accounting practice…”*

Section 41 furthermore states that: *“An accounting officer of a department, trading entity or constitutional institution must submit to the relevant Treasury or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as the relevant Treasury or the Auditor-General may require…”*

Paragraph 1: Custodian Framework for the state of immovable assets state that: *“Custodianship is the equivalent of control or ownership of the assets from an accounting perspective. DPW must therefore, in terms of the relevant reporting framework, recognize/disclose as its own assets all immovable assets that it controls, whether it is through custodianship on behalf of the state, or direct ownership…”*

**Nature**

During the audit of immovable assets, we noted that custodianship for the land parcel listed below could not be confirmed to belong by PMTE based on what is deemed to belong to the Department of Public Works in terms of the Immovable Asset Guide. No supporting documentation were provided to proof ownership.

Property, plant and Equipment - Land

| **Unique Property Code\_2021** | **LPI Code (as per deeds aktex)\_2021** | **Property Description** | **CARRYING VALUE 31 MARCH 2021** |
| --- | --- | --- | --- |
| 927461 | C03900000000007600000 | FARM 76 KNYSNA | 49 021 845 |
| 1154881 | F00300030000109300000 | ERF 1093 OF BLOEMFONTEIN | 10 688 349 |
| 1026621 | 0000573600000 | FARM 5736 OF NATAL RD-LOT 30 | 5 923 929 |
| 603612 | C01600000000024500007 | FARM 245 PORTION 7 OF CAPE RD-MONTAGUE GARDENS | 5 467 561 |
| 2657272 | T0MR00000000036200000 | FARM 362 ELDORADO | 4 485 600 |
| 739681 | C06700000000117000000 | FARM 1170 OF STELLENBOSCH RD-FARM 1170 | 3 530 000 |
| DEEDS125126 | T0JU00000000046600006 | REMAINDER OF PORTION 6 OF FARM 466 LOMATI | 2 909 703 |
| DEEDS4565 | C01600000000024500056 | FARM 245 PORTION 56 OF CAPE RD-MONTAGUE GARDENS | 2 894 541 |
| 718761 | C06700000000064700000 | FARM 647 OF STELLENBOSCH RD-FARM 647 | 2 630 000 |
| 18091 | T0JQ00270000106500000 | ERF 1065 OF RUSTENBURG | 2 106 350 |
| 400691 | T0JR03520000688600000 | ERF 6886 MAMELODI | 1 763 456 |
| 588001 | C03600040000158000000 | ERF 1580 OF GROOBLERSHOOP | 1 547 010 |
| 612681 | C05300050000028100000 | ERF 281 OF HONDERKLIP BAY | 1 508 811 |
| DODDB2587 | T0JR00000000008300001 | ERF 83 PORTION 1 OF N/A | 1 429 534 |
| 1044501 | N0FT00000001369000002 | FARM 13690 PORTION 2 OF UNKNOWN-GILDOWN | 1 420 812 |
| 951821 | N0FU0000000156000265 | FARM 1560 OF UNREGISTERED-LOT 31 | 1 323 913 |
| 472321 | T0JR00000000035702101 | FARM 357 PORTION 2101 OF JR-ELANDSPOORT | 1 290 761 |
| 476621 | T0JS00230000032200000 | ERF 322 MIDDELBURG | 1 180 745 |
| 1539411 | C11000010000001600000 | ERF 16 OF UNREGISTERED | 1 137 467 |
| 983051 | N0ES00480000033600000 | ERF 336 OF KOKSTAD | 1 031 132 |
| 807081 | C01600000000096400000 | FARM 964 OF CAPE RD-FARM 964 | 990 000 |
| 1542731 | T0JR01990000011500000 | FARM 115 OF JR-NOT FOUND | 927 646 |
| 624187 | C01600000000024500008 | FARM 245 PORTION 8 OF CAPE RD-MONTAGUE GARDENS | 835 893 |
| 837472 | C05100000000013500002 | FARM 135 PORTION 2 OF MOSSEL BAY RD-FARM 135 | 831 269 |
| 784481 | C01600000000096500000 | FARM 965 OF CAPE RD-FARM 965 | 795 756 |
| 200000057013 | T0JR02220000009100000 | ERF PORTION ROSSLYN | 734 773 |
| 1057511 | N0FT01100000138200198 | FARM 1382 PORTION 198 OF UNKNOWN-STOCKVILLE | 720 000 |
| 717081 | C06700000000099600001 | FARM 996 PORTION 1 OF STELLENBOSCH RD-FARM 996 | 648 050 |
| 999111 | N0GU0202000029000000 | ERF 290 MELMOTH | 616 709 |
| 1038821 | N0GT00750000023900014 | FARM 239 PORTION 14 OF UNKNOWN-GARDENS | 616 688 |
| 200000068964 | T0HS00000000010900028 | FARM 109 PORTION 28 OF HS-SCHUILKLIP | 522 912 |
| 3125821 | T0MR00000000008000002 | ERF 0 MR | 474 583 |
| 796811 | C08500040000302600000 | ERF 3026 OF WORCESTER | 470 692 |
|  | N0FT02130000010200000 | PORTION OF ERF 102 OF  MONTESEEL | 454 486 |
|  | T0JT00000000001200099 | FARM DE RUST 12 PORTION 99, DE RUST | 454 486 |
|  | T0JS00000000008000002 | FARM VERGELEGEN 80 PORTION 2, | 454 486 |
|  | N0ES00000000790200000 | FARM MISTLANDS 7902 PORTION 0, | 454 486 |
|  | C05900280000343400000 | ERF 3434 PORTION 0 OF NORTH END | 454 486 |
|  | T0JR01990000031900001 | ERF 319 PORTION 1 OF PRETORIA | 454 486 |
|  | F02000030000057800000 | ERF 578 OF KROONSTAD | 454 486 |
|  | T0JT00000000011500018 | FARM ELANDSPRUIT 115 PORTION 18, | 454 486 |
| 1590461 | T0JR01990000010300000 | ERF 103 PRETORIA | 449 901 |
| 387941 | T0JT00000000011400010 | REMAINDER OF PORTION 10 OF FARM 114 BADFONTEIN JT | 330 378 |
|  | T0JR01990000001900000 | ERF 19 PORTION 0 (REMAINING EXTENT) OF PRETORIA | 264 441 |
| 492791 | T0JT00000000045900000 | FARM 459 OF JT-HILLSIDE | 263 409 |
| 435181 | T0LS00110000327700000 | ERF 3277 OF LOUIS TRICHARD Ext 11 | 259 819 |
| 200000077748 | T0JS00070000069800002 | PORTION 2 OF ERF 698 DEL JUDOR EXT 1 | 259 819 |
| DEEDS138709 | T0LT00510000054100000 | ERF 541 HLANGANANI | 250 803 |
| DEEDS139076 | T0LT00510000097000000 | ERF 970 HLANGANANI | 244 924 |
| 433881 | T0JT00000000011400011 | PORTION 11 OF FARM 114 BADFONTEIN JT | 229 077 |
| 483391 | T0JR01990000014900001 | ERF 149 PORTION 1 OF PRETORIA | 224 925 |
| D\_3132013\_10051 | C01600000000024500049 | FARM 245 PORTION 49 OF CAPE RD-MONTAGUE GARDENS | 216 225 |
| 145681 | T0JO00040000122600000 | ERF 1226 MAFIKENG-11 | 215 645 |
| 3060141 | T0IS00210000014300000 | FARM 143 OF UNKNOWN-STANDERTON | 195 055 |
| 273887 | T0LR00010000101700000 | ERF 1017 WITRIVIER EXT 6 | 182 864 |
| 986331 | N0FU0027000008800007 | FARM 88 PORTION 2 OF UNREGISTERED-BLUFF | 170 820 |
| DEEDS138440 | T0LT00510000151000000 | ERF 1510 HLANGANANI | 166 549 |
| DEEDS138427 | T0LT00510000149900000 | ERF 1499 HLANGANANI | 161 650 |
| 1106991 | N0FT00000000086900125 | FARM 869 PORTION 125 OF NATAL RD-WILGEFONTEIN | 157 007 |
| DOD00164 | T01R02970000081500000 | ERF 815 OF HEIDELBERG | 154 088 |
| DEEDS138393 | T0LT00510000141900000 | ERF 1419 HLANGANANI | 153 813 |
| 273886 | T0LR00010000101400000 | ERF 1014 WITRIVIER EXT 6 | 152 387 |
| 2907121 | C01300009000003400000 | ERF 34 OF GANS BAY | 151 015 |
| DEEDS138431 | T0LT00510000150100000 | ERF 1501 HLANGANANI | 146 955 |
| DEEDS138438 | T0LT00510000150800000 | ERF 1508 HLANGANANI | 146 955 |
| 1657901 | T0LT00110000140600000 | ERF 1406 LENYEENYEE-A | 120 000 |
| DEEDS138425 | T0LT00510000149700000 | ERF 1497 HLANGANANI | 118 543 |
| 225193 | T0IR03700000001900000 | ERF PORTION OF JOHANNESBURG | 117 795 |
| DEEDS138437 | T0LT00510000150700000 | ERF 1507 HLANGANANI | 117 564 |
| DEEDS138433 | T0LT00510000150300000 | ERF 1503 HLANGANANI | 116 584 |
| 414551 | T0JR01990000006100002 | ERF 61 PORTION 2 OF PRETORIA | 114 525 |
| 1048131 | N0FU01110000045200000 | ERF 452 OF GINGINDLOVU | 106 366 |
| 1044361 | N0FT00000590200000006 | ERF 5902 PORTION 6 OF DURBAN | 105 751 |
| 1040451 | N0FU01110000045000000 | ERF 450 OF GINGINDLOVU | 105 452 |
| 1124531 | N0FU01110000048300000 | ERF 483 OF GINGINDLOVU | 103 166 |
| 1042551 | N0FT00000870000001123 | FARM 870 PORTION 1123 OF UNKNOWN-ISIPINGO | 100 860 |
| 1574581 | T0JR02700000037900000 | AGRICULTURAL HOLDING 379 WALLMANNSTHAL AGRICULTURAL HOLDINGS JR | 100 261 |
| 1574071 | T0JR02700000034900000 | AGRICULTURAL HOLDING 349 WALLMANNSTHAL AGRICULTURAL HOLDINGS JR | 100 261 |
| 1574621 | T0JR02700000038200000 | AGRICULTURAL HOLDING 382 WALLMANNSTHAL AGRICULTURAL HOLDINGS JR | 100 261 |
| 1574641 | T0JR02700000038400000 | AGRICULTURAL HOLDING 384 WALLMANNSTHAL AGRICULTURAL HOLDINGS JR | 100 261 |
| 1574771 | T0JR02700000039100000 | AGRICULTURAL HOLDING 391 WALLMANNSTHAL AGRICULTURAL HOLDINGS JR | 100 261 |
| 1574591 | T0JR02700000038000000 | AGRICULTURAL HOLDING 380 WALLMANNSTHAL AGRICULTURAL HOLDINGS JR | 100 261 |
| 1574511 | T0JR02700000037300000 | AGRICULTURAL HOLDING 373 WALLMANNSTHAL AGRICULTURAL HOLDINGS JR | 100 261 |
| 1576371 | T0JR02700000044500000 | AGRICULTURAL HOLDING 445 WALLMANNSTHAL AGRICULTURAL HOLDINGS JR | 100 261 |
| DOD00032 | TOJR02700000047100000 | AGRICULTURAL HOLDING 471 | 100 260 |
| 1574701 | T0JR02700000038800000 | AGRICULTURAL HOLDING 388 WALLMANNSTHAL AGRICULTURAL HOLDINGS JR | 100 186 |
| 1574681 | T0JR02700000038600000 | AGRICULTURAL HOLDING 386 WALLMANNSTHAL AGRICULTURAL HOLDINGS JR | 100 186 |
| 1574501 | T0JR02700000037200000 | AGRICULTURAL HOLDING 372 WALLMANNSTHAL AGRICULTURAL HOLDINGS JR | 100 186 |
| 272410 | T0JR02360000002300000 | AGRICULTURAL HOLDING 23 STEYNBERG AGRICULTURAL HOLDINGS | 99 407 |
| 1576231 | T0JR02700000043700000 | AGRICULTURAL HOLDING 437 WALLMANNSTHAL AGRICULTURAL HOLDINGS JR | 98 546 |
| DEEDS138394 | T0LT00510000142000000 | ERF 1420 HLANGANANI | 88 173 |
| DEEDS138395 | T0LT00510000142100000 | ERF 1421 HLANGANANI | 88 173 |
| 473641 | T0JR01990000072400000 | FARM 724 OF JR-NOT FOUND | 78 103 |
| 177 | C08400050000023700000 | ERF PORTION OF INDWE | 73 962 |
| DEEDS139061 | T0LT00510000089600000 | ERF 896 HLANGANANI | 70 555 |
| DEEDS138422 | T0LT00510000149400000 | ERF 1494 HLANGANANI | 66 619 |
| DEEDS138423 | T0LT00510000149500000 | ERF 1495 HLANGANANI | 66 619 |
| DEEDS158977 | T0JR01990000014600001 | PORTION 1 OF ERF 146 PRETORIA | 63 437 |
| 2918391 | T0JR01990000014500000 | ERF 145 PRETORIA | 62 351 |
| DEEDS138758 | T0LT00510000005900000 | ERF 59 HLANGANANI | 57 802 |
| 200000087850 | T0JO00310000329500000 | ERF 3295 PORTION OF Mmabatho Unit 10 | 43 735 |
| 2725401 | T0JO00330000775400000 | ERF 7754 OF MAFIKENG | 40 840 |
| DEEDS138983 | T0LT00510000081900000 | ERF 819 HLANGANANI | 39 188 |
| DEEDS138920 | T0LT00510000075800000 | ERF 758 HLANGANANI | 39 188 |
| DEEDS138958 | T0LT00510000079500000 | ERF 795 HLANGANANI | 39 188 |
| DEEDS138941 | T0LT00510000077800000 | ERF 778 HLANGANANI | 39 188 |
| DEEDS138945 | T0LT00510000078200000 | ERF 782 HLANGANANI | 39 188 |
| DEEDS138804 | T0LT00510000063400000 | ERF 634 HLANGANANI | 39 188 |
| DEEDS138816 | T0LT00510000064600000 | ERF 646 HLANGANANI | 39 188 |
| DEEDS138860 | T0LT00510000069600000 | ERF 696 HLANGANANI | 39 188 |
| DEEDS138872 | T0LT00510000070700000 | ERF 707 HLANGANANI | 39 188 |
| DEEDS138932 | T0LT00510000076900000 | ERF 769 HLANGANANI | 39 188 |
| DEEDS138962 | T0LT00510000079900000 | ERF 799 HLANGANANI | 39 188 |
| DEEDS138850 | T0LT00510000068600000 | ERF 686 HLANGANANI | 39 188 |
| DEEDS138855 | T0LT00510000069100000 | ERF 691 HLANGANANI | 39 188 |
| DEEDS138910 | T0LT00510000074800000 | ERF 748 HLANGANANI | 39 188 |
| DEEDS138455 | T0LT00510000019100000 | ERF 191 HLANGANANI | 39 188 |
| DEEDS138477 | T0LT00510000021100000 | ERF 211 HLANGANANI | 39 188 |
| DEEDS138479 | T0LT00510000021600000 | ERF 216 HLANGANANI | 39 188 |
| DEEDS138494 | T0LT00510000023300000 | ERF 233 HLANGANANI | 39 188 |
| DEEDS138799 | T0LT00510000062900000 | ERF 629 HLANGANANI | 39 188 |
| DEEDS138843 | T0LT00510000067800000 | ERF 678 HLANGANANI | 39 188 |
| DEEDS138851 | T0LT00510000068700000 | ERF 687 HLANGANANI | 39 188 |
| DEEDS138853 | T0LT00510000068900000 | ERF 689 HLANGANANI | 39 188 |
| DEEDS138858 | T0LT00510000069400000 | ERF 694 HLANGANANI | 39 188 |
| DEEDS138835 | T0LT00510000067000000 | ERF 670 HLANGANANI | 39 188 |
| DEEDS138845 | T0LT00510000068000000 | ERF 680 HLANGANANI | 39 188 |
| DEEDS138863 | T0LT00510000069900000 | ERF 699 HLANGANANI | 39 188 |
| DEEDS138869 | T0LT00510000070400000 | ERF 704 HLANGANANI | 39 188 |
| DEEDS138558 | T0LT00510000030700000 | ERF 307 HLANGANANI | 39 188 |
| DEEDS138569 | T0LT00510000033600000 | ERF 336 HLANGANANI | 39 188 |
| DEEDS138627 | T0LT00510000041400000 | ERF 414 HLANGANANI | 39 188 |
| DEEDS138630 | T0LT00510000041700000 | ERF 417 HLANGANANI | 39 188 |
| DEEDS138632 | T0LT00510000041900000 | ERF 419 HLANGANANI | 39 188 |
| DEEDS138657 | T0LT00510000044400000 | ERF 444 HLANGANANI | 39 188 |
| DEEDS138259 | T0LT00510000011400000 | ERF 114 HLANGANANI | 39 188 |
| DEEDS138790 | T0LT00510000062000000 | ERF 620 HLANGANANI | 39 188 |
| DEEDS138810 | T0LT00510000064000000 | ERF 640 HLANGANANI | 39 188 |
| DEEDS138829 | T0LT00510000066300000 | ERF 663 HLANGANANI | 39 188 |
| DEEDS138834 | T0LT00510000066800000 | ERF 668 HLANGANANI | 39 188 |
| DEEDS138838 | T0LT00510000067300000 | ERF 673 HLANGANANI | 39 188 |
| DEEDS138844 | T0LT00510000067900000 | ERF 679 HLANGANANI | 39 188 |
| DEEDS138868 | T0LT00510000070300000 | ERF 703 HLANGANANI | 39 188 |
| DEEDS138823 | T0LT00510000065600000 | ERF 656 HLANGANANI | 39 188 |
| DEEDS138828 | T0LT00510000066200000 | ERF 662 HLANGANANI | 39 188 |
| DEEDS138857 | T0LT00510000069300000 | ERF 693 HLANGANANI | 39 188 |
| DEEDS139009 | T0LT00510000084500000 | ERF 845 HLANGANANI | 39 188 |
| DEEDS139021 | T0LT00510000085800000 | ERF 858 HLANGANANI | 39 188 |
| DEEDS139023 | T0LT00510000086000000 | ERF 860 HLANGANANI | 39 188 |
| DEEDS139035 | T0LT00510000087100000 | ERF 871 HLANGANANI | 39 188 |
| DEEDS139053 | T0LT00510000088800000 | ERF 888 HLANGANANI | 39 188 |
| DEEDS138818 | T0LT00510000064800000 | ERF 648 HLANGANANI | 39 188 |
| DEEDS138833 | T0LT00510000066700000 | ERF 667 HLANGANANI | 39 188 |
| DEEDS138874 | T0LT00510000070900000 | ERF 709 HLANGANANI | 39 188 |
| DEEDS138685 | T0LT00510000051400000 | ERF 514 HLANGANANI | 39 188 |
| DEEDS138300 | T0LT00510000125200000 | ERF 1252 HLANGANANI | 39 188 |
| DEEDS138266 | T0LT00510000115600000 | ERF 1156 HLANGANANI | 39 188 |
| DEEDS138301 | T0LT00510000125900000 | ERF 1259 HLANGANANI | 39 188 |
| DEEDS138303 | T0LT00510000127700000 | ERF 1277 HLANGANANI | 39 188 |
| DEEDS138304 | T0LT00510000127800000 | ERF 1278 HLANGANANI | 39 188 |
| DEEDS138322 | T0LT00510000134900000 | ERF 1349 HLANGANANI | 39 188 |
| DEEDS138354 | T0LT00510000138100000 | ERF 1381 HLANGANANI | 39 188 |
| DEEDS138357 | T0LT00510000138400000 | ERF 1384 HLANGANANI | 39 188 |
| DEEDS138370 | T0LT00510000139700000 | ERF 1397 HLANGANANI | 39 188 |
| DEEDS138412 | T0LT00510000144500000 | ERF 1445 HLANGANANI | 39 188 |
| DEEDS138836 | T0LT00510000067100000 | ERF 671 HLANGANANI | 39 188 |
| DEEDS138856 | T0LT00510000069200000 | ERF 692 HLANGANANI | 39 188 |
| DEEDS138634 | T0LT00510000042100000 | ERF 421 HLANGANANI | 39 188 |
| DEEDS138415 | T0LT00510000146300000 | ERF 1463 HLANGANANI | 39 188 |
| DEEDS138469 | T0LT00510000020300000 | ERF 203 HLANGANANI | 39 188 |
| DEEDS138472 | T0LT00510000020600000 | ERF 206 HLANGANANI | 39 188 |
| DEEDS138474 | T0LT00510000020800000 | ERF 208 HLANGANANI | 39 188 |
| DEEDS138492 | T0LT00510000023100000 | ERF 231 HLANGANANI | 39 188 |
| DEEDS139043 | T0LT00510000087900000 | ERF 879 HLANGANANI | 39 188 |
| DEEDS139048 | T0LT00510000088300000 | ERF 883 HLANGANANI | 39 188 |
| DEEDS138544 | T0LT00510000028000000 | ERF 280 HLANGANANI | 39 188 |
| DEEDS138564 | T0LT00510000033100000 | ERF 331 HLANGANANI | 39 188 |
| DEEDS138587 | T0LT00510000036600000 | ERF 366 HLANGANANI | 39 188 |
| DEEDS138606 | T0LT00510000039400000 | ERF 394 HLANGANANI | 39 188 |
| DEEDS138291 | T0LT00510000001200000 | ERF 12 HLANGANANI | 39 188 |
| DEEDS138294 | T0LT00510000122100000 | ERF 1221 HLANGANANI | 39 188 |
| DEEDS138309 | T0LT00510000132300000 | ERF 1323 HLANGANANI | 39 188 |
| DEEDS138318 | T0LT00510000134500000 | ERF 1345 HLANGANANI | 39 188 |
| DEEDS138260 | T0LT00510000114800000 | ERF 1148 HLANGANANI | 39 188 |
| DEEDS138270 | T0LT00510000116000000 | ERF 1160 HLANGANANI | 39 188 |
| DEEDS138356 | T0LT00510000138300000 | ERF 1383 HLANGANANI | 39 188 |
| DEEDS138359 | T0LT00510000138600000 | ERF 1386 HLANGANANI | 39 188 |
| DEEDS138452 | T0LT00510000018800000 | ERF 188 HLANGANANI | 39 188 |
| DEEDS138466 | T0LT00510000020000000 | ERF 200 HLANGANANI | 39 188 |
| DEEDS138480 | T0LT00510000021900000 | ERF 219 HLANGANANI | 39 188 |
| DEEDS138543 | T0LT00510000002800000 | ERF 28 HLANGANANI | 39 188 |
| DEEDS139014 | T0LT00510000085000000 | ERF 850 HLANGANANI | 39 188 |
| DEEDS139041 | T0LT00510000087700000 | ERF 877 HLANGANANI | 39 188 |
| DEEDS138995 | T0LT00510000083100000 | ERF 831 HLANGANANI | 39 188 |
| DEEDS138998 | T0LT00510000083400000 | ERF 834 HLANGANANI | 39 188 |
| DEEDS138462 | T0LT00510000019800000 | ERF 198 HLANGANANI | 39 188 |
| DEEDS138467 | T0LT00510000020100000 | ERF 201 HLANGANANI | 39 188 |
| DEEDS138470 | T0LT00510000020400000 | ERF 204 HLANGANANI | 39 188 |
| DEEDS138471 | T0LT00510000020500000 | ERF 205 HLANGANANI | 39 188 |
| DEEDS138594 | T0LT00510000037300000 | ERF 373 HLANGANANI | 39 188 |
| DEEDS138628 | T0LT00510000041500000 | ERF 415 HLANGANANI | 39 188 |
| DEEDS139017 | T0LT00510000085300000 | ERF 853 HLANGANANI | 39 188 |
| DEEDS139049 | T0LT00510000088400000 | ERF 884 HLANGANANI | 39 188 |
| DEEDS138302 | T0LT00510000127500000 | ERF 1275 HLANGANANI | 39 188 |
| DEEDS138326 | T0LT00510000135300000 | ERF 1353 HLANGANANI | 39 188 |
| DEEDS138341 | T0LT00510000136800000 | ERF 1368 HLANGANANI | 39 188 |
| DEEDS138350 | T0LT00510000137700000 | ERF 1377 HLANGANANI | 39 188 |
| DEEDS138353 | T0LT00510000138000000 | ERF 1380 HLANGANANI | 39 188 |
| DEEDS138409 | T0LT00510000143500000 | ERF 1435 HLANGANANI | 39 188 |
| DEEDS138459 | T0LT00510000019500000 | ERF 195 HLANGANANI | 39 188 |
| DEEDS138486 | T0LT00510000022500000 | ERF 225 HLANGANANI | 39 188 |
| DEEDS138814 | T0LT00510000064400000 | ERF 644 HLANGANANI | 39 188 |
| DEEDS138825 | T0LT00510000065900000 | ERF 659 HLANGANANI | 39 188 |
| DEEDS138841 | T0LT00510000067600000 | ERF 676 HLANGANANI | 39 188 |
| 3165121 | T0LT00510000001900000 | ERF 19 HLANGANANI | 39 188 |
| DEEDS138275 | T0LT00510000116500000 | ERF 1165 HLANGANANI | 39 188 |
| DEEDS138307 | T0LT00510000131800000 | ERF 1318 HLANGANANI | 39 188 |
| DEEDS138358 | T0LT00510000138500000 | ERF 1385 HLANGANANI | 39 188 |
| DEEDS138413 | T0LT00510000146000000 | ERF 1460 HLANGANANI | 39 188 |
| DEEDS138456 | T0LT00510000019200000 | ERF 192 HLANGANANI | 39 188 |
| DEEDS138711 | T0LT00510000054300000 | ERF 543 HLANGANANI | 39 188 |
| DEEDS138484 | T0LT00510000022300000 | ERF 223 HLANGANANI | 39 188 |
| DEEDS138566 | T0LT00510000033300000 | ERF 333 HLANGANANI | 39 188 |
| DEEDS138568 | T0LT00510000033500000 | ERF 335 HLANGANANI | 39 188 |
| DEEDS138578 | T0LT00510000035800000 | ERF 358 HLANGANANI | 39 188 |
| DEEDS138658 | T0LT00510000044500000 | ERF 445 HLANGANANI | 39 188 |
| DEEDS138662 | T0LT00510000044900000 | ERF 449 HLANGANANI | 39 188 |
| DEEDS138681 | T0LT00510000050900000 | ERF 509 HLANGANANI | 39 188 |
| DEEDS138682 | T0LT00510000051000000 | ERF 510 HLANGANANI | 39 188 |
| DEEDS138735 | T0LT00510000056700000 | ERF 567 HLANGANANI | 39 188 |
| DEEDS138993 | T0LT00510000082900000 | ERF 829 HLANGANANI | 39 188 |
| DEEDS139016 | T0LT00510000085200000 | ERF 852 HLANGANANI | 39 188 |
| DEEDS139045 | T0LT00510000088000000 | ERF 880 HLANGANANI | 39 188 |
| DEEDS138557 | T0LT00510000030500000 | ERF 305 HLANGANANI | 39 188 |
| DEEDS138572 | T0LT00510000035000000 | ERF 350 HLANGANANI | 39 188 |
| DEEDS138719 | T0LT00510000055100000 | ERF 551 HLANGANANI | 39 188 |
| DEEDS138918 | T0LT00510000075600000 | ERF 756 HLANGANANI | 39 188 |
| DEEDS138994 | T0LT00510000083000000 | ERF 830 HLANGANANI | 39 188 |
| DEEDS139040 | T0LT00510000087600000 | ERF 876 HLANGANANI | 39 188 |
| DEEDS139069 | T0LT00510000090200000 | ERF 902 HLANGANANI | 39 188 |
| DEEDS138992 | T0LT00510000082800000 | ERF 828 HLANGANANI | 39 188 |
| DEEDS138996 | T0LT00510000083200000 | ERF 832 HLANGANANI | 39 188 |
| DEEDS138999 | T0LT00510000083500000 | ERF 835 HLANGANANI | 39 188 |
| DEEDS139020 | T0LT00510000085700000 | ERF 857 HLANGANANI | 39 188 |
| DEEDS138806 | T0LT00510000063600000 | ERF 636 HLANGANANI | 39 188 |
| DEEDS138832 | T0LT00510000066600000 | ERF 666 HLANGANANI | 39 188 |
| DEEDS138276 | T0LT00510000116600000 | ERF 1166 HLANGANANI | 39 188 |
| DEEDS138324 | T0LT00510000135100000 | ERF 1351 HLANGANANI | 39 188 |
| DEEDS138327 | T0LT00510000135400000 | ERF 1354 HLANGANANI | 39 188 |
| DEEDS138352 | T0LT00510000137900000 | ERF 1379 HLANGANANI | 39 188 |
| DEEDS138458 | T0LT00510000019400000 | ERF 194 HLANGANANI | 39 188 |
| DEEDS138478 | T0LT00510000021200000 | ERF 212 HLANGANANI | 39 188 |
| DEEDS138546 | T0LT00510000028200000 | ERF 282 HLANGANANI | 39 188 |
| DEEDS138952 | T0LT00510000078900000 | ERF 789 HLANGANANI | 39 188 |
| DEEDS138656 | T0LT00510000044300000 | ERF 443 HLANGANANI | 39 188 |
| DEEDS138663 | T0LT00510000045000000 | ERF 450 HLANGANANI | 39 188 |
| DEEDS138672 | T0LT00510000048200000 | ERF 482 HLANGANANI | 39 188 |
| DEEDS138792 | T0LT00510000062200000 | ERF 622 HLANGANANI | 39 188 |
| DEEDS138808 | T0LT00510000063800000 | ERF 638 HLANGANANI | 39 188 |
| DEEDS138861 | T0LT00510000069700000 | ERF 697 HLANGANANI | 39 188 |
| DEEDS138873 | T0LT00510000070800000 | ERF 708 HLANGANANI | 39 188 |
| DEEDS138898 | T0LT00510000073600000 | ERF 736 HLANGANANI | 39 188 |
| DEEDS138919 | T0LT00510000075700000 | ERF 757 HLANGANANI | 39 188 |
| DEEDS138450 | T0LT00510000018600000 | ERF 186 HLANGANANI | 39 188 |
| DEEDS138461 | T0LT00510000019700000 | ERF 197 HLANGANANI | 39 188 |
| DEEDS138468 | T0LT00510000020200000 | ERF 202 HLANGANANI | 39 188 |
| DEEDS138473 | T0LT00510000020700000 | ERF 207 HLANGANANI | 39 188 |
| DEEDS138498 | T0LT00510000023700000 | ERF 237 HLANGANANI | 39 188 |
| DEEDS138563 | T0LT00510000033000000 | ERF 330 HLANGANANI | 39 188 |
| DEEDS138573 | T0LT00510000035100000 | ERF 351 HLANGANANI | 39 188 |
| DEEDS139044 | T0LT00510000008800000 | ERF 88 HLANGANANI | 39 188 |
| DEEDS139070 | T0LT00510000090300000 | ERF 903 HLANGANANI | 39 188 |
| DEEDS138991 | T0LT00510000082700000 | ERF 827 HLANGANANI | 39 188 |
| DEEDS139000 | T0LT00510000083600000 | ERF 836 HLANGANANI | 39 188 |
| DEEDS139067 | T0LT00510000090000000 | ERF 900 HLANGANANI | 39 188 |
| DEEDS138914 | T0LT00510000075200000 | ERF 752 HLANGANANI | 39 188 |
| DEEDS139066 | T0LT00510000009000000 | ERF 90 HLANGANANI | 39 188 |
| DEEDS138308 | T0LT00510000132000000 | ERF 1320 HLANGANANI | 39 188 |
| DEEDS138355 | T0LT00510000138200000 | ERF 1382 HLANGANANI | 39 188 |
| DEEDS138254 | T0LT00510000110600000 | ERF 1106 HLANGANANI | 39 188 |
| DEEDS138310 | T0LT00510000132400000 | ERF 1324 HLANGANANI | 39 188 |
| DEEDS138267 | T0LT00510000115700000 | ERF 1157 HLANGANANI | 39 188 |
| DEEDS138305 | T0LT00510000001300000 | ERF 13 HLANGANANI | 39 188 |
| DEEDS138323 | T0LT00510000135000000 | ERF 1350 HLANGANANI | 39 188 |
| DEEDS138451 | T0LT00510000018700000 | ERF 187 HLANGANANI | 39 188 |
| DEEDS138460 | T0LT00510000019600000 | ERF 196 HLANGANANI | 39 188 |
| DEEDS138497 | T0LT00510000023600000 | ERF 236 HLANGANANI | 39 188 |
| DEEDS138493 | T0LT00510000023200000 | ERF 232 HLANGANANI | 39 188 |
| DEEDS138278 | T0LT00510000116800000 | ERF 1168 HLANGANANI | 39 188 |
| DEEDS138283 | T0LT00510000117300000 | ERF 1173 HLANGANANI | 39 188 |
| DEEDS138360 | T0LT00510000138700000 | ERF 1387 HLANGANANI | 39 188 |
| DEEDS138463 | T0LT00510000019900000 | ERF 199 HLANGANANI | 39 188 |
| DEEDS138502 | T0LT00510000024100000 | ERF 241 HLANGANANI | 39 188 |
| DEEDS138571 | T0LT00510000034700000 | ERF 347 HLANGANANI | 39 188 |
| DEEDS138625 | T0LT00510000041200000 | ERF 412 HLANGANANI | 39 188 |
| DEEDS138631 | T0LT00510000041800000 | ERF 418 HLANGANANI | 39 188 |
| DEEDS138325 | T0LT00510000135200000 | ERF 1352 HLANGANANI | 39 188 |
| DEEDS138351 | T0LT00510000137800000 | ERF 1378 HLANGANANI | 39 188 |
| DEEDS138377 | T0LT00510000140300000 | ERF 1403 HLANGANANI | 39 188 |
| DEEDS138718 | T0LT00510000055000000 | ERF 550 HLANGANANI | 39 188 |
| DEEDS138809 | T0LT00510000063900000 | ERF 639 HLANGANANI | 39 188 |
| DEEDS138815 | T0LT00510000064500000 | ERF 645 HLANGANANI | 39 188 |
| DEEDS138824 | T0LT00510000065700000 | ERF 657 HLANGANANI | 39 188 |
| DEEDS138840 | T0LT00510000067500000 | ERF 675 HLANGANANI | 39 188 |
| DEEDS138847 | T0LT00510000068300000 | ERF 683 HLANGANANI | 39 188 |
| DEEDS138852 | T0LT00510000068800000 | ERF 688 HLANGANANI | 39 188 |
| DEEDS138848 | T0LT00510000068400000 | ERF 684 HLANGANANI | 39 188 |
| DEEDS138567 | T0LT00510000033400000 | ERF 334 HLANGANANI | 39 188 |
| DEEDS138626 | T0LT00510000041300000 | ERF 413 HLANGANANI | 39 188 |
| DEEDS138660 | T0LT00510000044700000 | ERF 447 HLANGANANI | 39 188 |
| DEEDS138673 | T0LT00510000049000000 | ERF 490 HLANGANANI | 39 188 |
| 3164671 | T0LT00510000002200000 | ERF 22 HLANGANANI | 39 188 |
| DEEDS138679 | T0LT00510000050300000 | ERF 503 HLANGANANI | 39 188 |
| DEEDS138565 | T0LT00510000033200000 | ERF 332 HLANGANANI | 39 188 |
| DEEDS138661 | T0LT00510000044800000 | ERF 448 HLANGANANI | 39 188 |
| DEEDS138674 | T0LT00510000049100000 | ERF 491 HLANGANANI | 39 188 |
| DEEDS138683 | T0LT00510000051100000 | ERF 511 HLANGANANI | 39 188 |
| DEEDS138262 | T0LT00510000115200000 | ERF 1152 HLANGANANI | 39 188 |
| DEEDS138271 | T0LT00510000116100000 | ERF 1161 HLANGANANI | 39 188 |
| DEEDS138363 | T0LT00510000139000000 | ERF 1390 HLANGANANI | 39 188 |
| DEEDS138376 | T0LT00510000140200000 | ERF 1402 HLANGANANI | 39 188 |
| DEEDS138398 | T0LT00510000142400000 | ERF 1424 HLANGANANI | 39 188 |
| DEEDS138447 | T0LT00510000018300000 | ERF 183 HLANGANANI | 39 188 |
| DEEDS138448 | T0LT00510000018400000 | ERF 184 HLANGANANI | 39 188 |
| DEEDS138454 | T0LT00510000019000000 | ERF 190 HLANGANANI | 39 188 |
| DEEDS138475 | T0LT00510000020900000 | ERF 209 HLANGANANI | 39 188 |
| DEEDS138499 | T0LT00510000023800000 | ERF 238 HLANGANANI | 39 188 |
| DEEDS138529 | T0LT00510000026700000 | ERF 267 HLANGANANI | 39 188 |
| DEEDS138556 | T0LT00510000030300000 | ERF 303 HLANGANANI | 39 188 |
| DEEDS138588 | T0LT00510000036700000 | ERF 367 HLANGANANI | 39 188 |
| DEEDS138349 | T0LT00510000137600000 | ERF 1376 HLANGANANI | 39 188 |
| DEEDS138399 | T0LT00510000142500000 | ERF 1425 HLANGANANI | 39 188 |
| DEEDS138449 | T0LT00510000018500000 | ERF 185 HLANGANANI | 39 188 |
| DEEDS138457 | T0LT00510000019300000 | ERF 193 HLANGANANI | 39 188 |
| 3165141 | T0LT00510000001700000 | ERF 17 HLANGANANI | 39 188 |
| 3165131 | T0LT00510000001800000 | ERF 18 HLANGANANI | 39 188 |
| DEEDS138643 | T0LT00510000043000000 | ERF 430 HLANGANANI | 39 188 |
| DEEDS138269 | T0LT00510000115900000 | ERF 1159 HLANGANANI | 39 188 |
| 3165171 | T0LT00510000001400000 | ERF 14 HLANGANANI | 39 188 |
| DEEDS138248 | T0LT00510000001000000 | ERF 10 HLANGANANI | 39 188 |
| DEEDS139046 | T0LT00510000088100000 | ERF 881 HLANGANANI | 39 188 |
| DEEDS139054 | T0LT00510000088900000 | ERF 889 HLANGANANI | 39 188 |
| DEEDS139055 | T0LT00510000089000000 | ERF 890 HLANGANANI | 39 188 |
| DEEDS138607 | T0LT00510000039500000 | ERF 395 HLANGANANI | 39 188 |
| DEEDS138629 | T0LT00510000041600000 | ERF 416 HLANGANANI | 39 188 |
| DEEDS138659 | T0LT00510000044600000 | ERF 446 HLANGANANI | 39 188 |
| DEEDS138712 | T0LT00510000054400000 | ERF 544 HLANGANANI | 39 188 |
| DEEDS138837 | T0LT00510000067200000 | ERF 672 HLANGANANI | 39 188 |
| DEEDS138839 | T0LT00510000067400000 | ERF 674 HLANGANANI | 39 188 |
| DEEDS138875 | T0LT00510000071100000 | ERF 711 HLANGANANI | 39 188 |
| DEEDS138446 | T0LT00510000018200000 | ERF 182 HLANGANANI | 38 796 |
| DEEDS138669 | T0LT00510000046100000 | ERF 461 HLANGANANI | 38 796 |
| DEEDS138495 | T0LT00510000023400000 | ERF 234 HLANGANANI | 38 796 |
| DEEDS138664 | T0LT00510000045300000 | ERF 453 HLANGANANI | 38 796 |
| DEEDS138496 | T0LT00510000023500000 | ERF 235 HLANGANANI | 38 796 |
| DEEDS138633 | T0LT00510000042000000 | ERF 420 HLANGANANI | 38 796 |
| DEEDS138570 | T0LT00510000034400000 | ERF 344 HLANGANANI | 38 796 |
|  | T0JR01250000014400000 | ERF 144 PORTION 0 OF KOEDOESPOORT | 35 905 |
|  | T0JU00000000021200073 | FARM 212 PORTION 73 OF JU | 35 905 |
|  | T0JS00000000024600012 | Farm 246 portion 12 of Doornkop JS | 35 905 |
|  | T0JS00000000015400000 | FARM 154 PORTION 0 VLAKLAAGTE | 35 905 |
|  | T0JT00000000011400017 | FARM BADFONTEIN 114 PORTION 17, BADFONTEIN | 35 905 |
|  | N0ES00000001725900000 | FARM SNOWLANDS FOREST RESERVE 17259 PORTION 0, | 35 905 |
|  | T0JR01990000031900002 | ERF 319 PORTION 2 OF PRETORIA | 35 905 |
|  | T0JR01990000001900003 | ERF 19 PORTION 3 OF PRETORIA | 35 905 |
|  | T0JT00000000011500003 | FARM ELANDSPRUIT 115 PORTION 3, ELANDSPRUIT | 35 905 |
| 2459731 | T0KU00220000015100000 | ERF 151 OF THULAMAHAXI | 35 286 |
| 427191 | T0JR02420000139900000 | ERF 1399 OF PRETORIA | 31 350 |
| DEEDS138432 | T0LT00510000150200000 | ERF 1502 HLANGANANI | 31 350 |
| DEEDS139077 | T0LT00510000097100000 | ERF 971 HLANGANANI | 31 350 |
| DEEDS138435 | T0LT00510000150500000 | ERF 1505 HLANGANANI | 31 350 |
| DEEDS138436 | T0LT00510000150600000 | ERF 1506 HLANGANANI | 31 350 |
| DEEDS138763 | T0LT00510000059400000 | ERF 594 HLANGANANI | 31 350 |
| DEEDS138562 | T0LT00510000032200000 | ERF 322 HLANGANANI | 31 350 |
| DEEDS138251 | T0LT00510000010600000 | ERF 106 HLANGANANI | 31 350 |
| DEEDS138426 | T0LT00510000149800000 | ERF 1498 HLANGANANI | 31 350 |
| 200000062105 | T0JU00350000121100000 | ERF 1211 OF KABOKWENI-A | 30 144 |
| 379011 | T0JR02360000002100000 | AGRICULTURAL HOLDING 21 STEYNBERG AGRICULTURAL HOLDINGS | 29 391 |
| 2871471 | NOES00000000011300002 | PORTION 2 OF ERF 113 ES | 27 817 |
| 2553943 | T0IU00020000133200000 | ERF 1332 EKULINDENI-A | 22 000 |
| 2553942 | T0IU00020000133100000 | ERF 1331 EKULINDENI-A | 22 000 |
| 2553941 | T0IU00020000133000000 | ERF 1330 EKULINDENI-A | 22 000 |
| DEEDS138292 | T0LT00510000120900000 | ERF 1209 HLANGANANI | 21 553 |
| DEEDS138258 | T0LT00510000112800000 | ERF 1128 HLANGANANI | 19 594 |
| 3164721 | T0LT00510000002100000 | ERF 21 HLANGANANI | 19 594 |
| 3164881 | T0LT00510000001500000 | ERF 15 HLANGANANI | 19 594 |
| 3165111 | T0LT00510000002000000 | ERF 20 HLANGANANI | 19 594 |
| 3165151 | T0LT00510000001600000 | ERF 16 HLANGANANI | 19 594 |
| 447651 | T0HS00040000066000000 | ERF 660 VOLKSRUST | 19 000 |
| 448211 | T0HS00040000066100000 | ERF 661 VOLKSRUST | 19 000 |
| DEEDS138601 | T0LT00510000038900000 | ERF 389 HLANGANANI | 14 549 |
| 1636031 | T0HS00040000065800000 | ERF 658 VOLKSRUST | 13 571 |
| 1154884 | F00300030000109400000 | ERF 1094 OF BLOEMFONTEIN | 12 840 |
| 2526731 | T0JR02700000063500000 | AGRICULTURAL HOLDING 635 WALLMANNSTHAL AGRICULTURAL HOLDINGS EXT 1 | 12 736 |
| DD30082014\_112061 | T0KU00160000029100000 | AGRICULTURAL HOLDING 12610 PORTION 0 OF WALLMANNSTHAL AGRICULTURAL HOLDINGS EXT 3 | 11 847 |
| 898151 | C03900000000035400000 | FARM 354 KNYSNA RD | 9 095 |
| 904481 | C03900000000035300000 | FARM 353 OF KNYSNA-FARM 353 | 7 343 |
| DEEDS138424 | T0LT00510000149600000 | ERF 1496 HLANGANANI | 5 388 |
| 2558844 | T0JS00230000027100000 | ERF 271 MIDDELBURG | 3 204 |
| 2918701 | T0JR01990000014800002 | ERF 148 PORTION 2 OF PRETORIA | 2 339 |
| DEEDS158979 | T0JR01990000014800003 | PORTION 3 OF ERF 148 PRETORIA | 2 319 |
| 493021 | T0JR01990000014800004 | PORTION 4 OF ERF 148 PRETORIA | 2 292 |
| **Total** | | | **135 727 897** |

Furthermore, the following land parcels were noted to have been accounted for in both the PMTE and the Western Cape provincial office immovable asset register.

|  |  |  |  |
| --- | --- | --- | --- |
| **Unique Property Code\_2021** | **LPI Code (as per deeds aktex)\_2021** | **Property Description** | **CARRYING VALUE 31 MARCH 2021** |
| 699111 | C06700000000002000017 | REMAINDER OF PORTION 17 OF FARM 20 STELLENBOSCH RD | 25 000 |
| 702801 | C01600110000014100000 | ERF 141 CONSTANTIA | 51 387 |
| 721121 | C01600540000212000000 | ERF 2120 SIMON'S TOWN | 86 896 |
| 718311 | C01600500000034500000 | ERF 345 SCHAAP KRAAL | 2 028 250 |
| **Total** | | | **2 191 533** |

**Impact of the finding**

The above will result in an

* Overstatement of PPE: Land (carrying amount) by an amount of R137 919 430.

**Internal control deficiency**

*Financial and Performance Management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by complete information.

Management didn’t properly review the land parcels recorded on the IAR to be supported by the Deeds support to ensure that all inputs have been correctly transferred to the IAR.

**Recommendation**

It is recommended that:

* Management should ensure that adequate review process be implemented on the schedules and other information supporting the annual financial statement to ensure that the annual financial statements submitted are supported by accurate and complete schedules and information.
* Furthermore, the land extent recorded on the IAR should be reviewed against the Deeds support or CSG Diagram to confirm that all inputs have been accurately transferred before finalizing immovable asset register.
* Management should revisit the whole population to determine the full impact of this finding and correct the population.

**Management response**

Management is in agreement with the finding. AGSA has identified all errors within the population as has been confirmed by Management’s review.

**Auditors Conclusion**

Management’s comments are noted. Finding will be reported in the management report.

**PMTE HO COFF 27** Property, plant and equipment – Existence of land parcels

**Requirements:**

Section 40(a) and (b)of the Public Finance Management Act (PFMA) states that: *“The accounting officer for a department, trading entity or constitutional institution must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards; must prepare financial statements for each financial year in accordance with generally recognized accounting practice…”*

Section 41 furthermore states that: *“An accounting officer of a department, trading entity or constitutional institution must submit to the relevant Treasury or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as the relevant Treasury or the Auditor-General may require…”*

Paragraph 1: Custodian Framework for the state of immovable assets state that: *“Custodianship is the equivalent of control or ownership of the assets from an accounting perspective. DPW must therefore, in terms of the relevant reporting framework, recognize/disclose as its own assets all immovable assets that it controls, whether it is through custodianship on behalf of the state, or direct ownership…”*

**Nature**

During the audit of immovable assets, the following land parcels included in the immovable asset register that were deemed to belong PMTE in terms of the Immovable Asset Guide were confirmed to not be registered nor exist at the deeds office through use of the LPI code:

|  |  |  |  |
| --- | --- | --- | --- |
| **Unique Property Code\_2021** | **LPI Code (as per deeds aktex)\_2021** | **Property Description** | **CARRYING VALUE 31 MARCH 2021** |
| 2681383 | NOGU00000001584000000 | ERF 15840 PORTION DUM 3 OF ULUNDI | 193 498 483,38 |
| 501111 | T0IU00000000000500000 | FARM 5 OF IU-KRANSKOP | 13 644 581,06 |
| DEEDS148604 | T0LR00000000086700000 | FARM 867 OF LR-HOLMESLEIGH | 13 526 997,63 |
| DEEDS4585 | C01600000000050800000 | FARM 508 OF CAPE RD-BELHAR | 12 848 989,72 |
| 443321 | T0HT00000000002300000 | FARM 23 OF HT-GROOTSPRUIT | 11 210 661,14 |
| 603961 | C01600000000097000000 | FARM 970 OF CAPE RD-ELSJES RIVIER | 11 149 273,54 |
| DEEDS182269 | C08100000000025100008 | FARM 251 PORTION 8 OF VRYBURG RD-MAIN SECTION BLOCK B | 6 276 187,84 |
| 637201 | C07500000000018700025 | FARM 187 PORTION 25 OF TULBAGH RD-KRUYS VALLEY | 5 469 345,00 |
| 442721 | T0HT00000000002300001 | FARM 23 PORTION 1 OF HT-GROOTSPRUIT | 3 507 834,61 |
| DEEDS4656 | C01600000000096900000 | FARM 969 OF CAPE RD-FARM 969 | 2 050 772,59 |
| 776671 | C01600000000075700011 | FARM 757 PORTION 11 OF CAPE RD-OTTERY | 1 503 644,01 |
| 616653 | C01600000000091900000 | FARM 919 OF CAPE RD-RAPEKRAAL | 1 445 498,46 |
| 1384242 | C07800000000030600147 | FARM 306 PORTION 147 OF VANRHYNSDORP RD-BIRD FIELD | 1 201 569,18 |
| 638465 | C01600000000075600000 | FARM 756 OF CAPE RD-BAMBOES VLEI ANNEX | 795 952,44 |
| 638464 | C01600000000075500000 | FARM 755 OF CAPE RD-FARM 755 | 466 755,38 |
| 705471 | C06700000000045400097 | FARM 454 PORTION 97 OF STELLENBOSCH RD-WIMBLEDON | 249 713,68 |
| DEEDS30340 | C06700000000045400096 | FARM 454 PORTION 96 OF STELLENBOSCH RD-WIMBLEDON | 249 713,68 |
| 785951 | C01600000000096800000 | FARM 968 OF CAPE RD-FARM 968 | 180 228,89 |
| 720861 | C01600000000096700003 | FARM 967 PORTION 3 OF CAPE RD-WELCOME COTTAGE | 110 000,00 |
| 200000072037 | T0IR03100000256300000 | ERF 2563 PORTION 0 OF JOHANNESBURG | 107 333,13 |
| 717981 | C01600000000024500002 | FARM 245 PORTION 2 OF CAPE RD-MONTAGUE GARDENS | 95 173,55 |
| 600000010019 | T0IR03100000256700000 | ERF 2567 JOHANNESBURG | 75 533,52 |
| 600000010018 | T0IR03100000256200000 | ERF 2562 JOHANNESBURG | 75 533,52 |
| 200000072075 | T0IR03100000257000000 | ERF 2570 PORTION 0 OF JOHANNESBURG | 75 533,52 |
| 100000038206 | C03600130000074000000 | ERF 740 PORTION 0 OF OLYVENHOUTSDRIFT SETT | 62 419,59 |
|  | T0JT00000000011500005 | FARM ELANDSPRUIT 115 PORTION 5, | 35 905,25 |
| 425831 | T0LS00140000074800000 | ERF 748 OF PIETERSBURG | 4 101,12 |
| 426251 | T0LS00140000074700000 | ERF 747 OF PIETERSBURG | 4 101,12 |
| 427231 | T0LS00140000072700000 | ERF 727 OF PIETERSBURG | 4 100,46 |
| 507731 | T0LS00140000072600000 | ERF 726 OF PIETERSBURG | 1 424,03 |
| **Total** | | | **279 927 361,04** |

**Impact of the finding**

The above will result in an

* Overstatement of PPE: Land (carrying amount) by an amount of R279 927 361.04

**Internal control deficiency**

*Financial and Performance Management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by complete information.

Management did not properly review the land parcels recorded on the IAR to be supported by the Deeds support to ensure that all inputs have been correctly transferred to the IAR.

**Recommendation**

It is recommended that:

* Management should ensure that adequate review process be implemented on the schedules and other information supporting the annual financial statement to ensure that the annual financial statements submitted are supported by accurate and complete schedules and information.
* Furthermore, the land extent recorded on the IAR should be reviewed against the Deeds support or CSG Diagram to confirm that all inputs have been accurately transferred before finalizing immovable asset register.
* Management should revisit the whole population to determine the full impact of this finding and correct the population.

**Management response**

Management is in agreement with the finding. AGSA has identified all errors within the population as has been confirmed by Management’s review.

**Auditors Conclusion**

Management comments are noted. Finding remains and will be reported in the management report.

**PMTE HO COFF 44** Immovable assets:Differences in extents identified during physical verification

**Requirements:**

Section 40(a) and (b)of the Public Finance Management Act (PFMA) states that: *“The accounting officer for a department, trading entity or constitutional institution must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards; must prepare financial statements for each financial year in accordance with generally recognized accounting practice…”*

Generally Recognised Accounting Practice (GRAP) 17 paragraph 38 states that: *“If there is no market-based evidence of fair value because of the specialised nature of the item of plant and equipment, an entity may need to estimate fair value using, for example, either reproduction cost or depreciated replacement cost. The depreciated replacement cost of an item of plant or equipment may be established by reference to the market buying price of components used to produce the asset or the indexed price for the same or a similar asset based on a price for a previous period. When the indexed price method is used, judgement is required to determine whether production technology has changed significantly over the period, and whether the capacity of the reference asset is the same as that of the asset being valued….”*

Directive 7 paragraph 6 states that: *“When an entity initially recognises or acquires an asset using the Standards of GRAP, it measures such assets using either cost or fair value (acquisition cost). Where the acquisition cost of an asset is not available on the adoption of the Standards of GRAP or on the transfer date or the merger date (initial acquisition), acquisition cost is measured using a surrogate value (deemed cost) at the date an entity adopts the Standards of GRAP or on the transfer date or the merger date (measurement date). Deemed cost is determined as the fair value of an asset at the measurement date…”*

Directive 7 paragraph 10 (a) to (c) states that*: “If fair value at the measurement date cannot be determined for an item of property, plant and equipment, investment property or a heritage asset, an entity may estimate such fair value using depreciated replacement cost at the measurement date for an item of property, plant and equipment; depreciated replacement cost at the measurement date for an investment property, but only if the investment property is of such a specialized nature that there is no market-based evidence of fair value; and replacement cost at the measurement date for heritage assets…”*

**Nature**

During the audit of immovable assets, we noted that the extent of footprint (in SQM) disclosed in the immovable asset register (IAR) does not agree to the extent of footprint measured by auditors using the measuring wheel during the physical verification process.

PPE – Measuring Wheel:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Building ID** | **Unique prop code of land parcel/site** | **Extent Of footprint as per measuring wheel** | **Extent Of footprint as per IAR** | **Difference** | **Recalculated depreciable replacement cost excel component (R.)** | **Depreciable replacement cost excel component per asset register (R.)** | **Difference (R.)** |
| 226500392 | 200000062429 | 10,5 | 8 043,00 | (8 033) | 18 900,00 | 14 477 400,00 | (14 458 500,00) |
| 239150442 | 200000056752 | 1 554,96 | 792,00 | 763 | 6 017 695,20 | 3 065 040,00 | 2 952 655,20 |
| 100000012332 | 3130471 | 268,67 | 302,72 | (34) | 608 537,55 | 685 660,80 | (77 123,25) |
| 200000121211 | 200000058349 | 80,4 | 108,00 | (28) | 182 106,00 | 244 620,00 | (62 514,00) |
| 100000027115 | 380581 | 181,65 | 218,00 | (36) | 651 215,25 | 781 530,00 | (130 314,75) |
| 100000022456 | 387781 | 158,7 | 300,00 | (141) | 568 939,50 | 1 075 500,00 | (506 560,50) |
| 100000004245 | 2931651 | 1 159,92 | 1 400,00 | (240) | 5 637 211,20 | 5 418 000,00 | (219 211,20) |
| 200000121400 | 504371 | 1612 | 1 983,00 | (371) | 7 834 320,00 | 7 674 210,00 | (160 110,00) |
| **Total** | | | | | | | **(11 903 036,10)** |

Investment property – Measuring wheel:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Building ID** | **Unique prop code of land parcel/site** | **Extent Of footprint as per measuring wheel** | **Extent Of footprint as per IAR** | **Difference** | **Recalculated depreciable replacement cost excel component (R.)** | **Depreciable replacement cost excel component per asset register (R.)** | **Difference (R.)** |
| 100000006512 | 1179151 | 309,83 | 220,00 | 89,83 | 740 493,70 | 525 800,00 | 214 693,70 |

**Impact of the finding**

Based on the sample tested:

* Property, plant and equipment (measured using the measuring wheel) have been overstated by an amount of R11 903 036.10.
* Investment property (measured using the measuring wheel) has been understated by an amount of R214 693.70.

However, management should revisit the whole population to determine the full impact of this finding.

**Internal control deficiency**

*Financial and Performance Management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Management did not properly review the extent of the buildings measured through the measuring wheel to ensure the extent has been measured appropriately and accurately recorded in the IAR to support the amount disclosed in the annual financial statement.

**Recommendation**

It is recommended that:

* Implement adequate review process on the schedules and other information supporting the annual financial statement to ensure that the annual financial statements submitted are supported by accurate and complete schedules and information.
* Furthermore, the extent of buildings measured using the measuring wheel may have to be properly reviewed and to confirm that all inputs have been accurately transferred before finalizing immovable asset register.

**Management response**

Outstanding

**Auditors Conclusion**

Management comments are outstanding

**PMTE HO COFF 45** Immovable assets **–** Properties accounted for in both the National and Provincial IAR

**Requirements:**

Section 40(a) and (b)of the Public Finance Management Act (PFMA) states that: *“The accounting officer for a department, trading entity or constitutional institution must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards; must prepare financial statements for each financial year in accordance with generally recognized accounting practice…”*

Section 41 furthermore states that: *“An accounting officer of a department, trading entity or constitutional institution must submit to the relevant Treasury or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as the relevant Treasury or the Auditor-General may require…”*

Paragraph 1: Custodian Framework for the state of immovable assets state that: *“Custodianship is the equivalent of control or ownership of the assets from an accounting perspective. DPW must therefore, in terms of the relevant reporting framework, recognize/disclose as its own assets all immovable assets that it controls, whether it is through custodianship on behalf of the state, or direct ownership…”*

**Nature**

During the audit of immovable assets, we noted that the land parcels listed below were accounted for in both the PMTE and the stated Provincial offices’ immovable asset register. Therefore, the custodianship of the land parcels could not be confirmed to belong to PMTE. In addition, no supporting documentation had been provided to proof ownership thereof.

**Investment property – Land**

Mpumalanga Provincial Office:

|  |  |  |  |
| --- | --- | --- | --- |
| **Unique Property Code\_2021** | **LPI Code (as per deeds aktex)\_2021** | **Property Description** | **CARRYING VALUE 31 MARCH 2021** |
| 200000062784 | F00300030000115800000 | ERF 1158OF BLOEMFONTEIN | 50 812,91 |

**Property, plant and equipment - Land**

Mpumalanga Provincial Office:

| **Unique Property Code\_2021** | **LPI Code (as per deeds aktex)\_2021** | **Property Description** | **CARRYING VALUE 31 MARCH 2021** |
| --- | --- | --- | --- |
| 200000077361 | T0HO00170000068600000 | ERF 686 OF WOLMARANSSTAD EXT 5 | 12 117,11 |
| 100000039970 | T0JR02700000128700000 | AGRICULTURAL HOLDING 1287 OF WALLMANNSTHAL AGRICULTURAL HOLDINGS EXT 4 | 12 801,81 |
| 200000064555 | T0JT00170000014000000 | ERF 140 OF SONHEUWEL | 12 928,22 |
| 200000064554 | T0JT00170000013700000 | ERF 137 OF SONHEUWEL | 12 928,22 |
| 200000069557 | N0GU00980000041500000 | REMAINDER OF ERF 415 OF ESHOWE | 13 601,01 |
| 200000066203 | C09700270000000600000 | REMAINDER OF ERF 6 OF MATATIELE | 25 750,75 |
|  | C06700230003178800000 | ERF 31788 PORTION 0 OF REDELINGHUYS | 35 905,25 |
|  | C02700100000720500000 | ERF 7205 OF TYOLORA | 35 905,25 |
|  | N0FT00010000113500000 | UNREGISTERED | 35 905,25 |
|  | N0FU00000000157500000 | FARM 1575 PORTION 0 OF FU | 35 905,25 |
|  | C02400000000029600000 | FARM 296 PORTION 0 OF BLUEGUM VALE | 35 905,25 |
|  | T0JU00000000021200073 | FARM 212 PORTION 73 OF JU | 35 905,25 |
|  | T0IQ01090000293200000 | UNREGISTERED | 35 905,25 |
|  | T0IR00000000006400282 | FARM 64 PORTION 282 OF WITKOPPIE IR | 35 905,25 |
|  | T0JS00000000024600012 | Farm 246 portion 12 of Doornkop JS | 35 905,25 |
|  | T0LS00000000105200000 | FARM 1052 PORTION 0 OF DIKVROUW | 35 905,25 |
|  | T0HO00020000034000000 | ERF 340 OF BLOEMHOF | 35 905,25 |
|  | T0JS00000000015400000 | FARM 154 PORTION 0 VLAKLAAGTE | 35 905,25 |
|  | C10400010000026400000 | ERF 264 PORTION 0 OF PORT ST JOHNS | 35 905,25 |
|  | F01600000000015200002 | PORTION 2 OF FARM 152 HEILBRON RD | 35 905,25 |
|  | C07900020000044400000 | ERF 444 Portion Of Alice | 35 905,25 |
|  | C06200050000364300000 | ERF 5375 PORTION 0 OF MLUNGISI | 35 905,25 |
|  | T0LT00110000193000000 | ERF 1930 LENYEENYEE-A | 35 905,25 |
|  | T0LT00110000192700000 | ERF 1927 LENYEENYEE-A | 35 905,25 |
|  | T0LT00110000150000000 | ERF 1500 LENYEENYEE-A | 35 905,25 |
|  | T0LT00110000213700000 | ERF 2137 LENYEENYEE-A | 35 905,25 |
|  | T0IT00400000001000001 | PORTION 1 OF ERF 10 ELUKWATINI-BA | 35 905,25 |
|  | T0IP00630000458900000 | ERF 4589 KANANA | 35 905,25 |
|  | T0IP00630000259200000 | ERF 2592 KANANA | 35 905,25 |
|  | T0IQ00610000015200000 | ERF 152 OF CORONATIONVILLE | 35 905,25 |
|  | T0IQ00610000015400000 | ERF 154 OF CORONATIONVILLE | 35 905,25 |
|  | T0IQ00610000015100000 | ERF 151 OF CORONATIONVILLE | 35 905,25 |
|  | T0IQ00610000015300000 | ERF 153 OF CORONATIONVILLE | 35 905,25 |
|  | T0IP00260000032000000 | ERF 320 OF LICHTENBURG | 35 905,25 |
|  | C03800070000233000000 | ERF 2330 OF KING WILLIAM'S TOWN | 35 905,25 |
| 200000064556 | T0JT00170000014500000 | ERF 145 OF SONHEUWEL | 112 766,16 |
| 200000055417 | T0JR00700000041000000 | ERF 410 OF ELARDUS PARK | 188 427,69 |
| 200000059431 | T0JR02770000121200000 | ERF 1212 OF WATERKLOOF RIDGE EXT 2 | 225 690,80 |
| 200000077397 | T0IP00050000029900000 | ERF 299 OF COLIGNY | 241 833,13 |
|  | C04600130000004100000 | ERF 41 PORTION 0 OF ST HELENA BAY | 264 440,51 |
|  | C05300000000000100000 | FARM 1 PORION 0 OF FARM 1 NAMAQUALAND RD | 264 440,51 |
|  | C09200000000006400001 | FARM 64 PORTION 1 OF HERSCHEL | 264 440,51 |
|  | T0IT00000000033700000 | FARM 337 PORTION 0 OF IT, FERNIE | 264 440,51 |
|  | T0IQ00000000019000433 | FARM 190 POPRTION 433 IQ | 264 440,51 |
|  | T0IR00000000002600106 | FARM 26 PORTION 106 IR | 264 440,51 |
|  | N0FT00000000094500010 | SDF | 264 440,51 |
|  | C03100000000045800015 | FARM 458 PORTION 15 OF CARTER BLOCK | 264 440,51 |
|  | T0IR00970000102600000 | ERF 1026 PORTION 0 BRAKPAN | 264 440,51 |
|  | T0JR00080000108000000 | ERVEN 1080 PORTION 0 OF ARCADIA | 264 440,51 |
|  | C11700060000011900000 | ERF 119 PORTION 0 OF PEDDIE | 264 440,51 |
|  | C02300100000019900000 | ERF 199 PORTION 0 OF MACLEANTOWN | 264 440,51 |
|  | T0LT00110000192900000 | ERF 1929 LENYEENYEE-A | 264 440,51 |
|  | T0LT00110000192600000 | ERF 1926 LENYEENYEE-A | 264 440,51 |
|  | T0IP00630000459100000 | ERF 4591 KANANA | 264 440,51 |
|  | T0IP00630000259100000 | ERF 2590 KANANA | 264 440,51 |
|  | T0IP00260000031500000 | ERF 315 OF LICHTENBURG | 264 440,51 |
|  | T0IP00260000032300000 | ERF 323 OF LICHTENBURG | 264 440,51 |
|  | C03800000000154400000 | REMAINDER OF FARM 1544 OF FARM 1544 KING WILLIAM'S TOWN RD | 264 440,51 |
| 200000085120 | N0ES00000000629800000 | REMAINDER OF FARM 6298 OF LOT AA2 ES | 275 981,09 |
| 200000064369 | T0IT00130000015500001 | ERF 155 PORTION 00001 OF LAKE CHRISSIE | 318 494,31 |
| 200000084630 | F00100000000152700000 | FARM 1527 OF KISON "A" BETHLEHEM RD | 336 474,07 |
| 1354825 | T0JT00020000014900000 | ERF 149 BADPLAAS | 374 100,00 |
|  | C01600070017397000000 | ERF 173970 PORTION 0 OF CAPE TOWN | 454 485,73 |
|  | C02000010000112900000 | ERF 1129 PORTION 0 OF CITRUSDAL | 454 485,73 |
|  | C01600070006156900000 | ERF 61569 PORTION 0 OF LANSDOWNE | 454 485,73 |
|  | C01600420000772000000 | ERF 7720 PORTION 0 OF PAROW | 454 485,73 |
|  | C05800080000006300000 | ERF 63 PORTION 0 OF LWANDLE | 454 485,73 |
|  | N0FT02580000079600000 | UNREGISTERED | 454 485,73 |
|  | N0FT02580001000000000 | UNREGISTERED | 454 485,73 |
|  | T0KR00080000027700000 | ERF 277 PORTION 0 OF VAALWATER | 454 485,73 |
|  | C07400000000009600001 | SDF | 454 485,73 |
|  | T0JO00130000074000000 | ERF 740 PORTION 0 OF MONTSHIWA-2 | 454 485,73 |
|  | C10600010000018600000 | ERVEN 186 PORTION 0 COFIMVABA | 454 485,73 |
|  | T0HO00020000036500000 | ERF 365 OF BLOEMHOF | 454 485,73 |
|  | C03800490000295800000 | ERF 2958 PORTION 0 OF ZWELITSHA | 454 485,73 |
|  | C11800020000120000000 | ERF 1200 PORTION 0 OF JOUBERTINA | 454 485,73 |
|  | C00800090000366400000 | ERF 3664 Portion Of Nkwenkwezi | 454 485,73 |
|  | F00300090002200200000 | ERF 22002 PORTION 0 OF MANGAUNG EXT 2 | 454 485,73 |
|  | N0GU06450000011000000 | ERF 110 PORTION 0 OF ULUNDI BA | 454 485,73 |
|  | T0LT00110000212100000 | ERF 2121 LENYEENYEE-A | 454 485,73 |
|  | T0LT00110000192800000 | ERF 1928 LENYEENYEE-A | 454 485,73 |
|  | T0LT00110000210500000 | ERF 2105 LENYEENYEE-A | 454 485,73 |
|  | T0LT00110000150100000 | ERF 1501 LENYEENYEE-A | 454 485,73 |
|  | T0IP00630000459000000 | ERF 4590 KANANA | 454 485,73 |
|  | T0IP00630000259300000 | ERF 2593 KANANA | 454 485,73 |
|  | T0JR02360000002900000 | AGRICULTURAL HOLDING 29 STEYNBERG AH | 454 485,73 |
|  | T0IP00260000025000000 | ERF 250 OF LICHTENBURG | 454 485,73 |
|  | T0IP00260000032800000 | ERF 328 OF LICHTENBURG | 454 485,73 |
|  | C02200020000028500000 | ERF 285 OF CRADOCK | 454 485,73 |
|  | C03800070000135300000 | ERF 1353 OF KING WILLIAM'S TOWN | 454 485,73 |
|  | C02300040001547800000 | ERF 15478 OF EAST LONDON | 454 485,73 |
| 200000084629 | F00100000000102700000 | FARM 1027 OF KISON BETHLEHEM RD | 1 851 723,78 |
| **Total** | | | **23 261 326,27** |

Northern Cape Provincial Office:

|  |  |  |  |
| --- | --- | --- | --- |
| **Unique Property Code\_2021** | **LPI Code (as per deeds aktex)\_2021** | **Property Description** | **CARRYING VALUE 31 MARCH 2021** |
| DEEDS45270 | C00700000000016100001 | PORTION 1 OF FARM 161 HOLPAN BARKLY WES RD | 11 626,44 |
| 3179721 | N/A | FARM 1 PORTION 1 OF UNKNOWN-KHUTSONG SOUTH | 390 000,00 |
| 781721 | C01500030000102800000 | ERF 1028 LOERIESFONTEIN | 1 350 000,00 |
| **Total** | | | **1 751 626,44** |

North West Provincial Office:

|  |  |  |  |
| --- | --- | --- | --- |
| **Unique Property Code\_2021** | **LPI Code (as per deeds aktex)\_2021** | **Property Description** | **CARRYING VALUE 31 MARCH 2021** |
| DEEDS150161 | T0HO00080000042100000 | ERF 421 MAQUASSI | 1 601,66 |
| 444911 | T0IP00050000017400000 | ERF 174 COLIGNY | 39 600,00 |
| 473201 | T0IP00050000017200000 | ERF 172 COLIGNY | 39 600,00 |
| 424061 | T0JQ00160000007100000 | ERF 71 MEERHOF | 108 900,00 |
| DEEDS143816 | T0JQ00000000042700795 | REMAINDER OF PORTION 795 OF FARM 427 ROODEKOPJES OF ZWARTKOPJES JQ | 200 000,00 |
| DEEDS150162 | T0HO00080000042200000 | ERF 422 MAQUASSI | 336 424,13 |
| 1683981 | T0JQ00160000019700000 | ERF 197 MEERHOF | 365 000,00 |
| 180551 | T0JQ00420000027000000 | ERF 270 SCHOEMANSVILLE | 369 141,62 |
| DEEDS150427 | T0JQ00160000009200000 | ERF 92 MEERHOF | 375 000,00 |
| 1682851 | T0JQ00020000091700000 | ERF 917 BRITS | 516 319,70 |
| 453401 | T0JP00060000122100000 | ERF 1221 ZEERUST | 573 123,26 |
| DD30082014\_145033 | T0JR00000000009900004 | REMAINDER OF PORTION 4 OF FARM 99 KROMKUIL JR | 608 044,27 |
| **Total** | | | **3 532 754,64** |

**Impact of the finding**

The above will result in an

* Overstatement of PPE: Land (carrying amount) by an amount of R28 545 707
* Overstatement of Investment property: Land (carrying amount) by an amount of R50 812

**Internal control deficiency**

*Financial and Performance Management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by complete information.

Management didn’t properly review the land parcels recorded on the IAR to be supported by the Deeds support to ensure that all inputs have been correctly transferred to the IAR.

**Recommendation**

It is recommended that:

* Management should ensure that adequate review process be implemented on the schedules and other information supporting the annual financial statement to ensure that the annual financial statements submitted are supported by accurate and complete schedules and information.
* Furthermore, the land extent recorded on the IAR should be reviewed against the Deeds support or CSG Diagram to confirm that all inputs have been accurately transferred before finalizing immovable asset register.
* Management should revisit the whole population to determine the full impact of this finding and correct the population.

**Management response**

Not yet due

**Auditors Conclusion**

Awaiting management response

Differences noted between Annual Financial Statements and supporting schedule

**Laws and Regulations**

Public Finance Management Act (PFMA) section 38(1)(a)(i) state that *“The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

Public Finance Management Act (PFMA) section 40(1)(a)(i) state that *“The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

Standard of Generally Recognised Accounting Practice (GRAP 1), paragraph 17 state that *“Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation…”*

**Nature**

During the audit of the financial statements submitted on the 31 May 2021, we noted that amounts on the annual financial statement (AFS) did not agree to the amounts on the supporting schedules submitted for Receivables from exchange transactions - Municipal service as outlined in note 3 to the AFS.

As a result, the following difference was noted as disclosed in the table below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Amount per AFS** | **Amount per supporting schedule** | **Differences** |
| Municipal services | R 691 010 000 | R 388 996 831 | R 302 013 168 |
| **Total** |  |  | **R 302 013 168** |

**Impact**

The above may result in the following:

* Non-compliance with section 38(1) (a) (i) and 40(1) (a) (i) of the PFMA,
* Non-compliance with paragraph 17 of GRAP 01 resulting in misrepresentations of balances to the users of the financial statements

**Internal control deficiency**

*Financial and performance management*

Management did not prepare accurate and complete financial reports that are supported and evidenced by reliable information.

Management did not adequately review the amounts disclosed in the AFS prior to submission for audit.

**Recommendation**

It is recommended that:

* Management should make the necessary adjustments on the AFS submitted for audit in order to ensure that accurate amounts are presented on the financial statements.
* Management should review the financial statements to ensure that the amounts agree to the amounts as per the supporting schedules.

**Management response**

I am in agreement:

1. Adjust AFS balance to R388 million
2. Issue credit/debit notes to adjust the SAGE balance and link the missing credits in the Municipal Service Portfolio to the No Port.
3. SAGE system misallocation glitches to be investigated and corrected and strengthen controls by always making sure that manual transaction are reviewed on the basis of SAGE transaction listing on a monthly basis.

**Auditor’s conclusion**

Management’s comment are noted. The finding will remain.

Misstatement of operating lease asset and liability

**Laws and Regulations**

Public Finance Management Act (PFMA) section 38(1)(a)(i) state that *“The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

Public Finance Management Act (PFMA) section 40(1)(a)(i) state that *“The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

Standard of Generally Recognised Accounting Practice (GRAP 1), paragraph 17 state that *“Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation.”*

The PMTE accounting policy on operating leases note 1.4 to the financial statements states that*“Operating lease payments are recognised as an expense on a straight-line basis over the lease term where the lease term exceeds one month; except where the terms and conditions have not been determined or are in the process of being renegotiated. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability.”*

**Nature**

During the audit of operating lease asset / liability, differences were noted between auditor’s recalculations and amounts on the annual financial statement (AFS) (Supporting schedules) submitted for operating lease asset / liability for both instances where PMTE is a lessee and a lessor.

Differences are highlighted in tables A below.

*Table A*

| **Item No.** | **Archibus Asset** | **Lease liability / asset balance** | **Recalculated Amount** | **Difference** |
| --- | --- | --- | --- | --- |
| 1 | 139808 | R (1 324 281,51) | R (402 858,69) | R (921 422,82) |
| 2 | 138213 | R (1 053 321,70) | R (934 879,94) | R (118 441,76) |
| 3 | 138884 | R (449 480,04) | R (488 496,05) | R 39 016,01 |
| 4 | 137972 | R (495 474,71) | R (460 372,28) | R (35 102,43) |
| 5 | 139143 | R (51 734,98) | R (46 749,71) | R (4 985,27) |
| 6 | 139594 | R (152 957,72) | R (168 564,67) | R 15 606,95 |
| 7 | 138775 | R (661 782,53) | R (1 003 452,50) | R 341 669,97 |
| 8 | 138601 | R (1 237 023,90) | R (3 260 655,85) | R 2 023 631,95 |
| 9 | 138748 | R (30 949,07) | R (2 654,38) | R (28 294,69) |
| 10 | 138348 | R (6 757 190,00) | R (46 211,56) | R (6 710 978,44) |
| 11 | 139228 | R (2 816 471,66) | R (2 039 688,34) | R (776 783,32) |
| 12 | 139536 | R (614 474,25) | R (1 284 919,15) | R 670 444,90 |
| 13 | 138141 | R (102 131,19) | R (508 632,09) | R 406 500,90 |
| 14 | 138013 | R (20 774,86) | R - | R (20 774,86) |
| 15 | 138085 | R (1 324 802,00) | R (2 758 428,87) | R 1 433 626,87 |
| 16 | 138118 | R (3 359 551,61) | R (3 470 895,56) | R 111 343,95 |
| 17 | 139791 | R (5 503 971,04) | R (6 306 822,72) | R 802 851,68 |
| 18 | 138806 | R (18 133 111,36) | R (18 580 400,08) | R 447 288,72 |
| 19 | 139717 | R (1 008 354,80) | R (1 022 521,39) | R 14 166,59 |
| 20 | 139236 | R (111 215,60) | R - | R (111 215,60) |
| 21 | 138492 | R (5 060 566,20) | R (3 924 141,87) | R (1 136 424,33) |
| 22 | 140557 | R (265 069,44) | R (4 603,83) | R (260 465,61) |
| 23 | 138305 | R (913 607,16) | R (1 093 922,14) | R 180 314,98 |
| 24 | 137902 | R (232 989,28) | R (491 685,79) | R 258 696,51 |
| 25 | 139489 | R (1 833 751,57) | R (1 306 266,45) | R (527 485,12) |
| 26 | 138813 | R (10 102 214,00) | R (7 390 986,80) | R (2 711 227,20) |
| 27 | 137700 | R (2 450 590,04) | R (1 526 289,90) | R (924 300,14) |
| 28 | 138812 | R (2 324 633,60) | R (1 614 362,53) | R (710 271,07) |
| 29 | 137723 | R (4 483 690,95) | R (2 913 612,30) | R (1 570 078,65) |
| 30 | 139303 | R (166 785,51) | R (173 825,70) | R 7 040,19 |
| 31 | 138691 | R (5 162 573,59) | R - | R (5 162 573,59) |
| 32 | 140426 | R (8 272 875,16) | R (9 523 107,61) | R 1 250 232,45 |
| 33 | 138370 | R (429 271,32) | R - | R (429 271,32) |
| 34 | 139884 | R (1 604 482,78) | R - | R (1 604 482,78) |
| 35 | 138067 | R (3 050 862,27) | R (1 897 324,79) | R (1 153 537,48) |
| 36 | 138651 | R (1 422 540,48) | R - | R (1 422 540,48) |
| 37 | 138944 | R (11 412 012,30) | R (23 863 537,11) | R 12 451 524,81 |
| 38 | 139795 | R (8 245 396,02) | R - | R (8 245 396,02) |
| 39 | 138811 | R (2 472 197,84) | R - | R (2 472 197,84) |
| 40 | 140096 | R (10 080 043,48) | R (18 368 283,93) | R 8 288 240,45 |
| 41 | 138809 | R 0,04 | R (4 188 524,18) | R 4 188 524,22 |
| **Total** | | | | **R (4 127 528,71)** |

**Impact**

The above may result in the following:

* Non-compliance with section 38(1) (a) (i) and 40(1) (a) (i) of the PFMA.
* Non-compliance with paragraph 17 of GRAP 01.
* This resulted in the operating lease liability being overstated by **R4 127 529** and operating expenditure leases is understated by the same amount.
* This resulted in the operating lease asset being overstated by **R4 127 529** and Revenue from exchange transactions - Accommodation charges - leasehold intergovernmental is understated by the same amount.

**Internal control deficiency**

*Financial and performance management*

Management did not prepare accurate and complete financial reports that are supported and evidenced by reliable information.

Management did not adequately review the amounts disclosed in the AFS prior to submission for audit.

**Recommendation**

It is recommended that:

* Management must ensure that financial statements and supporting schedules are adequately reviewed before submission for audit.

**Management response**

I am partially in agreement with the finding, please refer to below table for differences according to management:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Item No.** | **Archibus Asset** | **Lease liability / asset balance** | **Management Recalculated Amount** | **Management Difference** | **Comment** |
| 1 | 139808 | -1 324 281.51 |  | -921 422.82 | @ - Accept AG difference |
| 2 | 138213 | -1 053 321.70 | -1 782 657.35 | 729 335.65 | Please refer to attached lease agreement |
| 3 | 138884 | -449 480.04 |  | 39 016.01 | @ - Accept AG difference |
| 4 | 137972 | -495 474.71 |  | -35 102.43 | @ - Accept AG difference |
| 5 | 139143 | -51 734.98 |  | -4 985.27 | @ - Accept AG difference |
| 6 | 139594 | -152 957.72 |  | 15 606.95 | @ - Accept AG difference |
| 7 | 138775 | -661 782.53 |  | 341 669.97 | @ - Accept AG difference |
| 8 | 138601 | -1 237 023.90 | -3 260 655.84 | 2 023 631.94 | Lease only captured for first 5 years, not remaining 4 years and 11 months |
| 9 | 138748 | -30 949.07 |  | -28 294.69 | @ - Accept AG difference |
| 10 | 138348 | -6 757 190.00 | -46 211.56 | -6 710 978.44 |  |
| 11 | 139228 | -2 816 471.66 | -1 130 310.96 | -1 686 160.70 | Lease should be 5 years, not 9 years 11 months |
| 12 | 139536 | -614 474.25 |  | 670 444.90 | @ - Accept AG difference |
| 13 | 138141 | -102 131.19 |  | 406 500.90 | @ - Accept AG difference |
| 14 | 138013 | -20 774.86 | -20 775.82 | 0.96 |  |
| 15 | 138085 | -1 324 802.00 | -2 758 428.93 | 1 433 626.93 | De-escalation not captured |
| 16 | 138118 | -3 359 551.61 |  | 111 343.95 | @ - Accept AG difference |
| 17 | 139791 | -5 503 971.04 | -5 510 952.09 | 6 981.05 | AG to exclude operating cost |
| 18 | 138806 | -18 133 111.36 | -18 133 113.01 | 1.65 |  |
| 19 | 139717 | -1 008 354.80 |  | 14 166.59 | @ - Accept AG difference |
| 20 | 139236 | -111 215.60 |  | -111 215.60 | @ - Accept AG difference |
| 21 | 138492 | -5 060 566.20 | -4 570 451.11 | -490 115.09 | Operating cost captured as other |
| 22 | 140557 | -265 069.44 |  | -260 465.61 | @ - Accept AG difference |
| 23 | 138305 | -913 607.16 |  | 180 314.98 | @ - Accept AG difference |
| 24 | 137902 | -232 989.28 |  | 258 696.51 | @ - Accept AG difference |
| 25 | 139489 | -1 833 751.57 | -1 306 266.47 | -527 485.10 | De-escalation not captured |
| 26 | 138813 | -10 102 214.00 | -7 390 986.80 | -2 711 227.20 | De-escalation not captured |
| 27 | 137700 | -2 450 590.04 | 0.00 | -2 450 590.04 | Reversal did not clear out the Benguni lease propertly |
| 28 | 138812 | -2 324 633.60 | -1 614 362.50 | -710 271.10 | De-escalation not captured |
| 29 | 137723 | -4 483 690.95 | -2 215 045.80 | -2 268 645.15 | De-escalation not captured |
| 30 | 139303 | -166 785.51 |  | 7 040.19 | @ - Accept AG difference |
| 31 | 138691 | -5 162 573.59 | -5 162 573.16 | -0.43 |  |
| 32 | 140426 | -8 272 875.16 | -8 353 139.32 | 80 264.16 | AG to esclude operating cost |
| 33 | 138370 | -429 271.32 | -429 271.37 | 0.05 |  |
| 34 | 139884 | -1 604 482.78 | 0.00 | -1 604 482.78 |  |
| 35 | 138067 | -3 050 862.27 | -1 897 328.02 | -1 153 534.25 | New lease provided to AG, not yet captured on Archibus |
| 36 | 138651 | -1 422 540.48 | -1 422 540.64 | 0.16 |  |
| 37 | 138944 | -11 412 012.30 | -23 863 537.01 | 12 451 524.71 | 9 years and 11 months split 2 records |
| 38 | 139795 | -8 245 396.02 | -4 569 257.49 | -3 676 138.53 | Lease should be 5 years, not 9 years 11 months |
| 39 | 138811 | -2 472 197.84 | -1 716 840.66 | -755 357.18 | De-escalation not captured |
| 40 | 140096 | -10 080 043.48 | -22 821 286.46 | 12 741 242.98 | 9 years and 11 months split 2 records |
| 41 | 138809 | 0.04 | 0.00 | 0.04 | Renewed lease not valid, signed with prospective buyer, sale was cancelled. Thus lease still running on month to month |
| **Total** |  |  |  | **5 404 938.83** |  |

**Auditor’s conclusion**

Management agree with auditor’s difference and the finding remains

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Item No,** | **Archibus Asset** | **Lease liability / asset balance** | **Management Recalculated Amount** | **Management Difference** | **Comment** |
| 1 | 139808 | -1 324 281,51 |  | -921 422,82 | @ - Accept AG difference |
| 3 | 138884 | -449 480,04 |  | 39 016,01 | @ - Accept AG difference |
| 4 | 137972 | -495 474,71 |  | -35 102,43 | @ - Accept AG difference |
| 5 | 139143 | -51 734,98 |  | -4 985,27 | @ - Accept AG difference |
| 6 | 139594 | -152 957,72 |  | 15 606,95 | @ - Accept AG difference |
| 7 | 138775 | -661 782,53 |  | 341 669,97 | @ - Accept AG difference |
| 9 | 138748 | -30 949,07 |  | -28 294,69 | @ - Accept AG difference |
| 12 | 139536 | -614 474,25 |  | 670 444,90 | @ - Accept AG difference |
| 13 | 138141 | -102 131,19 |  | 406 500,90 | @ - Accept AG difference |
| 16 | 138118 | -3 359 551,61 |  | 111 343,95 | @ - Accept AG difference |
| 19 | 139717 | -1 008 354,80 |  | 14 166,59 | @ - Accept AG difference |
| 20 | 139236 | -111 215,60 |  | -111 215,60 | @ - Accept AG difference |
| 22 | 140557 | -265 069,44 |  | -260 465,61 | @ - Accept AG difference |
| 23 | 138305 | -913 607,16 |  | 180 314,98 | @ - Accept AG difference |
| 24 | 137902 | -232 989,28 |  | 258 696,51 | @ - Accept AG difference |
| 30 | 139303 | -166 785,51 |  | 7 040,19 | @ - Accept AG difference |
| 37 | 138944 | -11 412 012,30 | -23 863 537,01 | 12 451 524,71 | 9 years and 11 months split 2 records |
| 15 | 138085 | -1 324 802,00 | -2 758 428,93 | 1 433 626,93 | De-escalation not captured |
| 25 | 139489 | -1 833 751,57 | -1 306 266,47 | -527 485,10 | De-escalation not captured |
| 26 | 138813 | -10 102 214,00 | -7 390 986,80 | -2 711 227,20 | De-escalation not captured |
| 28 | 138812 | -2 324 633,60 | -1 614 362,50 | -710 271,10 | De-escalation not captured |
| 8 | 138601 | -1 237 023,90 | -3 260 655,84 | 2 023 631,94 | Lease only captured for first 5 years, not remaining 4 years and 11 months |
| 35 | 138067 | -3 050 862,27 | -1 897 328,02 | -1 153 534,25 | New lease provided to AG, not yet captured on Archibus |
| 10 | 138348 | -6 757 190,00 | -46 211,56 | -6 710 978,44 |  |
| 34 | 139884 | -1 604 482,78 | 0 | -1 604 482,78 |  |
| Total | | | | **3 174 119,24** |  |

After taking into account managements comment and resubmitted leases and/or addendums and operating cost the new differences are as follows and they agree with managements submitted or recalculated amounts.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Item No,** | **Archibus Asset** | **Lease liability / asset balance** | **Recalculated AGSA Amount** | **Auditors Difference** |
| 2 | 138213 | - 1 053 321,70 | - 1 782 657,35 | 729 335,65 |
| 14 | 138013 | - 20 774,86 | - 20 775,82 | 0,96 |
| 27 | 137700 | - 2 450 590,04 | - | - 2 450 590,04 |
| 31 | 138691 | - 5 162 573,59 | - 5 162 573,16 | - 0,43 |
| 33 | 138370 | - 429 271,32 | - 429 271,37 | 0,05 |
| 36 | 138651 | - 1 422 540,48 | - 1 422 540,64 | 0,16 |
| 38 | 139795 | - 8 245 396,02 | - 4 569 257,49 | - 3 676 138,53 |
| 39 | 138811 | - 2 472 197,84 | - 1 716 840,66 | - 755 357,18 |
| 40 | 140096 | -10 080 043,48 | - 22 821 286,46 | 12 741 242,98 |
| 41 | 138809 | 0,04 | - | 0,04 |
| **Total** | | | | **6 588 493,67** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Item No.** | **Region** | **Archibus Asset** | **Amount disclosed in AFS** | **Recalculated AGSA Amount** | **Difference** | **Comments** |
| 20 | CPT | 138806 | -18 133 111,36 | -17 275 608,48 | -857 502,88 | The monthly rental amount used by management differs as per the lease agreement. Furthermore, SIU recovery was not taken into account, which will decrease contractual amount and have an impact on commitment, lease liability / asset and straight-lined amount. Refer to attached calculations |
| 22 | CPT | 138492 | -5 060 566,20 | -4 473 521,73 | -587 044,47 | Management incorrectly included a commitment amount for the month of April 2026, however the contract end on ***March 2026*** |
| **Total** | | | | | **-1 444 547,35** |  |

**Audit finding: Lease accruals and prepayments balances misstated**

**Requirements**

Public Finance Management Act (PFMA) section 38(1)(a)(i) state that *“The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

Public Finance Management Act (PFMA) section 40(1)(a)(i) state that *“The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

Standard of Generally Recognised Accounting Practice (GRAP 1), paragraph 17 state that *“Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation…”*

**Nature**

Issue 1

During the audit of receivables for prepaid expense leases, we noted that the prepayment balance as at 31 March 2021 is misstated. Our recalculations based on the supporting documentation (lease contracts provided and the payment reports) indicated differences from management’s balances.

This resulted in the prepaid expense balance not fairly presenting the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets.

Please see table below:

| **No.** | **Archibus Asset** | **Region** | **Property File Reference** | **Accrual as per Schedule** | **Recalculated amount** | **Difference** |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | 137869 | PE | 6425/6291/000 | (66,93) | R 13 559 964,39 | R (13 560 031,32) |
| 2 | 138273 | CPT | 6538/5846/000 | (43 697,69) | R (1 710 143,27) | R 1 666 445,58 |
| 3 | 138806 | CPT | 6508/7632/000 | (76 826,31) | R (1 130 692,66) | R 1 053 866,35 |
| 4 | 140157 | PTA | 6029/6936/000 | (117 000,01) | R 1 025 457,59 | R (1 142 457,60) |
| 5 | 139967 | CPT | 6538/5996/001 | (245 335,96) | R (3 293 145,69) | R 3 047 809,73 |
| 6 | 138957 | JHB | 6106/0975/000 | (373 583,10) | R 150 271,28 | R (523 854,38) |
| 7 | 138050 | DBN | 6221/0140/000 | (567 100,05) | R 78 497 292,75 | R (79 064 392,80) |
| 8 | 140326 | JHB | 6110/1795/000 | (653 994,56) | R (8 596 253,35) | R 7 942 258,79 |
| 9 | 138575 | DBN | 6301/0470/000 | (1 353 617,90) | R 322 916,90 | R (1 676 534,80) |
| 10 | 137733 | PTA | 6029/0134/000 | (1 713 532,34) | R (1 008 410,76) | R (705 121,58) |
| 11 | 137700 | PTA | 6029/0096/000 | (1 718 019,83) | R (11 540 000,30) | R 9 821 980,47 |
| 12 | 139685 | JHB | 6109/4918/000 | (3 416 232,17) | R (6 361 707,30) | R 2 945 475,13 |
| 13 | 138286 | DBN | 6304/0819/000 | (3 977 327,03) | R (674 525,09) | R (3 302 801,94) |
| 14 | 139269 | DBN | 6319/0193/000 | (4 087 176,46) | R 7 393 252,01 | R (11 480 428,47) |
| 15 | 138709 | PE | 6418/5531/000 | (4 228 697,88) | R (21 105 799,00) | R 16 877 101,12 |
| 16 | 139296 | PTA | 6029/6519/001 | (5 133 573,83) | R (60 906 326,50) | R 55 772 752,67 |
| 17 | 138219 | PTA | 6029/5379/000 | (5 192 791,89) | R (17 042 419,68) | R 11 849 627,79 |
| 18 | 139749 | PTA | 6029/6810/000 | (5 560 643,69) | R 11 231 145,41 | R (16 791 789,10) |
| 19 | 139515 | JHB | 6109/4974/000 | (5 814 698,63) | R (18 251 427,42) | R 12 436 728,79 |
| 20 | 138402 | PTA | 6029/5830/000 | (5 991 039,93) | R (14 000 463,30) | R 8 009 423,37 |
| 21 | 139560 | NEL | 6024/0835/000 | (6 340 837,32) | R (822 137,69) | R (5 518 699,63) |
| 22 | 140049 | PTA | 6029/6927/000 | (8 299 776,88) | R 71 661 643,30 | R (79 961 420,18) |
| 23 | 140098 | PTA | 6029/0061/001 | (8 716 281,60) | R 13 096 826,22 | R (21 813 107,82) |
| 24 | 140227 | PTA | 6029/6949/000 | (9 360 971,05) | R (11 030 255,67) | R 1 669 284,62 |
| 25 | 137730 | PTA | 6029/0209/000 | (10 624 616,18) | R (860 526,80) | R (9 764 089,38) |
| 26 | 138631 | PTA | 6029/6213/000 | (11 056 919,52) | R (17 424 975,08) | R 6 368 055,56 |
| 27 | 138721 | MTH | 6458/5389/000 | (11 694 116,64) | R (12 746 662,87) | R 1 052 546,23 |
| 28 | 137842 | CPT | 6508/7358/000 | (17 272 008,72) | R (19 029 939,55) | R 1 757 930,83 |
| 29 | 138691 | PTA | 6029/6346/000 | (20 034 889,09) | R (9 182 006,42) | R (10 852 882,67) |
| 30 | 138813 | PTA | 6029/2788/000 | (21 594 076,59) | R (22 682 664,33) | R 1 088 587,74 |
| 31 | 137724 | PTA | 6029/3913/000 | (23 546 758,01) | R (53 018 187,87) | R 29 471 429,86 |
| **Total** | | | | | | **R (83 326 307,03)** |

Issue 2

During the audit of payables for accrued lease expense expense, we noted that the accrual balance as at 31 March 2021 is misstated. Our recalculations based on the supporting documentation (lease contracts provided and the payment reports) indicated differences from management’s balances.

This resulted in the accrual lease balance not fairly presenting the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets.

Please see table below:

| **No.** | **Archibus Asset** | **Region** | **Property File Reference** | **Accrual as per Schedule** | **Recalculated amount** | **Difference** |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | 138236 | CPT | 6502/6031/000 | 31 537,99 | R (7 502 623,65) | R 7 534 161,64 |
| 2 | 139311 | BFN | 6706/2868/000 | 79 657,07 | R 237 881,80 | R (158 224,73) |
| 3 | 140081 | CPT | 6508/7679/000 | 133 195,93 | R (135 474 291,72) | R 135 607 487,65 |
| 4 | 139826 | DBN | 6310/1234/000 | 332 426,91 | R 396 676,69 | R (64 249,78) |
| 5 | 139236 | CPT | 6508/7648/000 | 1 250 752,56 | R 1 543 093,46 | R (292 340,90) |
| 6 | 140330 | NEL | 6024/0955/000 | 1 333 176,84 | R (619 183,24) | R 1 952 360,08 |
| 7 | 140180 | DBN | 6310/1240/000 | 1 999 105,13 | R (739 007,24) | R 2 738 112,37 |
| 8 | 140359 | PTA | 6029/6961/000 | 2 174 638,02 | R 2 155 745,48 | R 18 892,54 |
| 9 | 139867 | BFN | 6758/0307/000 | 2 536 890,75 | R (10 109 319,33) | R 12 646 210,08 |
| 10 | 138087 | BFN | 6722/0198/000 | 3 540 691,18 | R (2 525 593,87) | R 6 066 285,05 |
| 11 | 140165 | CPT | 6508/7694/000 | 4 215 911,71 | R (1 583 415,40) | R 5 799 327,11 |
| 12 | 140152 | DBN | 6301/4470/000 | 6 582 733,09 | R 4 309 106,13 | R 2 273 626,96 |
| 13 | 139460 | CPT | 6502/6031/000 | 7 719 320,01 | R (36 597 069,76) | R 44 316 389,77 |
| 14 | 138504 | CPT | 6508/7614/000 | 8 759 562,78 | R (11 398 349,10) | R 20 157 911,88 |
| 15 | 139488 | PTA | 6029/1637/000 | 10 230 404,36 | R 2 746 249,54 | R 7 484 154,82 |
| 16 | 139360 | PTA | 6029/6752/000 | 12 229 325,95 | R (35 147 365,48) | R 47 376 691,43 |
| 17 | 140105 | PTA | 6029/6593/001 | 13 425 919,10 | R 8 275 421,18 | R 5 150 497,92 |
| 18 | 138823 | PTA | 6029/0319/000 | 15 221 431,23 | R 15 227 468,15 | R (6 036,92) |
| 19 | 140012 | PTA | 6029/0216/002 | 17 771 903,08 | R 22 129 832,40 | R (4 357 929,32) |
| 20 | 138488 | MTH | 6458/5372/000 | 18 351 559,06 | R (6 101 694,27) | R 24 453 253,33 |
| 21 | 139333 | PTA | 6029/7044/000 | 25 379 431,53 | R (6 438 690,10) | R 31 818 121,63 |
| 22 | 139901 | PTA | 6029/6895/000 | 25 728 178,43 | R (24 547 871,33) | R 50 276 049,76 |
| 23 | 139822 | NEL | 6024/0852/000 | 29 153 494,48 | R (7 313 062,44) | R 36 466 556,92 |
| 24 | 139408 | DBN | 6307/1175/000 | 35 504 780,58 | R (29 721 697,10) | R 65 226 477,68 |
| 25 | 139180 | PTA | 6029/6696/000 | 59 654 211,73 | R 59 447 361,05 | R 206 850,68 |
| **Total** | | | | | | **R 502 690 637,65** |

**Impact**

The above may result in the following:

* Non-compliance with section 38(1) (a) (i) and 40(1) (a) (i) of the PFMA,
* Non-compliance with paragraph 17 of GRAP 01 resulting in misrepresentations of balances to the users of the financial statements
* Prepaid expense balance (Leases) is understated/overstated by R83 326 307,03
* Accruals expense balance (Leases) understated/overstated by R 502 690 637,65

**Internal control deficiency**

*Financial and performance management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Management did not adequately reconcile the contractual obligation of the lease contracts with the PMIS and ARCHUBUS payments ensure that the overpayment and accrual balance as at year-end is accurate.

**Recommendation**

It is recommended that:

Management should perform a thorough review of the accruals and prepayment schedule and update it accordingly to ensure that the balances per landlord is valued accurately.

**Management response:**

*I am in agreement/disagree for the following reasons*

**Auditor’s conclusion**

**Audit finding: Lease accruals and prepayments balances misstated**

**Requirements**

Public Finance Management Act (PFMA) section 38(1)(a)(i) state that *“The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

Public Finance Management Act (PFMA) section 40(1)(a)(i) state that *“The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

Standard of Generally Recognised Accounting Practice (GRAP 1), paragraph 17 state that *“Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation…”*

**Nature**

During the audit of lease accruals for SKG(landlord),we noted differences between our

re-calculated accrual balances compared to what is disclosed by management.

This resulted in the accrual lease balance not fairly presenting the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets.

Please see table below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Lease no.** | **Amount per AFS** | **Recalculated closing balance** | **Difference** |
| 139816 | 74 597 277,77 | ( 6 633 860,42) |  |
| 140105 | 13 425 919,10 | (3 392 154,06) |
| 140280 | 33 935 955,99 | (11 020 283,82) |
| Total accrual adjustment for SKG | 121 959 152,86 | (21 046 298,29) |
| Less :Creditors with debit balances | **35 404 316,23** | - |
| Net accrual | 86 554 836,63 | (21 046 298,29) | 107 601 134,92 |

**Impact**

The above may result in the following:

* Non-compliance with section 38(1) (a) (i) and 40(1) (a) (i) of the PFMA,
* Non-compliance with paragraph 17 of GRAP 01 resulting in misrepresentations of balances to the users of the financial statements
* Prepaid expense balance (Leases) is understated by R 21 046 298,29
* Accruals expense balance (Leases) is overstated by R 86 554 836,63

**Internal control deficiency**

*Financial and performance management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Management did not adequately offset the Archibus payments that were reversed in March 2021 against the creditors with debit balances account.

**Recommendation**

It is recommended that:

Management should review the accruals adjustment for the specific leases under SKG and adequately offset it with the creditors with debit balances in order to reflect the accurate closing balance as at year end.

**Management response:**

*Name:*

*Position:*

*Date:*

**Auditor’s conclusion**

Misstatement of operating lease expenditure and revenue from exchange transaction

**Laws and Regulations**

Public Finance Management Act (PFMA) section 38(1)(a)(i) state that *“The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

Public Finance Management Act (PFMA) section 40(1)(a)(i) state that *“The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

Standard of Generally Recognised Accounting Practice (GRAP 1), paragraph 17 state that *“Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation…”*

GRAP 13, paragraph 40 states that*“Lease payments under an operating lease shall be recognised as an expense in the statement of financial performance on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user’s benefit…”*

GRAP 13, paragraph 60 states that “*Lease revenue from operating leases shall be recognised as revenue on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished…”*

The PMTE accounting policy on operating leases note 1.4 to the financial statements states that*“Operating lease payments are recognised as an expense on a straight-line basis over the lease term where the lease term exceeds one month; except where the terms and conditions have not been determined or are in the process of being renegotiated. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability…”*

**Nature**

During the audit of operating lease expenditure, differences were noted between auditor’s recalculations and amounts on the annual financial statement (AFS) (Supporting schedules) submitted for operating lease expenditure and revenue from exchange transactions - accommodation charges - leasehold intergovernmental for both instances where PMTE is a lessee and a lessor.

Differences are highlighted in tables A below.

*Table A*

| **Item No.** | **Archibus Asset** | **Straight-line amount per AFS** | **Recalculated Amount** | **Difference** |
| --- | --- | --- | --- | --- |
| 1 | 139026 | R 3 118 826,48 | R 3 091 664,21 | R 27 162,27 |
| 2 | 139438 | R 12 077 957,28 | R 12 068 086,62 | R 9 870,66 |
| 3 | 138884 | R 2 604 711,84 | R 2 618 251,32 | R (13 539,48) |
| 4 | 138958 | R 8 675 402,96 | R 8 419 331,98 | R 256 070,98 |
| 5 | 140552 | R 1 440,00 | R 13 680,00 | R (12 240,00) |
| 6 | 139143 | R 380 092,56 | R 343 469,23 | R 36 623,33 |
| 7 | 139594 | R 4 427 528,32 | R 4 767 300,28 | R (339 771,96) |
| 8 | 138775 | R 4 286 383,68 | R 4 464 646,42 | R (178 262,74) |
| 9 | 138601 | R 15 029 559,50 | R 15 363 751,31 | R (334 191,81) |
| 10 | 138647 | R 6 737 210,35 | R 6 679 230,08 | R 57 980,27 |
| 11 | 138962 | R 1 414 285,72 | R 1 403 237,92 | R 11 047,80 |
| 12 | 138748 | R 1 152 190,70 | R 1 093 606,25 | R 58 584,45 |
| 13 | 138348 | R 5 179 802,05 | R 858 416,67 | R 4 321 385,38 |
| 14 | 139228 | R 7 860 510,24 | R 7 436 810,36 | R 423 699,88 |
| 15 | 139536 | R 3 293 469,24 | R 3 628 691,80 | R (335 222,56) |
| 16 | 138141 | R 1 535 578,68 | R 1 697 639,71 | R (162 061,03) |
| 17 | 138013 | R 4 533 192,22 | R 4 638 995,70 | R (105 803,48) |
| 18 | 139802 | R 8 566 234,31 | R 7 923 115,61 | R 643 118,70 |
| 19 | 138085 | R 7 665 923,28 | R 8 382 736,52 | R (716 813,24) |
| 20 | 138118 | R 4 088 473,56 | R 4 103 486,12 | R (15 012,56) |
| 21 | 139791 | R 9 057 473,00 | R 9 282 236,89 | R (224 763,89) |
| 22 | 138432 | R 5 525 052,16 | R 6 232 368,82 | R (707 316,66) |
| 23 | 138806 | R 27 518 879,52 | R 28 197 684,24 | R (678 804,72) |
| 24 | 139717 | R 5 162 310,28 | R 6 220 770,21 | R (1 058 459,93) |
| 25 | 139236 | R 2 958 000,00 | R 2 519 331,24 | R 438 668,76 |
| 26 | 138079 | R 59 166 757,38 | R 59 180 286,55 | R (13 529,17) |
| 27 | 138492 | R 4 737 839,52 | R 3 673 888,25 | R 1 063 951,27 |
| 28 | 138987 | R 7 880 564,07 | R 7 783 382,57 | R 97 181,50 |
| 29 | 139790 | R 1 936 065,31 | R 1 944 897,57 | R (8 832,26) |
| 30 | 139794 | R 535 094,28 | R 652 512,16 | R (117 417,88) |
| 31 | 139190 | R 2 384 697,77 | R 2 270 762,26 | R 113 935,51 |
| 32 | 140557 | R 408 522,36 | R 593 318,67 | R (184 796,31) |
| 33 | 138305 | R 5 747 324,52 | R 5 863 226,71 | R (115 902,19) |
| 34 | 137902 | R 1 255 994,88 | R 1 388 551,41 | R (132 556,53) |
| 35 | 139489 | R 5 825 096,54 | R 5 549 271,60 | R 275 824,94 |
| 36 | 140322 | R 50 477 356,44 | R 41 197 498,98 | R 9 279 857,46 |
| 37 | 138813 | R 26 243 747,64 | R 24 687 485,97 | R 1 556 261,67 |
| 38 | 137700 | R 17 647 095,84 | R 12 649 867,61 | R 4 997 228,23 |
| 39 | 138812 | R 4 485 713,04 | R 4 181 311,17 | R 304 401,87 |
| 40 | 137723 | R 9 545 085,00 | R 8 409 105,78 | R 1 135 979,22 |
| 41 | 138823 | R 97 373 859,22 | R 69 459 306,03 | R 27 914 553,19 |
| 42 | 139303 | R 3 491 770,68 | R 3 228 951,06 | R 262 819,62 |
| 43 | 139333 | R 15 296 676,06 | R 17 619 296,47 | R (2 322 620,41) |
| 44 | 137730 | R 45 822 188,48 | R 42 610 033,50 | R 3 212 154,98 |
| 45 | 138691 | R 43 750 154,91 | R 49 907 771,63 | R (6 157 616,72) |
| 46 | 137699 | R 18 969 178,34 | R 14 245 301,63 | R 4 723 876,71 |
| 47 | 140426 | R 54 392 879,64 | R 54 747 467,99 | R (354 588,35) |
| 48 | 138612 | R 68 618 633,92 | R 88 174 870,29 | R (19 556 236,37) |
| 49 | 138370 | R 7 443 509,64 | R 7 877 653,18 | R (434 143,54) |
| 50 | 137717 | R 77 044 183,68 | R 102 757 780,46 | R (25 713 596,78) |
| 51 | 137705 | R 72 873 723,67 | R 67 577 601,92 | R 5 296 121,75 |
| 52 | 138067 | R 5 332 697,52 | R 7 008 012,07 | R (1 675 314,55) |
| 53 | 138651 | R 24 666 668,52 | R 31 778 572,24 | R (7 111 903,72) |
| 54 | 139239 | R 28 544 354,79 | R 7 810 596,60 | R 20 733 758,19 |
| 55 | 139195 | R 57 680 157,79 | R 55 053 572,76 | R 2 626 585,03 |
| 56 | 138944 | R 61 247 696,64 | R 67 392 107,71 | R (6 144 411,07) |
| 57 | 139296 | R 19 425 585,47 | R 11 316 916,14 | R 8 108 669,33 |
| 58 | 139795 | R 32 516 406,55 | R 38 994 743,95 | R (6 478 337,40) |
| 59 | 139522 | R 7 559 696,27 | R 9 048 361,53 | R (1 488 665,26) |
| 60 | 137702 | R 59 292 458,04 | R 53 187 883,08 | R 6 104 574,96 |
| 61 | 138811 | R 4 770 461,64 | R 3 828 446,34 | R 942 015,30 |
| 62 | 140096 | R 53 648 186,16 | R 59 108 719,01 | R (5 460 532,85) |
| 63 | 138809 | R 49 114 519,54 | R 28 319 822,30 | R 20 794 697,24 |
| **Total** | | | | **R 37 475 395,05** |

**Impact**

The above may result in the following:

* Non-compliance with section 38(1) (a) (i) and 40(1) (a) (i) of the PFMA.
* Non-compliance with paragraph 17 of GRAP 01.
* This resulted in the operating lease expenditure being overstated by **R37 475 395**
* This resulted in the Revenue from exchange transactions - Accommodation charges - leasehold inter-governmental being overstated by **R37 475 395**

**Internal control deficiency**

*Financial and performance management*

Management did not prepare accurate and complete financial reports that are supported and evidenced by reliable information.

Management did not adequately review the amounts disclosed in the AFS prior to submission for audit.

**Recommendation**

It is recommended that:

* Management must ensure that financial statements and supporting schedules are adequately reviewed before submission for audit.

**Management response**

I am partially in agreement with the finding, please refer below table for summary of differences as per calculations performed by management:

| **Item No.** | **Archibus Asset** | **Straight-line amount per AFS** | **Management Recalculated Amount** | **Management Difference** | **Comment** |
| --- | --- | --- | --- | --- | --- |
| 1 | 139026 | 3 118 826.48 |  | 27 162.27 | @ - Accept AG difference |
| 2 | 139438 | 12 077 957.28 | 12 068 086.62 | 9 870.66 |  |
| 3 | 138884 | 2 604 711.84 |  | -13 539.48 | @ - Accept AG difference |
| 4 | 138958 | 8 675 402.96 |  | 256 070.98 | @ - Accept AG difference |
| 5 | 140552 | 1 440.00 |  | -12 240.00 | @ - Accept AG difference |
| 6 | 139143 | 380 092.56 |  | 36 623.33 | @ - Accept AG difference |
| 7 | 139594 | 4 427 528.32 |  | -339 771.96 | @ - Accept AG difference |
| 8 | 138775 | 4 286 383.68 |  | -178 262.74 | @ - Accept AG difference |
| 9 | 138601 | 15 029 559.50 | 15 363 751.30 | -334 191.80 |  |
| 10 | 138647 | 6 737 210.35 |  | 57 980.27 | @ - Accept AG difference |
| 11 | 138962 | 1 414 285.72 |  | 11 047.80 | @ - Accept AG difference |
| 12 | 138748 | 1 152 190.70 |  | 58 584.45 | @ - Accept AG difference |
| 13 | 138348 | 5 179 802.05 | 858 416.67 | 4 321 385.38 |  |
| 14 | 139228 | 7 860 510.24 | 6 940 786.34 | 919 723.90 |  |
| 15 | 139536 | 3 293 469.24 |  | -335 222.56 | @ - Accept AG difference |
| 16 | 138141 | 1 535 578.68 |  | -162 061.03 | @ - Accept AG difference |
| 17 | 138013 | 4 533 192.22 | 4 605 383.46 | -72 191.24 |  |
| 18 | 139802 | 8 566 234.31 |  | 643 118.70 | @ - Accept AG difference |
| 19 | 138085 | 7 665 923.28 | 8 382 736.54 | -716 813.26 |  |
| 20 | 138118 | 4 088 473.56 |  | -15 012.56 | @ - Accept AG difference |
| 21 | 139791 | 9 057 473.00 | 9 059 427.38 | -1 954.38 |  |
| 22 | 138432 | 5 525 052.16 |  | -707 316.66 | @ - Accept AG difference |
| 23 | 138806 | 27 518 879.52 | 27 518 879.72 | -0.20 |  |
| 24 | 139717 | 5 162 310.28 | 6 475 066.93 | -1 312 756.65 |  |
| 25 | 139236 | 2 958 000.00 |  | 438 668.76 | @ - Accept AG difference |
| 26 | 138079 | 59 166 757.38 | 59 166 757.36 | 0.02 |  |
| 27 | 138492 | 4 737 839.52 | 4 718 872.17 | 18 967.35 |  |
| 28 | 138987 | 7 880 564.07 |  | 97 181.50 | @ - Accept AG difference |
| 29 | 139790 | 1 936 065.31 |  | -8 832.26 | @ - Accept AG difference |
| 30 | 139794 | 535 094.28 |  | -117 417.88 | @ - Accept AG difference |
| 31 | 139190 | 2 384 697.77 |  | 113 935.51 | @ - Accept AG difference |
| 32 | 140557 | 408 522.36 |  | -184 796.31 | @ - Accept AG difference |
| 33 | 138305 | 5 747 324.52 |  | -115 902.19 | @ - Accept AG difference |
| 34 | 137902 | 1 255 994.88 |  | -132 556.53 | @ - Accept AG difference |
| 35 | 139489 | 5 825 096.54 | 5 549 271.61 | 275 824.93 |  |
| 36 | 140322 | 50 477 356.44 | 50 409 796.07 | 67 560.37 |  |
| 37 | 138813 | 26 243 747.64 | 24 687 485.97 | 1 556 261.67 |  |
| 38 | 137700 | 17 647 095.84 | 17 061 293.48 | 585 802.36 |  |
| 39 | 138812 | 4 485 713.04 | 4 181 311.15 | 304 401.89 |  |
| 40 | 137723 | 9 545 085.00 | 8 410 762.56 | 1 134 322.44 |  |
| 41 | 138823 | 97 373 859.22 | 97 375 826.07 | -1 966.85 |  |
| 42 | 139303 | 3 491 770.68 |  | 262 819.62 | @ - Accept AG difference |
| 43 | 139333 | 15 296 676.06 | 16 099 304.44 | -802 628.38 |  |
| 44 | 137730 | 45 822 188.48 | 50 706 310.83 | -4 884 122.35 |  |
| 45 | 138691 | 43 750 154.91 | 43 750 154.91 | 0.00 |  |
| 46 | 137699 | 18 969 178.34 | 18 969 173.36 | 4.98 |  |
| 47 | 140426 | 54 392 879.64 | 54 015 184.94 | 377 694.70 |  |
| 48 | 138612 | 68 618 633.92 | 68 838 044.67 | -219 410.75 |  |
| 49 | 138370 | 7 443 509.64 | 7 443 509.45 | 0.19 |  |
| 50 | 137717 | 77 044 183.68 | 80 400 130.18 | -3 355 946.50 |  |
| 51 | 137705 | 72 873 723.67 | 67 577 601.92 | 5 296 121.75 |  |
| 52 | 138067 | 5 332 697.52 | 7 008 013.83 | -1 675 316.31 |  |
| 53 | 138651 | 24 666 668.52 | 24 666 668.68 | -0.16 |  |
| 54 | 139239 | 28 544 354.79 | 17 573 662.38 | 10 970 692.41 |  |
| 55 | 139195 | 57 680 157.79 | 48 481 062.80 | 9 199 094.99 | New lease being captured |
| 56 | 138944 | 61 247 696.64 | 67 392 107.67 | -6 144 411.03 |  |
| 57 | 139296 | 19 425 585.47 | 25 300 631.56 | -5 875 046.09 | Amounts incorrect |
| 58 | 139795 | 32 516 406.55 | 28 057 977.93 | 4 458 428.62 |  |
| 59 | 139522 | 7 559 696.27 | 7 559 664.95 | 31.32 |  |
| 60 | 137702 | 59 292 458.04 | 59 278 174.20 | 14 283.84 |  |
| 61 | 138811 | 4 770 461.64 | 4 446 736.72 | 323 724.92 |  |
| 62 | 140096 | 53 648 186.16 | 59 108 719.02 | -5 460 532.86 |  |
| 63 | 138809 | 49 114 519.54 | 52 021 802.18 | -2 907 282.64 |  |
| **Total** |  | **1 260 003 089.69** | **1 171 528 548.01** | **5 749 888.29** |  |

**Auditor’s conclusion**

1. Management agree with auditor’s difference and the finding remains

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Item No.** | **Archibus Asset** | **Straight-line amount per AFS** | **Management Recalculated Amount** | **Management Difference** | **Comment** |
| 1 | 139026 | 3 118 826,48 | 3 091 664,21 | 27 162,27 | @ - Accept AG difference |
| 3 | 138884 | 2 604 711,84 | 2 618 251,32 | -13 539,48 | @ - Accept AG difference |
| 4 | 138958 | 8 675 402,96 | 8 419 331,98 | 256 070,98 | @ - Accept AG difference |
| 5 | 140552 | 1 440,00 | 13 680,00 | -12 240,00 | @ - Accept AG difference |
| 6 | 139143 | 380 092,56 | 343 469,23 | 36 623,33 | @ - Accept AG difference |
| 7 | 139594 | 4 427 528,32 | 4 767 300,28 | -339 771,96 | @ - Accept AG difference |
| 8 | 138775 | 4 286 383,68 | 4 464 646,42 | -178 262,74 | @ - Accept AG difference |
| 10 | 138647 | 6 737 210,35 | 6 679 230,08 | 57 980,27 | @ - Accept AG difference |
| 11 | 138962 | 1 414 285,72 | 1 403 237,92 | 11 047,80 | @ - Accept AG difference |
| 12 | 138748 | 1 152 190,70 | 1 093 606,25 | 58 584,45 | @ - Accept AG difference |
| 15 | 139536 | 3 293 469,24 | 3 628 691,80 | -335 222,56 | @ - Accept AG difference |
| 16 | 138141 | 1 535 578,68 | 1 697 639,71 | -162 061,03 | @ - Accept AG difference |
| 18 | 139802 | 8 566 234,31 | 7 923 115,61 | 643 118,70 | @ - Accept AG difference |
| 20 | 138118 | 4 088 473,56 | 4 103 486,12 | -15 012,56 | @ - Accept AG difference |
| 22 | 138432 | 5 525 052,16 | 6 232 368,82 | -707 316,66 | @ - Accept AG difference |
| 25 | 139236 | 2 958 000,00 | 2 519 331,24 | 438 668,76 | @ - Accept AG difference |
| 28 | 138987 | 7 880 564,07 | 7 783 382,57 | 97 181,50 | @ - Accept AG difference |
| 29 | 139790 | 1 936 065,31 | 1 944 897,57 | -8 832,26 | @ - Accept AG difference |
| 30 | 139794 | 535 094,28 | 652 512,16 | -117 417,88 | @ - Accept AG difference |
| 31 | 139190 | 2 384 697,77 | 2 270 762,26 | 113 935,51 | @ - Accept AG difference |
| 32 | 140557 | 408 522,36 | 593 318,67 | -184 796,31 | @ - Accept AG difference |
| 33 | 138305 | 5 747 324,52 | 5 863 226,71 | -115 902,19 | @ - Accept AG difference |
| 34 | 137902 | 1 255 994,88 | 1 388 551,41 | -132 556,53 | @ - Accept AG difference |
| 42 | 139303 | 3 491 770,68 | 3 228 951,06 | 262 819,62 | @ - Accept AG difference |
| 2 | 139438 | 12 077 957,28 | 12 068 086,62 | 9 870,66 |  |
| 9 | 138601 | 15 029 559,50 | 15 363 751,31 | -334 191,81 |  |
| 13 | 138348 | 5 179 802,05 | 858 416,67 | 4 321 385,38 |  |
| 52 | 138067 | 5 332 697,52 | 7 008 012,07 | -1 675 314,55 |  |
| 62 | 140096 | 53 648 186,16 | 59 108 719,01 | -5 460 532,85 |  |
| 56 | 138944 | 61 247 696,64 | 67 392 107,71 | -6 144 411,07 |  |
| 19 | 138085 | 7 665 923.28 | 8 382 736.54 | -716 813.26 |  |
| 51 | 137705 | 72 873 723.67 | 67 577 601.92 | 5 296 121.75 |  |
| 35 | 139489 | 5 825 096.54 | 5 549 271.61 | 275 824.93 |  |
| 37 | 138813 | 26 243 747.64 | 24 687 485.97 | 1 556 261.67 |  |
| 39 | 138812 | 4 485 713.04 | 4 181 311.15 | 304 401.89 |  |
| Total |  |  |  | **-9 602 933,21** |  |

1. After taking into account management comments and resubmitted leases and/or addendums and operating cost, the adjusted differences are as follows and agree with that of management calculations.

| **No.** | **Archibus Asset** | **Straight-line amount per AFS** | **Recalculated AGSA Amount** | **Difference** |
| --- | --- | --- | --- | --- |
| 14 | 139228 | 7 860 510,24 | 6 940 786,34 | 919 723,90 |
| 17 | 138013 | 4 533 192,22 | 4 605 383,46 | -72 191,24 |
| 24 | 139717 | 5 162 310,28 | 6 475 066,93 | -1 312 756,65 |
| 26 | 138079 | 59 166 757,38 | 59 166 757,36 | 0,02 |
| 38 | 137700 | 17 647 095,84 | 17 061 293,48 | 585 802,36 |
| 40 | 137723 | 9 545 085,00 | 8 410 762,56 | 1 134 322,44 |
| 41 | 138823 | 97 373 859,22 | 97 375 826,07 | -1 966,85 |
| 43 | 139333 | 15 296 676,06 | 16 099 304,44 | -802 628,38 |
| 45 | 138691 | 43 750 154,91 | 43 750 154,91 | 0,00 |
| 48 | 138612 | 68 618 633,92 | 68 838 044,67 | -219 410,75 |
| 49 | 138370 | 7 443 509,64 | 7 443 509,45 | 0,19 |
| 53 | 138651 | 24 666 668,52 | 24 666 668,68 | -0,16 |
| 54 | 139239 | 28 544 354,79 | 17 573 662,38 | 10 970 692,41 |
| 55 | 139195 | 57 680 157,79 | 48 481 062,80 | 9 199 094,99 |
| 57 | 139296 | 19 425 585,47 | 25 300 631,56 | -5 875 046,09 |
| 58 | 139795 | 32 516 406,55 | 28 057 977,93 | 4 458 428,62 |
| 60 | 137702 | 59 292 458,04 | 59 278 174,20 | 14 283,84 |
| 63 | 138809 | 49 114 519,54 | 52 021 802,18 | -2 907 282,64 |
| 36 | 140322 | 50 477 356,44 | 50 409 796,07 | 67 560,37 |
| 61 | 138811 | 4 770 461,64 | 4 446 736,72 | 323 724,92 |
| **Total** | | | | **16 482 351,33** |

1. After taking into account management comments resubmitted leases and/or addendums and operating cost, the adjusted differences are as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **No.** | **Archibus Asset** | **Straight-line amount per AFS** | **Recalculated AGSA Amount** | **Difference** | **Comments** |
| 21 | 139791 | 9 057 473,00 | 9 282 236,89 | -224 763,89 | AGSA disagree with management and calculation is provided |
| 23 | 138806 | 27 518 879,52 | 28 197 684,24 | -678 804,72 | The monthly rental amount used by management differs as per the lease agreement. Furthermore, SIU recovery was not taken into account, which will decrease contractual amount and have an impact on commitment, lease liability / asset and straight-lined amount. Refer to attached calculations |
| 27 | 138492 | 4 737 839,52 | 4 188 232,60 | 549 606,92 | Management incorrectly included a contractual amount for the month of April 2026, however the contract end on ***March 2026*** |
| 50 | 137717 | 77 044 183,68 | 88 610 392,83 | -11 566 209,15 | Straight-line from inception of the contract up to end 2020/09/31 and then the MTM expenditure should be added. Management in their calculations excluded storage and parking. |
| 47 | 140426 | 54 392 879,64 | 54 747 467,99 | -354 588,35 | Management recalculation differs with AG calculation because management splitting of operating cost did not take into account the VAT, this had an impact in the straightlining and annualised amount |
| 59 | 139522 | 7 559 696,27 | 7 993 938,30 | -434 242,03 | Recalculated the amount and we have noted that management stopped paying for parking in 2015 and we do not have the supporting docs to support, new recalculated amount of AG is R7 993 938,30 |
| 44 | 137730 | 45 822 188,48 | 52 937 467,11 | -7 115 278,63 | AG recalc differs to management recalc as management used an incorrect amount of operating costs - Recalculated the amount and now AG recalculated amount is R52 937 467,11 |
| 46 | 137699 | 18 969 178,34 | 17 687 977,60 | 1 281 200,74 | Recalculated the amount and our annualised now has changed to R17 687 977,60, management escalated their straight amount |
| Total | | | | **-18 543 079,11** |  |

**Follow up - Overpayments made to the supplier on the lease contract**

Requirements:

Section 38 (1) (b) of the Public Finance Management Act (PFMA) states that “*The accounting officer for a trading entity is responsible for the effective, efficient, economical and transparent use of the resources of the trading entity…”*

Section 38 (1) (c) (i) of the PFMA states that: *“The accounting officer for a trading entity must take effective and appropriate steps to collect all money due to the trading entity…”*

Section 38 (1) (c) (ii) of the PFMA states that: *“The accounting officer for a trading entity must take effective and appropriate steps to prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct”*

Treasury Regulation 8.1.1 state that *“The accounting officer of the institution must ensure that internal procedures and internal control measures were in place for the approval and processing of payments. These controls provided reasonable assurance that all expenditure is necessary, is appropriate, is paid promptly and is adequately recorded and reported on...”*

**Background -**

Competitive bidding process (Tender number PT14/032) was followed to appoint a service provider for office accommodation and parking bays for the period of four years for Department of Rural Development and Land Reform (DRDLR) for the SUNCARDIA building. The Department of Public Works and Infrastructure (DPWI) entered into a lease agreement with Vukile Property Fund on behalf of the DRDLR and the tender was accepted on 26 May 2015.

*Table A*

| **Event No.** | **The following are key details on the lease agreement** |
| --- | --- |
| 1 | Details as per schedule A and B of the contract   * Leased premises - 6403.61 m2 office accommodation and 107 parking bays * Lease period - Four (4) years * Commencement date - 01 October 2015 * Contract end date - 30 September 2019 * Commencement rental amount - R 771 656.22 per month, * Escalation rate - 5.5% annual escalation |
| 2 | Clause 4.3 of the lease contract states that “*The lessee shall give written notice to the lessor of its intention to exercise the option to renew this agreement (referred to in clause 4.2 above) by no later than 3 months prior to the expiry of the initial lease period. Should the lessee fail to so exercise the option, this agreement shall continue on a month to month basis until such time as either of the parties gives the other a written notice terminating this agreement, in which event, this agreement at the end of the month following the month in which the notice was given…”* |
| 3 | Clause 5.2 of the lease contract states that “*The lease commences with the commencement rental. Thereafter the rental shall escalate each year, on each anniversary date of the lease, in accordance with the compounded escalation rate set out in item 9 on Schedule A…”* |
| 4 | Clause 5.3 of the lease contract states that “*The rental shall be paid by the lessee to the lessor, monthly in advance on or before the 7th (seventh) day of each and every month…”* |
| 5 | **On 08 of May 2019** the entity renewed the contract for a further period of three (3) years with the landlord  Details as per schedule A and B of the contract   * Leased premises - 6403.61 m2 office accommodation and 107 parking bays * Lease period - Three (3) years * Commencement date - 01 June 2019 * Contract end date - 31 May 2022 * Commencement rental amount - R 871 526.35 per month, * Escalation rate - 6% annual escalation |
|  | |
|  | |

**Nature of prior year findings**

During the 2019/20 financial period, a finding was raised with respect to overpayments made on lease contracts (COFF 09 of 2019/20, lease number 140280). Weaknesses were noted in the contract management processes, which resulted in payments made to the landlord being in excess of the amounts payable as per the lease agreement. These duplicate payments / overpayments mainly occurred between the periods October 2017 to March 2019 and below is a summary of the impact of these duplicate payments:

*Table B*

|  |  |  |  |
| --- | --- | --- | --- |
| Lease contract amount (01 October 2015 – 31 March 2020) | Total payments made as at 31-Mar-20 | Overpayment balance | Impairment as at  31 March 2020 |
| R 46 135 420,23 | R 55 519 753,25 | R 9 384 333,02 | R 9 384 333,02 |

*Refer to annexure A for detailed calculations*

Management agreed with the finding. Furthermore, management response indicated that “*Most of the overpayments are legacy issues and a service provider, O.M.A chartered accountant were appointed to deal with and recover, and in addition the SIU is involved in the recovery of overpayments. The leases were corrected prior the implementation of Archibus and subsequent to the implementation Head Office ensured that all leases pay according to the lease document corresponding to the applicable period. A great effort has been made to reverse the teething problems when Archibus was first implemented*.”

Please see instances of duplicate payments identified below:

*Table C*

| No. | Month | Date paid | Payment reference / Description | Amount payable as per lease contract (in Rands) | Payment Made by PMTE (in Rands) | Difference / Overpayment (in Rands) |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | Mar-19 | 01-Mar-19 | RENT (ADV) from 01-03-2019 to 31-03-2019 | 914 059,01 | 914 059.01 | -914 059,01 |
| 01-Mar-19 | RENTAL PAYMENT FOR MARCH 2019 6029/6593/3 | 914 059.01 |
|  | | | | | | |
| 2 | Feb-19 | 01-Feb-19 | RENTAL PAYMENT FOR FEBRUARY 2019 6029/6593/3 | 914 059,01 | 914 059,01 | -914 059,01 |
| 01-Feb-19 | RENT (ADV) from 01-02-2019 to 28-02-2019 | 914 059,01 |
|  | | | | | | |
| 3 | Dec-18 | 03-Dec-18 | RENTAL PAYMENT FOR DECEMBER 2018 6029/6593/3 | 914 059,01 | 914 059,01 | -914 059,01 |
| 03-Dec-18 | RENT (ADV) from 01-12-2018 to 31-12-2018 | 914 059,01 |
|  | | | | | | |
| 4 | Nov-18 | 21-Nov-18 | RENTAL PAYMENT FOR NOVEMBER 2018 6029/6593/3 | 914 059,01 | 914 059,01 | -914 059,01 |
| 01-Nov-18 | RENT (ADV) from 01-11-2018 to 30-11-2018 | 914 059,01 |
|  | | | | | | |
| 5 | Sep-18 | 03-Sep-18 | RENT (ADV) from 01-09-2018 to 30-09-2018 | 866 406,65 | 866 406,65 | -866 406,65 |
| 03-Sep-18 | RENTAL PAYMETN FOR SEPTEMBER 2018 6029/6593/3 | 866 406,65 |
|  | | | | | | |
| 6 | Aug-18 | 01-Aug-18 | RENT (ADV) from 01-08-2018 to 31-08-2018 | 866 406,65 | 866 406,65 | -866 406,65 |
| 01-Aug-18 | RENTAL PAYMENT FOR SAUGUST 2018 6029/6593/3 | 866 406,65 |
|  | | | | | | |
| 7 | May-18 | 30-May-18 | RENTAL PAYMENT FOR JUNE 2018 6029/6593/3 | 866 406,65 | 866 406,65 | -866 406,65 |
| 29-May-18 | RENT (ADV) from 01-06-2018 to 30-06-2018 | 866 406,65 |
|  | | | | | | |
| 8 | Apr-18 | 24-Apr-18 | RENT (ADV) from 01-05-2018 to 31-05-2018 | 866 406,65 | 866 406,65 | -866 406,65 |
| 18-Apr-18 | RENTAL PAYMENT FOR MASY 2018 6029/6593/3 | 866 406,65 |
|  | | | | | | |
| 9 | Mar-18 | 26-Mar-18 | RENTAL FOR APRIL2018 SUNDIRCARDIA | 866 406,65 | 858 872,68 | -858 872,68 |
| 22-Mar-18 | RENT (ADV) from 01-04-2018 to 30-04-2018 | 866 406,65 |
|  | | | | | | |
| 10 | Feb-18 | 23-Feb-18 | RENT (ADV) from 01-03-2018 to 31-03-2018 | 858 872,68 | 858 872,68 | -858 872,68 |
| 21-Feb-18 | RENTAL PAYMENT FOR MARCH 2018 6029/6593/3 | 858 872,68 |
|  | | | | | | |
| 11 | Sep-17 | 27-Sep-17 | RENT (ADV) from 01-10-2017 to 31-10-2017 | 858 872,68 | 858 872,68 | -858 872,68 |
| 21-Sep-17 | RENTAL PAYEMTN FOR OCTOBER 2017 6029/6593/3 | 858 872,68 |
|  | | | | | | |
| **Total** | | | | | | **-9 698 480,68** |

The overpayments noted in the table above where off-set by the underpayments made in the months depicted in the table below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| No. | Month | Date paid | Payment reference / Description | Amount payable as per lease contract (in Rands) | Payment Made by PMTE (in Rands) | Difference / Overpayment (in Rands) |
| 1 | Mar-16 | 29-Feb-16 | RENT (ADV) from 01-03-2016 to 31-03-2016 | 771 656,23 | 695 139,49 | 76 516,74 |
| 2 | Nov-17 | 23-Oct-17 | RENT (ADV) from 01-11-2017 to 30-11-2017 | 858 872,68 | 693 486,75 | 165 385,93 |
| 3 | Oct-18 | 01-Oct-18 | RENT (ADV) from 01-10-2018 to 31-10-2018 | 914 059,01 | 841 813,81 | 72 245,20 |
|  | | | | | | |
| **Total** | | | | | | **314 147,87** |

The correctness of the overpayments identified by auditors in the table above was disclosed on the annual financial statements note 3 receivables from exchange transactions (Prepaid expenses – leases). Management’s schedules supporting the reconciliation as per the “*Accruals and Prepayments*” schedule determined that the overpayment as at 31 March 2020 amounted to **R 9 384 332, 82**. This was calculated by comparing the amount that was actually paid with the amount that should have been paid over the lease period. A provision for impairment was then made for the full overpayment.

As demonstrated above, management did not ensure that internal procedures and internal control measures were in place for the approval and processing of rental payments. These controls would have provided management reasonable assurance that rental payments to be made were necessary for each month and appropriate. This control deficiency resulted in management making duplicate payments in the months identified above.

**Current year follow-up**

***Issue 01 – Overpayment and lack of recovering money***

During the current year audit, we noted that the lease contract was extended / renewed with effect from 01 June 2019 while the old contract was still active (4 months before it expired). This renewal resulted to lesser monthly rental payments as compared to the previous lease contract (*R871 526, 35 vs R914 059, 01 respectively*). However, as per Archibus payment listing, management continued to make payments based on the old lease contract even though a new lease had a lesser monthly rental and resulted in additional overpayments made since the renewal period up to the end of the current year.

The table below illustrates overpayments made:

*Table D*

| No. | Month | Date paid | Payment reference / Description | Amount payable as per lease contract (in Rands) | Payment Made by PMTE (in Rands) | Difference / Overpayment (in Rands) |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | 01-Jun-19 | 03-Jun-19 | RENT (ADV) from 01-08-2019 to 31-08-2019 | 871 526,35 | 914 059,01 | - 42 532,66 |
| 2 | 01-Jul-19 | 04-Jul-19 | RENT (ADV) from 01-07-2019 to 31-07-2019 | 871 526,35 | 914 059,01 | - 42 532,66 |
| 3 | 01-Aug-19 | 01-Aug-19 | RENT (ADV) from 01-06-2019 to 30-06-2019 | 871 526,35 | 914 059,01 | - 42 532,66 |
| 4 | 01-Sep-19 | 10-Sep-19 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | 871 526,35 | 914 059,01 | - 42 532,66 |
| 5 | 01-Oct-19 | 16-Oct-19 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | 871 526,35 | 964 389,16 | - 92 862,81 |
| 6 | 01-Nov-19 | 07-Nov-19 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | 871 526,35 | 964 389,16 | - 92 862,81 |
| 7 | 01-Dec-19 | 10-Mar-20 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | 871 526,35 | 964 389,16 | - 92 862,81 |
| 8 | 01-Jan-20 | 10-Mar-20 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | 871 526,35 | 964 389,16 | - 92 862,81 |
| 9 | 01-Feb-20 | 10-Mar-20 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | 871 526,35 | 964 389,16 | - 92 862,81 |
| 10 | 01-Mar-20 | 06-Mar-20 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | 871 526,35 | 964 389,16 | - 92 862,81 |
| 11 | 01-Apr-20 | 07-Apr-20 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | 871 526,35 | 964 389,16 | - 92 862,81 |
| 12 | 01-May-20 | 07-May-20 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | 871 526,35 | 964 389,16 | - 92 862,81 |
| 13 | 01-Jun-20 | 05-Jun-20 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | 923 817,93 | 964 389,16 | - 40 571,23 |
| 14 | 01-Jul-20 | 06-Jul-20 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | 923 817,93 | 964 389,16 | - 40 571,23 |
| 15 | 01-Aug-20 | 06-Aug-20 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | 923 817,93 | 964 389,16 | - 40 571,23 |
| 16 | 01-Sep-20 | 07-Sep-20 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | 923 817,93 | 964 389,16 | - 40 571,23 |
| 17 | 01-Oct-20 | 16-Nov-20 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | 923 817,93 | 1 017 430,57 | - 93 612,64 |
| 18 | 01-Nov-20 | 05-Nov-20 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | 923 817,93 | 1 017 430,57 | - 93 612,64 |
| 19 | 01-Dec-20 | 07-Dec-20 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | 923 817,93 | 1 017 430,57 | - 93 612,64 |
| 20 | 01-Jan-21 | 07-Jan-21 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | 923 817,93 | 1 017 430,57 | - 93 612,64 |
| 21 | 01-Feb-21 | 05-Feb-21 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | 923 817,93 | 1 017 430,57 | - 93 612,64 |
| 22 | 01-Mar-21 | 05-Mar-21 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | 923 817,93 | 1 017 430,57 | - 93 612,64 |
|  | | | | | | |
| **Total** | | | | | | **-909 686,37** |

Table E below illustrates the summary of the overpayments relating to the lease contract from inception of the lease to 31 March 2021.

Table E

|  |  |  |
| --- | --- | --- |
| Total Lease contract amount  (01 October 2015 – 30 March 2021) | Total payments made as at  31 March 2021 | Overpayment balance |
| R 56 389 687 | R 67 411 013 | R 11 021 367 |

The internal procedures and internal control measures in place for the approval and processing of rental payments were not effective as the entity continued to make over payments. Such controls would have provided management reasonable assurance that rental payments to be made were necessary for each month and appropriate.

The audit team note with concern that management has not taken effective steps to recover all overpayments made in the previous years but continued to make such overpayments even in the current year. Such payments could have been recovered through the withholding of current year lease payments or otherwise and these funds were not used economically as they could have been redirected to other functions within PMTEs mandate or reducing the bank overdraft.

***Issue 02 – Accounting issues***

Management recognized a lease accrual, based on the detailed analysis / calculation as per annexure A, the accrual is overstated and a receivable are understated.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **AFS line item** | **AFS Note** | **PMTE** | **Auditors** | **Differences** | **Assessment** |
| Accrued expense - Leases | 12 | 33 935 956 | - | 33 935 956 | Overstatement |
| Prepaid expenses – Leases | 3 | - | 11 020 283 | 11 020 283 | Understated |

**Impact**

* Non – compliance with Treasury Regulation paragraph 8.1.1 as management did not ensure that internal procedures and internal control measures were in place for the approval and processing of rental payments.
* Non – compliance with Section 38(1) (c) (i) of the PFMA as management has not taken effective steps to recover overpayments due.
* Non – compliance with Section 38(1) (b) of the PFMA as management did not use funds economically which could have been reprioritised in the furtherance of service delivery.
* Understatement of Prepaid expenses – leases by R R 11 021 367 and ;
* Overstatement of Accrued expenses – Leases by R 33 935 956.

**Internal control deficiency**

*Financial and performance management*

Management did not review and monitor compliance with applicable laws and regulations. As a result, irregular expenditure was incurred.

Internal procedures and internal control measures in place for the approval and processing of payments were not adequate, or were not implemented as a result overpayments were made.

Management did not implement controls over reconciling payments made to suppliers by the system on a monthly basis and monthly lease payments as per lease agreement.

**Recommendation**

It is recommended that management should enhance lease payment processes through the implementation of ARCHIBUS to ensure only the rental due as per the lease contract is paid and no system override occur. These enhancements should include effective controls to ensure accurate lease data is captured on Archibus.

Management should review the automated controls on Archibus to identify all weaknesses embedded on the programmed controls and ensure that controls are enhanced such that the system does not permit for duplicate payments to be made to the same service provider relating to the same building.

Management should stop making overpayments to suppliers. Furthermore, management should recover all overpayments already made to landlords and consequence management should be taken for the responsible officials.

Management should perform regular reconciliations for lease payments in order to identify overpayments timely and respond effectively.

**Management response**

Management is not in agreement with the Understatement of Prepaid expenses – leases by R 11 021 367 and Overstatement of Accrued expenses – Leases by R 33 935 956. According to management the Accrual value should be R6 552 555.09, thus the overstatement of the accrual is R 27 383 400.90. There is no understatement of prepaid expenses.

The root cause of the error is inconsistency of data on Archibus between the lease portfolio console and the payment enquiry. The contractual obligation is based on the payment enquiry, whereas the PMIS payments compared against was from the date as per the lease portfolio console.

An investigation was performed to determine the extent of the problem and 39 properties were affected. The correct date was used to compare against PMIS payment data and resulted in a correction of R 51 734 393.90.

The error was as a result of using the incorrect date of the Lease portfolio console and not the payment enquiry. The error is not representative of the full population but limited to the 39 properties identified. This is a systematical error in the calculation which has been corrected.

Please refer to attached corrected lease schedule.

|  |  |  |
| --- | --- | --- |
| **No.** | **Detail response required** | **Management comment** |
| 1 | Conformation that the indicated **non-compliance did occur.**  [If management does not agree, please provide a motivation for the latter as well as the evidence to support the motivation.] | Non-compliance existed as there was double payment on PMIS.  Delay in uploading of the renewed lease contract on Archibus. |
| 2. | Indicate the **circumstances** that led to the non-compliance. | Automated rental payments and official added manual rental payments (sundry payments).  Archibus rental payments were based on the old lease contract.  The renewed lease contracts had handwritten comments by Lessor which were initially not acceptable to the Department. These were later confirmed by Legal as acceptable hence lease contract was captured late into the Archibus system. |
| 3 | Did the **non-compliance resulted in or is likely to result in a financial** loss for the trading entity? [Note: Please provide a motivation for the response and evidence to support the response] | The overpayments existed for up until March 2019 was R9.5 million.  In June 2019, the lease renewal at reduced rental rate was not effected immediately but effected between March and May 2021 resulting in overpayment of R1.5 million.  This was corrected in the month through the reversal of R17 million in March 2021 which constitutes payments made in Archibus made since September 2019. |
| 4 | If the non-compliance resulted in or is likely to result in a financial loss for the trading entity, provide an **estimation of the quantum of the financial loss.**  The detail on how the financial loss was estimated/ quantified should be provided with the supporting evidence. | There was an overpayment processed on PMIS is R9.5 million in process of being resolved.  There was an overpayment of rental on Archibus of R1.5 million which was recovered during March 2021.  Refer to the attached annexures for calculations. |

**Auditor’s conclusion**

**Overpayments made to the supplier on the lease contract – SKG lease code 140105**

Requirements:

Section 38 (1) (b) of the Public Finance Management Act (PFMA) states that *“The accounting officer for a department, trading entity or constitutional institution is responsible for the effective, efficient, economical and transparent use of the resources of the department, trading entity or constitutional institution;”*

Section 38 (1) (c) of the PFMA states that: *“The accounting officer for a department, trading entity or constitutional institution must take effective and appropriate steps to -*

*(i) collect all money due to the department, trading entity or constitutional institution;*

*(ii) prevent unauthorised, irregular, fruitless, and wasteful expenditure and losses resulting from criminal conduct; and*

*(iii) manage available working capital efficiently and economically;”*

Treasury Regulation 8.1.1 state that *“The accounting officer of the institution must ensure that internal procedures and internal control measures were in place for the approval and processing of payments. These controls provided reasonable assurance that all expenditure is necessary, is appropriate, is paid promptly and is adequately recorded and reported.”*

**Background -**

The Department of Public Works and Infrastructure (DPWI) entered into a lease agreement with Vukile Property Fund on behalf of the South African Police Service (SAPS) on 01 December 2013. The lease period was initially intended for five (5) years and continued on month-to-month basis upon expiry date (30 November 2018) for a further six (6) months up to 31 May 2019. This was in line with clause 4.3 of the said contract as no written notice was given to the landlord and as such, it continued on a month-to-month basis in line with the lease contract.

A renewal contract was entered into on 01 June 2019 for a period of three (3) years, with a termination date of 31 May 2022.

*Table A*

| **Event No.** | **The following are key details on the lease agreement** |
| --- | --- |
| 1 | Details as per schedule A and B of the contract   * Leased premises - 5729 m2 office space, 29 m2 storeroom and 143 parking bays * Description - Suncardia Shopping Centre * Lease period - Five (5) years * Commencement date - 01 December 2013 * Contract end date - 30 November 2018 * Commencement rental amount - R 579 120.42 per month, * Escalation rate - 8% annual escalation * Archibus no. - 140105 |
| 2 | Clause 4.3 of the lease contract states that “*The lessee shall give written notice to the lessor of its intention to exercise the option to renew this agreement (referred to in clause 4.2 above) by no later than 3 months prior to the expiry of the initial lease period. Should the lessee fail to so exercise the option, this agreement shall continue on a month to month basis until such time as either of the parties gives the other a written notice terminating this agreement, in which event, this agreement at the end of the month following the month in which the notice was given.”* |
| 3 | Clause 5.2 of the lease contract states that “*The lease commences with the commencement rental. Thereafter the rental shall escalate each year, on each anniversary date of the lease, in accordance with the compounded escalation rate set out in item 9 on Schedule A.”* |
| 4 | Clause 5.3 of the lease contract states that “*The rental shall be paid by the lessee to the lessor, monthly in advance on or before the 7th (seventh) day of each and every month.”* |
| 5 | **On 31st of March 2019** the entity renewed the contract for a further period of three (3) years with the landlord  Details as per schedule A and B of the contract   * Leased premises 5729 m2 office space, 29 m2 storeroom and 143 parking bays * Lease period - Three (3) years * Commencement date - 01 June 2019 * Contract end date - 31 May 2022 * Commencement rental amount - R 819 215,15 per month, * Escalation rate - 6% annual escalation |
|  | |
|  | |

**Issue 1 – Overpayment from inception of the contract to May 2019**

During the audit of leases, we noted that the entity made duplicate payments for the month of March and April 2018. This resulted in an overpayment of R1 575 773.77. We further noted that this overpayment was reduced by an underpayment of R63 583, 86 that occurred on December 2018.

The duplicate payments are an indication that the accounting officer did not implement adequate internal procedures and internal control measures for the approval and processing of payments. These controls would have provided reasonable assurance that additional payments for the month of March and April were not necessary, and thus prevented duplicate payments. Below is a summary of the duplicate payments:

*Table B*

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **No** | **Month** | **Date Paid** | **Payment no.** | **Payment Reference** | **Amount payable as per lease contract (in Rands)** | **Payment Made by PMTE (in Rands)** | **Difference / Overpayment (in Rands)** |
| 1 | Feb-18 | Not Paid | N/A | Payment was made in March | 787 886,94 | - | 787 886,94 |
| 2 | Mar-18 | 2018/03/05 | ZINTP1803S1001000587 | RENTAL FOR FEB2018 AND MARCH2018 SUNCARDIA BUILDING | 787 886,94 | 1 575 773,86 | (1 575 773,85) |
| 2018/02/23 | ZINTP1802S1001004423 | RENT (ADV) from 01-03-2018 to 31-03-2018 | 787 886,93 |
| 3 | Apr-18 | 2018/03/22 | ZINTP1803S1001004543 | RENT (ADV) from 01-04-2018 to 30-04-2018 | 794 798,23 | 794 798,22 | (787 886,92) |
| 2018/04/09 | ZINTP1804S1001000407 | RENTAL PAYMENT FOR APRIL 2018 6029/6593/1 | 787 886,93 |
| 4 | Dec-18 | 2018/12/03 | ZINTP1812S1001000925 | RENTAL PAYMENT FOR DECEMBER 2018 6029/6593/1 | 858 382,08 | 794 798,22 | 63 583,86 |
|  | | | | | | | |
| **Total** | | | | | | | **(1 512 189,98)** |

**Issue 2 – Overpayment from 01 June 2019 to 31 March 2021**

During the period under review, we noted that management had entered into a renewed lease agreement with the landlord (SKG). The renewed lease agreement was effective from 01 June 2019 and valid for a period of three (3) years. We further noted that the contract was at a reduced rental amount and escalation rate.

However, during our inspection of the payment advice, we noted that management had not captured the renewed lease on Archibus (leasing system) and therefore the landlord was still being paid based on the expired lease agreement.

The expired lease agreement has a higher rental amount than the renewed lease agreement and therefore the entity was paying more than what they are obligated to pay for the period 01 June 2019 to 31 March 2021.This resulted in an overpayment of **R1 879 964,13,** please see illustration below;

*Table C*

| **No.** | **Month** | **Date Paid** | **Payment no.** | **Payment Reference** | **Amount payable as per lease contract (in Rands)** | **Payment Made by PMTE (in Rands)** | **Difference / Overpayment (in Rands)** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1 | Jun-19 | 2019/06/05 | ZINTP1906S1001001505 | RENTAL FOR JUNE 2019 6029/6593/1 | 819 215,15 | 858 382,07 | (39 166,92) |
| 2 | Jul-19 | 2019/07/01 | ZINTP1907S1001001181 | RENTAL PAYMENT FOR JULY 2019 6029/6593/1 | 819 215,15 | 858 382,07 | (39 166,92) |
| 3 | Aug-19 | 2019/08/01 | ZINTP1908S1001001240 | RENTAL PAYMENT FOR AUGUST 2019 6029/6593/1 | 819 215,15 | 858 382,07 | (39 166,92) |
| 4 | Sep-19 | 2019/10/22 | ZINTP1910S1001002167 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS | 819 215,15 | 972 419,99 | (153 204,84) |
| 5 | Oct-19 | 2019/10/22 | ZINTP1910S1001002167 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS | 819 215,15 | 858 416,32 | (39 201,17) |
| 6 | Nov-19 | 2019/11/07 | ZINTP1911S1001001460 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS | 819 215,15 | 858 416,32 | (39 201,17) |
| 7 | Dec-19 | 2019/12/05 | ZINTP1912S1001001192 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS | 819 215,15 | 927 081,44 | (107 866,29) |
| 8 | Jan-20 | 2020/01/08 | ZINTP2001S1001001480 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS | 819 215,15 | 927 081,44 | (107 866,29) |
| 9 | Feb-20 | 2020/02/07 | ZINTP2002S1001001300 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS | 819 215,15 | 927 081,44 | (107 866,29) |
| 10 | Mar-20 | 2020/03/06 | ZINTP2003S1001001660 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS | 819 215,15 | 927 081,44 | (107 866,29) |
| 11 | Apr-20 | 2020/04/07 | ZINTP2004S1001001334 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS | 819 215,15 | 927 081,44 | (107 866,29) |
| 12 | May-20 | 2020/05/07 | ZINTP2005S1001001197 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS | 819 215,15 | 927 081,44 | (107 866,29) |
| 13 | Jun-20 | 2020/06/05 | ZINTP2006S1001001858 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS | 868 368,06 | 927 081,44 | (58 713,38) |
| 14 | Jul-20 | 2020/07/06 | ZINTP2007S1001001360 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS | 868 368,06 | 927 081,44 | (58 713,38) |
| 15 | Aug-20 | 2020/08/06 | ZINTP2008S1001001226 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS | 868 368,06 | 927 081,44 | (58 713,38) |
| 16 | Sep-20 | 2020/09/07 | ZINTP2009S1001001518 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS | 868 368,06 | 927 081,44 | (58 713,38) |
| 17 | Oct-20 | 2020/10/08 | ZINTP2010S1001001278 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS | 868 368,06 | 927 081,44 | (58 713,38) |
| 18 | Nov-20 | 2020/11/05 | ZINTP2011S1001001221 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS | 868 368,06 | 927 081,44 | (58 713,38) |
| 19 | Dec-20 | 2020/12/07 | ZINTP2012S1001001396 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS | 868 368,06 | 1 001 212,60 | (132 844,54) |
| 20 | Jan-21 | 2021/01/07 | ZINTP2101S1001001223 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS | 868 368,06 | 1 001 212,60 | (132 844,54) |
| 21 | Feb-21 | 2021/02/05 | ZINTP2102S1001001370 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS | 868 368,06 | 1 001 212,60 | (132 844,54) |
| 22 | Mar-21 | 2021/03/05 | ZINTP2103S1001001391 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS | 868 368,06 | 1 001 212,60 | (132 844,54) |
|  | | | | | | | |
| **Total** | | | | | | | **(1 879 964,13)** |

***Issue 03 – Overpayment post year end***

We note that management attempted to address the issue above:

**Reversal of the expired lease agreement**

In March 2021, management realized that the renewed lease contract had not been captured on Archibus and therefore, the landlord was still being paid based on the expired lease agreement.

In an attempt to correct this error, management reversed all payments made from 01 September 2019 to 28 February 2021, this was to capture the correct lease payments on Archibus as per the new lease agreement that commenced on 1 June 2019. The reversal was done through the processing of batch payment number 273 for a total amount of -R 16 703 864.04 (Refer to Annexure D).

We noted through inspection of remittance advices from March 2021 up to June 2021 that the reversal did not interface with SAGE (payment system).

Therefore, in effect the money was not recovered from the landlord.

**Capturing of the renewed lease agreement**

In May 2021, management then captured the renewed lease contract on the Archibus system.

Through inspection of the May 2021 remittance advice, payment reference number ZINTP2105S1001006209, we noted the following -

The system effected the correct lease payments based on the renewed lease contract for April and May 2021 amounting to R 868 368 respectively.

Due to the reversal processed on Archibus, the system picked up that the new lease was effective from 01 June 2019 however; no payments have been made for the period 01 September 2019 to 31 March 2021. The Archibus system then instructed SAGE to make payments for the period 01 September 2019 to 31 March 2021. *(Note: the Archibus system went live on 01 September 2019 and therefore the reversal was from 01 September 2019 to 28 February 2021).*

However, due to the failed recovery above, the system was in effect paying rental for months that have already been paid for and thus this resulted in an overpayment of R 16 056 616.95.

We have attached the May 21 remittance advice for ease of reference.

| **No** | **Region** | **Invoice No.** | **Lease** | **Period** | **Service** | **Amount** |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | PTA | ZALSC2105S1011059639 | 13862 | 201909-201909 | Buildings:Rentals | 711 541,80 |
| 2 | PTA | ZALSC2105S1011059640 | 13862 | 201909-201909 | Buildings:Rentals | 1 767,55 |
| 3 | PTA | ZALSC2105S1011059659 | 13862 | 201909-201909 | Buildings:Rentals | 105 905,80 |
| 4 | PTA | ZALSC2105S1011059641 | 13862 | 201910-201910 | Buildings:Rentals | 711 541,80 |
| 5 | PTA | ZALSC2105S1011059642 | 13862 | 201910-201910 | Buildings:Rentals | 1 767,55 |
| 6 | PTA | ZALSC2105S1011059660 | 13862 | 201910-201910 | Buildings:Rentals | 105 905,80 |
| 7 | PTA | ZALSC2105S1011059643 | 13862 | 201911-201911 | Buildings:Rentals | 711 541,80 |
| 8 | PTA | ZALSC2105S1011059644 | 13862 | 201911-201911 | Buildings:Rentals | 1 767,55 |
| 9 | PTA | ZALSC2105S1011059661 | 13862 | 201911-201911 | Buildings:Rentals | 105 905,80 |
| 10 | PTA | ZALSC2105S1011059645 | 13862 | 201912-201912 | Buildings:Rentals | 711 541,80 |
| 11 | PTA | ZALSC2105S1011059646 | 13862 | 201912-201912 | Buildings:Rentals | 1 767,55 |
| 12 | PTA | ZALSC2105S1011059662 | 13862 | 201912-201912 | Buildings:Rentals | 105 905,80 |
| 13 | PTA | ZALSC2105S1011059647 | 13862 | 202001-202001 | Buildings:Rentals | 711 541,80 |
| 14 | PTA | ZALSC2105S1011059648 | 13862 | 202001-202001 | Buildings:Rentals | 1 767,55 |
| 15 | PTA | ZALSC2105S1011059663 | 13862 | 202001-202001 | Buildings:Rentals | 105 905,80 |
| 16 | PTA | ZALSC2105S1011059649 | 13862 | 202002-202002 | Buildings:Rentals | 711 541,80 |
| 17 | PTA | ZALSC2105S1011059650 | 13862 | 202002-202002 | Buildings:Rentals | 1 767,55 |
| 18 | PTA | ZALSC2105S1011059664 | 13862 | 202002-202002 | Buildings:Rentals | 105 905,80 |
| 19 | PTA | ZALSC2105S1011059601 | 13862 | 202003-202003 | Buildings:Rentals | 1 767,55 |
| 20 | PTA | ZALSC2105S1011059651 | 13862 | 202003-202003 | Buildings:Rentals | 711 541,80 |
| 21 | PTA | ZALSC2105S1011059665 | 13862 | 202003-202003 | Buildings:Rentals | 105 905,80 |
| 22 | PTA | ZALSC2105S1011059602 | 13862 | 202004-202004 | Buildings:Rentals | 1 767,55 |
| 23 | PTA | ZALSC2105S1011059666 | 13862 | 202004-202004 | Buildings:Rentals | 105 905,80 |
| 24 | PTA | ZALSC2105S1011059667 | 13862 | 202004-202004 | Buildings:Rentals | 711 541,80 |
| 25 | PTA | ZALSC2105S1011059603 | 13862 | 202005-202005 | Buildings:Rentals | 1 767,55 |
| 26 | PTA | ZALSC2105S1011059668 | 13862 | 202005-202005 | Buildings:Rentals | 711 541,80 |
| 27 | PTA | ZALSC2105S1011059669 | 13862 | 202005-202005 | Buildings:Rentals | 105 905,80 |
| 28 | PTA | ZALSC2105S1011059604 | 13862 | 202006-202006 | Buildings:Rentals | 1 873,60 |
| 29 | PTA | ZALSC2105S1011059670 | 13862 | 202006-202006 | Buildings:Rentals | 754 234,31 |
| 30 | PTA | ZALSC2105S1011059671 | 13862 | 202006-202006 | Buildings:Rentals | 112 260,15 |
| 31 | PTA | ZALSC2105S1011059575 | 13862 | 202007-202007 | Buildings:Rentals | 1 873,60 |
| 32 | PTA | ZALSC2105S1011059672 | 13862 | 202007-202007 | Buildings:Rentals | 754 234,31 |
| 33 | PTA | ZALSC2105S1011059673 | 13862 | 202007-202007 | Buildings:Rentals | 112 260,15 |
| 34 | PTA | ZALSC2105S1011059576 | 13862 | 202008-202008 | Buildings:Rentals | 1 873,60 |
| 35 | PTA | ZALSC2105S1011059674 | 13862 | 202008-202008 | Buildings:Rentals | 754 234,31 |
| 36 | PTA | ZALSC2105S1011059675 | 13862 | 202008-202008 | Buildings:Rentals | 112 260,15 |
| 37 | PTA | ZALSC2105S1011059577 | 13862 | 202009-202009 | Buildings:Rentals | 1 873,60 |
| 38 | PTA | ZALSC2105S1011059676 | 13862 | 202009-202009 | Buildings:Rentals | 754 234,31 |
| 39 | PTA | ZALSC2105S1011059677 | 13862 | 202009-202009 | Buildings:Rentals | 112 260,15 |
| 40 | PTA | ZALSC2105S1011059578 | 13862 | 202010-202010 | Buildings:Rentals | 1 873,60 |
| 41 | PTA | ZALSC2105S1011059678 | 13862 | 202010-202010 | Buildings:Rentals | 754 234,31 |
| 42 | PTA | ZALSC2105S1011059679 | 13862 | 202010-202010 | Buildings:Rentals | 112 260,15 |
| 43 | PTA | ZALSC2105S1011059579 | 13862 | 202011-202011 | Buildings:Rentals | 1 873,60 |
| 44 | PTA | ZALSC2105S1011059680 | 13862 | 202011-202011 | Buildings:Rentals | 754 234,31 |
| 45 | PTA | ZALSC2105S1011059681 | 13862 | 202011-202011 | Buildings:Rentals | 112 260,15 |
| 46 | PTA | ZALSC2105S1011059580 | 13862 | 202012-202012 | Buildings:Rentals | 1 873,60 |
| 47 | PTA | ZALSC2105S1011059682 | 13862 | 202012-202012 | Buildings:Rentals | 754 234,31 |
| 48 | PTA | ZALSC2105S1011059683 | 13862 | 202012-202012 | Buildings:Rentals | 112 260,15 |
| 49 | PTA | ZALSC2105S1011059684 | 13862 | 202101-202101 | Buildings:Rentals | 754 234,31 |
| 50 | PTA | ZALSC2105S1011059685 | 13862 | 202101-202101 | Buildings:Rentals | 1 873,60 |
| 51 | PTA | ZALSC2105S1011059694 | 13862 | 202101-202101 | Buildings:Rentals | 112 260,15 |
| 52 | PTA | ZALSC2105S1011059686 | 13862 | 202102-202102 | Buildings:Rentals | 754 234,31 |
| 53 | PTA | ZALSC2105S1011059687 | 13862 | 202102-202102 | Buildings:Rentals | 1 873,60 |
| 54 | PTA | ZALSC2105S1011059695 | 13862 | 202102-202102 | Buildings:Rentals | 112 260,15 |
| 55 | PTA | ZALSC2105S1011059688 | 13862 | 202103-202103 | Buildings:Rentals | 754 234,31 |
| 56 | PTA | ZALSC2105S1011059689 | 13862 | 202103-202103 | Buildings:Rentals | 1 873,60 |
| 57 | PTA | ZALSC2105S1011059696 | 13862 | 202103-202103 | Buildings:Rentals | 112 260,15 |
| **Total** |  |  |  |  |  | **16 056 616,95** |

**Impact**

* Non – compliance with Treasury Regulation paragraph 8.1.1 as management did not ensure that internal procedures and internal control measures were in place for the approval and processing of rental payments.
* Non – compliance with Section 38(1) (c) (i) of the PFMA as management steps to recover overpayments made were not taken effective.
* Overpayment of R 19 448 771.02(accumulation of issue 1,2 and 3);

**Internal control deficiency**

*Financial and performance management*

Internal procedures and internal control measures in place for the approval and processing of payments were not adequate, or were not implemented as a result overpayments were made.

Management did not implement controls over reconciling payments made to suppliers by the system on a monthly basis and monthly lease payments as per lease agreement.

Lack of co-operation between Real Estate Management Services (REMS) and finance department resulted in renewed lease contracts by REMS not being forwarded to finance for capturing on Archibus.

Furthermore, this indicates that management does not have adequate controls to ensure that all expired leases are terminated on Archibus and re-negotiated leases are uploaded.

Archibus leasing system does not adequately interface with SAGE, therefore adjustments of lease contracts that are done on Archibus was incorrectly executed by SAGE.

**Recommendation**

It is recommended that:

* Management should enhance lease payment processes through the implementation of ARCHIBUS to ensure only the rental due as per the lease contract is paid and no system override occur. These enhancements should include effective controls to ensure accurate lease data is captured on Archibus.
* Management should review the automated controls on Archibus to identify all weaknesses embedded on the programmed controls and ensure that controls are enhanced such that the system does not permit for duplicate payments to be made to the same service provider relating to the same building.
* Management should stop making overpayments to suppliers. Furthermore, management should recover all overpayments already made to landlords and consequence management should be taken for the responsible officials.
* Management should perform regular reconciliations for lease payments in order to identify overpayments timely and respond effectively.

**Management response**

I am in agreement/not in agreement for the following reasons:

**Auditor’s conclusion**

**Overpayments made to the supplier on the lease contract – TULBAGH PARK139816**

Requirements:

Section 38 (1) (b) of the Public Finance Management Act (PFMA) states that *“The accounting officer for a department, trading entity or constitutional institution is responsible for the effective, efficient, economical and transparent use of the resources of the department, trading entity or constitutional institution;”*

Section 38 (1) (c) of the PFMA states that: *“The accounting officer for a department, trading entity or constitutional institution must take effective and appropriate steps to -*

*(i) collect all money due to the department, trading entity or constitutional institution;*

*(ii) prevent unauthorised, irregular, fruitless, and wasteful expenditure and losses resulting from criminal conduct; and*

*(iii) manage available working capital efficiently and economically;”*

Treasury Regulation 8.1.1 state that *“The accounting officer of the institution must ensure that internal procedures and internal control measures were in place for the approval and processing of payments. These controls provided reasonable assurance that all expenditure is necessary, is appropriate, is paid promptly and is adequately recorded and reported.”*

**Background -**

The Department of Public Works and Infrastructure (DPWI) entered into a lease agreement with Four Rivers Trading 422 (Pty) Ltd on behalf of the South African Police Service (SAPS) on 01 February 2010. The lease period was initially intended for nine (9) years and eleven (11) months and was to expire on 30 December 2019. A new contract was negotiated and set to begin on 01 June 2019 for a period of three (3) years and is expected to expire on 31 May 2022. Due to the renegotiated lease commencing 01 June 2019, the original lease was terminated seven months prior to the original expiry date on 31May 2019.

*Table A*

| **Event No.** | **The following are key details on the lease agreement** |
| --- | --- |
| 1 | Details as per schedule A and B of the contract   * Leased premises - 17747 m2 office space, 761 parking bays * Description - Tulbagh Park Building * Lease period - Nine (9) years and Eleven (11) months * Commencement date - 01 February 2010 * Contract end date - 30 December 2019 * Commencement rental amount - R 2 242 965.72 per month, * Escalation rate - 8% annual escalation * Archibus no. - 139816 |
| 2 | Clause 5.3 of the lease contract states that “*At least six months prior to the lease expiry period the lessee shall notify the lessor in writing of its intention to exercise the right to renew and the lease renewal period. Should the parties fail to reach an agreement on the terms and conditions of the new lease, the original lease will be terminated at the normal expiry period.”* |
| 3 | Clause 5.5 of the lease contract states that “*The rental shall be paid by the lessee to the lessor, monthly in advance on or before the 7th (seventh) day of each and every month.”* |
| 4 | Clause 6.2 of the lease contract states that “*The lease commences with the commencement rental. Thereafter the rental shall escalate with the compound escalation rate of 8% on each adjustment date.”* |
| 5 | **On 01 June 2019** the entity effected the renegotiated lease contract for a further period of three (3) years with the landlord.  Details as per schedule A and B of the contract   * Leased premises 17747 m2 office space, 761 parking bays * Lease period - Three (3) years * Commencement date - 01 June 2019 * Contract end date - 31 May 2022 * Commencement rental amount - R 4 306 362.45 per month, * Escalation rate - 6% annual escalation |
|  | |
|  | |

**Issue 1 – Overpayment from inception of the contract expiry in May 2019**

During the audit of leases, we noted that the entity made duplicate payments for the month of January 2016 and May 2016. This resulted in an overpayment of R263 652.20 and R4 299 341.76 respectively. We further noted that this overpayment was reduced by a total underpayment of R 680 756.71 that occurred between February 2015 and April 2018 as shown in table B.

The duplicate payments are an indication that the accounting officer did not implement adequate internal procedures and internal control measures for the approval and processing of payments. These controls would have provided reasonable assurance that additional payments for the month of January 2016 and May 2016 were not necessary, and thus prevented duplicate payments. Below is a summary of the duplicate payments:

*Table B*

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **No** | **Month** | **Date Paid** | **Payment no.** | **Payment Reference** | **Amount payable as per lease contract (in Rands)** | **Payment Made by PMTE (in Rands)** | **Difference / Overpayment (in Rands)** |
| 1 | Feb-15 | 2015/01/27 | 007\*58010\*1 | RENT (ADV) from 01-02-2015 to 28-02-2015 | R3 295 652.51 | R3 266 360.98 | R29 291.53 |
| 2 | Jan-16 | 2015/12/21 | 007\*9194\*151218 | RENTAL PAYMENT FOR JANAURY 2016 TULBAGH PARK 6029/6344/1 | R3 295 652.51 | R3 559 304.71 | (R 263 652.20) |
| 3 | May-16 | 2016/04/25 | 007\*63115\*1 | RENT (ADV) from 01-05-2016 to 31-05-2016 | R3 559 304.71 | R7 858 646.47 | (R4 299 341.76) |
| 2016/06/01 | 007\*9438\*160519 | RENTAL PAYMENTS FOR MAY 2016 TULBAGH PARK BUILDING 6029/6344/1 |
| 4 | Feb-18 | 2018/01/25 | 007\*8413\*180119 | RENTAL FOR FEB 2018 TULBAGN PARK BUILDNING 6029/6344/1 | R4 151 573.01 | R3 844 049.07 | R307 523.94 |
| 5 | Apr-18 | 2018/03/26 | 007\*8772\*180323 | RENTAL FOR APRIL2018 TULBAGH PARK | R4 187 990.32 | R3 844 049.08 | R343 941.24 |
| **Total** | | | | | | | **(R3 882 237.26)** | |

**Issue 2 – Overpayment from 01 June 2019 to 31 March 2021**

During the period under review, we noted that management had entered into a renewed lease agreement with the landlord (SKG Africa (Pt) Ltd). The renewed lease agreement was effective from 01 June 2019 and valid for a period of three (3) years. We further noted that the contract was at a reduced rental amount of R4 306 362.45 and a reduced escalation rate of 6% p.a.

However, during our inspection of the payment advice, we noted that management had not captured the renewed lease on Archibus (leasing system) and therefore the landlord was still being paid based on the expired lease agreement.

The expired lease agreement has a higher rental amount than the renewed lease agreement and therefore the entity was paying an amount that is more than what the entity is obligated to pay for the period 01 June 2019 to 31 March 2021.This resulted in an overpayment of **(R7 316 367.15),** please see illustration below;

| **No.** | **Month** | **Date Paid** | **Payment no.** | **Payment Reference** | **Amount payable as per lease contract (in Rands)** | **Payment Made by PMTE (in Rands)** | **Difference / Overpayment (in Rands)** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1 | Jun-19 | 2019/06/03 | 007\*1286\*190522 | RENTAL PAYMENT FOR JUNE 2019 6029/6344/1 | R4 306 362.45 | R4 523 029.55 | (R216 667.10) |
| 2 | Jul-19 | 2019/07/01 | 007\*1365\*190614 | RENTAL PAYMENT FOR JULY 2019 6029/6344/1 | R4 306 362.45 | R4 523 029.55 | (R216 667.10) |
| 3 | Aug-19 | 2019/08/01 | 007\*1670\*190728 | RENTA PAAYMENT FOR AUGUST 2019 6029/6344/1 | R4 306 362.45 | R4 523 029.55 | (R216 667.10) |
| 4 | Sep-19 | 2019/09/10 | ZINTP1909S1001001474 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | R4 306 362.45 | R4 523 029.54 | (R216 667.09) |
| 5 | Oct-19 | 2019/10/11 | ZINTP1910S1001001584 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | R4 306 362.45 | R4 523 029.54 | (R216 667.09) |
| 6 | Nov-19 | 2019/11/07 | ZINTP1911S1001000795 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | R4 306 362.45 | R4 523 029.54 | (R216 667.09) |
| 7 | Dec-19 | 2019/12/05 | ZINTP1912S1001000573 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | R4 306 362.45 | R4 523 029.54 | (R216 667.09) |
| 8 | Jan-20 | 2020/01/30 | ZINTP2001S1001003616 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | R4 306 362.45 | R4 522 908.25 | (R216 545.80) |
| 9 | Feb-20 | 2020/02/07 | ZINTP2002S1001000648 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | R4 306 362.45 | R4 884 675.96 | (R578 313.51) |
| 10 | Mar-20 | 2020/03/06 | ZINTP2003S1001001395 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | R4 306 362.45 | R4 884 675.96 | (R578 313.51) |
| 11 | Apr-20 | 2020/04/15 | ZINTP2004S1001001539 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | R4 306 362.45 | R4 884 675.96 | (R578 313.51) |
| 12 | May-20 | 2020/05/07 | ZINTP2005S1001000569 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | R4 306 362.45 | R4 884 675.96 | (R578 313.51) |
| 13 | Jun-20 | 2020/06/05 | ZINTP2006S1001001178 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | R4 564 744.20 | R4 884 675.96 | (R319 931.76) |
| 14 | Jul-20 | 2020/07/06 | ZINTP2007S1001000714 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | R4 564 744.20 | R4 884 675.96 | (R319 931.76) |
| 15 | Aug-20 | 2020/08/06 | ZINTP2008S1001000597 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | R4 564 744.20 | R4 884 675.96 | (R319 931.76) |
| 16 | Sep-20 | 2020/09/07 | ZINTP2009S1001001251 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | R4 564 744.20 | R4 884 675.96 | (R319 931.76) |
| 17 | Oct-20 | 2020/10/08 | ZINTP2010S1001000629 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | R4 564 744.20 | R4 884 675.96 | (R319 931.76) |
| 18 | Nov-20 | 2020/11/05 | ZINTP2011S1001000588 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | R4 564 744.20 | R4 884 675.96 | (R319 931.76) |
| 19 | Dec-20 | 2020/12/07 | ZINTP2012S1001000746 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | R4 564 744.20 | R4 884 675.96 | (R319 931.76) |
| 20 | Jan-21 | 2021/01/07 | ZINTP2101S1001000601 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | R4 564 744.20 | R4 884 675.96 | (R319 931.76) |
| 21 | Feb-21 | 2021/02/05 | ZINTP2003S1001001395 | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | R4 564 744.20 | R5 275 187.74 | (R710 443.54) |
| 22 | Mar-21 | Paid in May | Paid in May | OFFICE RENTAL, COVERED PARKING and OPERATING COSTS M TO M | R4 564 744.20 | R 4 564 744.20 | R4 564 744.20 |
|  | | | | | | | |
| **Total** | | | | | | **(R7 316 367.15)** | |

***Issue 03 – Overpayment post year end***

We note that management attempted to address the issue above:

**Reversal of the expired lease agreement**

In March 2021, management realized that the renewed lease contract had not been captured on Archibus and therefore, the landlord was still being paid based on the expired lease agreement.

In an attempt to correct this error, management reversed all payments made from 01 September 2019 to 28 February 2021, this was to capture the correct lease payments on Archibus as per the new lease agreement that commenced on 1 June 2019. The reversal was done through the processing of batch payment number 273 for a total amount of -R -86 506 325.67 (Refer to Annexure D).

We noted through inspection of remittance advices from March 2021 up to June 2021 that the reversal did not interface with SAGE (payment system).

Therefore, in effect the money was not recovered from the landlord.

**Capturing of the renewed lease agreement**

In May 2021, management then captured the renewed lease contract on the Archibus system.

Through inspection of the May 2021 remittance advice, payment reference number ZINTP2105S1001006209, we noted the following -

The system effected the correct lease payments based on the renewed lease contract for March, April and May 2021 amounting to R 4 564 744.20 respectively.

Due to the reversal processed on Archibus, the system picked up that the new lease was effective from 01 June 2019 however; no payments have been made for the period 01 September 2019 to 31 May 2021. The Archibus system then instructed SAGE to make payments for the period 01 September 2019 to 31 May 2021. *(Note: the Archibus system went live on 01 September 2019 and therefore the reversal was from 01 September 2019 to 28 February 2021).*

However, due to the failed recovery above, the system was in effect paying rental for months that have already been paid for and thus this resulted in an overpayment of R 79 839 959.85.

We have attached the May 21 remittance advice for ease of reference.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No** | **Region** | **Invoice No.** | **Lease** | **Period** | **Service** | **Amount** |
| 1 | PTA | ZALSC2105S1011058929 | 13858 | 201909-201909 | Buildings:Rentals | R632 733.45 |
| 2 | PTA | ZALSC2105S1011058936 | 13858 | 201909-201909 | Buildings:Rentals | R3 673 629.00 |
| 3 | PTA | ZALSC2105S1011058937 | 13858 | 201910-201910 | Buildings:Rentals | R632 733.45 |
| 4 | PTA | ZALSC2105S1011058946 | 13858 | 201910-201910 | Buildings:Rentals | R3 673 629.00 |
| 5 | PTA | ZALSC2105S1011058947 | 13858 | 201911-201911 | Buildings:Rentals | R3 673 629.00 |
| 6 | PTA | ZALSC2105S1011058962 | 13858 | 201911-201911 | Buildings:Rentals | R632 733.45 |
| 7 | PTA | ZALSC2105S1011058938 | 13858 | 201912-201912 | Buildings:Rentals | R3 673 629.00 |
| 8 | PTA | ZALSC2105S1011058948 | 13858 | 201912-201912 | Buildings:Rentals | R632 733.45 |
| 9 | PTA | ZALSC2105S1011058939 | 13858 | 202001-202001 | Buildings:Rentals | R632 733.45 |
| 10 | PTA | ZALSC2105S1011058963 | 13858 | 202001-202001 | Buildings:Rentals | R3 673 629.00 |
| 11 | PTA | ZALSC2105S1011058949 | 13858 | 202002-202002 | Buildings:Rentals | R3 673 629.00 |
| 12 | PTA | ZALSC2105S1011058964 | 13858 | 202002-202002 | Buildings:Rentals | R632 733.45 |
| 13 | PTA | ZALSC2105S1011058940 | 13858 | 202003-202003 | Buildings:Rentals | R3 673 629.00 |
| 14 | PTA | ZALSC2105S1011058950 | 13858 | 202003-202003 | Buildings:Rentals | R632 733.45 |
| 15 | PTA | ZALSC2105S1011058965 | 13858 | 202004-202004 | Buildings:Rentals | R3 673 629.00 |
| 16 | PTA | ZALSC2105S1011059146 | 13858 | 202004-202004 | Buildings:Rentals | R632 733.45 |
| 17 | PTA | ZALSC2105S1011058941 | 13858 | 202005-202005 | Buildings:Rentals | R3 673 629.00 |
| 18 | PTA | ZALSC2105S1011058951 | 13858 | 202005-202005 | Buildings:Rentals | R632 733.45 |
| 19 | PTA | ZALSC2105S1011058966 | 13858 | 202006-202006 | Buildings:Rentals | R670 697.46 |
| 20 | PTA | ZALSC2105S1011059156 | 13858 | 202006-202006 | Buildings:Rentals | R3 894 046.74 |
| 21 | PTA | ZALSC2105S1011058942 | 13858 | 202007-202007 | Buildings:Rentals | R3 894 046.74 |
| 22 | PTA | ZALSC2105S1011058952 | 13858 | 202007-202007 | Buildings:Rentals | R670 697.46 |
| 23 | PTA | ZALSC2105S1011058943 | 13858 | 202008-202008 | Buildings:Rentals | R670 697.46 |
| 24 | PTA | ZALSC2105S1011058967 | 13858 | 202008-202008 | Buildings:Rentals | R3 894 046.74 |
| 25 | PTA | ZALSC2105S1011058953 | 13858 | 202009-202009 | Buildings:Rentals | R3 894 046.74 |
| 26 | PTA | ZALSC2105S1011058968 | 13858 | 202009-202009 | Buildings:Rentals | R670 697.46 |
| 27 | PTA | ZALSC2105S1011058944 | 13858 | 202010-202010 | Buildings:Rentals | R3 894 046.74 |
| 28 | PTA | ZALSC2105S1011058954 | 13858 | 202010-202010 | Buildings:Rentals | R670 697.46 |
| 29 | PTA | ZALSC2105S1011058945 | 13858 | 202011-202011 | Buildings:Rentals | R670 697.46 |
| 30 | PTA | ZALSC2105S1011058969 | 13858 | 202011-202011 | Buildings:Rentals | R3 894 046.74 |
| 31 | PTA | ZALSC2105S1011058955 | 13858 | 202012-202012 | Buildings:Rentals | R3 894 046.74 |
| 32 | PTA | ZALSC2105S1011058970 | 13858 | 202012-202012 | Buildings:Rentals | R670 697.46 |
| 33 | PTA | ZALSC2105S1011058956 | 13858 | 202101-202101 | Buildings:Rentals | R3 894 046.74 |
| 34 | PTA | ZALSC2105S1011058957 | 13858 | 202101-202101 | Buildings:Rentals | R670 697.46 |
| 35 | PTA | ZALSC2105S1011058971 | 13858 | 202102-202102 | Buildings:Rentals | R3 894 046.74 |
| 36 | PTA | ZALSC2105S1011059170 | 13858 | 202102-202102 | Buildings:Rentals | R670 697.46 |
| **Total** |  |  |  |  |  | **R79 839 959.85** |

**Impact**

* Non – compliance with Treasury Regulation paragraph 8.1.1 as management did not ensure that internal procedures and internal control measures were in place for the approval and processing of rental payments.
* Non – compliance with Section 38(1) (c) (i) of the PFMA as management steps to recover overpayments made were not taken effective.
* Overpayment of **R 91 038 564.26** (*accumulation of issue 1, 2 and 3*);

**Internal control deficiency**

*Financial and performance management*

Internal procedures and internal control measures in place for the approval and processing of payments were not adequate, or were not implemented as a result overpayments were made.

Management did not implement controls over reconciling payments made to suppliers by the system on a monthly basis and monthly lease payments as per lease agreement.

Lack of co-operation between Real Estate Management Services (REMS) and finance department resulted in renewed lease contracts by REMS not being forwarded to finance for capturing on Archibus.

Furthermore, this indicates that management does not have adequate controls to ensure that all expired leases are terminated on Archibus and re-negotiated leases are uploaded.

Archibus leasing system does not adequately interface with SAGE, therefore adjustments of lease contracts that are done on Archibus was incorrectly executed by SAGE.

**Recommendation**

It is recommended that:

* Management should enhance lease payment processes through the implementation of ARCHIBUS to ensure only the rental due as per the lease contract is paid and no system override occur. These enhancements should include effective controls to ensure accurate lease data is captured on Archibus.
* Management should review the automated controls on Archibus to identify all weaknesses embedded on the programmed controls and ensure that controls are enhanced such that the system does not permit for duplicate payments to be made to the same service provider relating to the same building.
* Management should stop making overpayments to suppliers. Furthermore, management should recover all overpayments already made to landlords and consequence management should be taken for the responsible officials.
* Management should perform regular reconciliations for lease payments in order to identify overpayments timely and respond effectively.

**Management response**

I am in agreement/not in agreement for the following reasons:

**Auditor’s conclusion**

Disclosure of operating lease commitment - misstatement

**Laws and Regulations**

Public Finance Management Act (PFMA) section 38(1)(a)(i) state that *“The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

Public Finance Management Act (PFMA) section 40(1)(a)(i) state that *“The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

Standard of Generally Recognised Accounting Practice (GRAP 1), paragraph 17 state that *“Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation.”*

Furthermore, paragraph 44 of GRAP 1 state that *“Except when a Standard of GRAP permits or requires otherwise, comparative information shall be presented in respect of the preceding period for all amounts reported in the financial statements. Comparative information shall be included for narrative and descriptive information when it is relevant to an understanding of the current period’s financial statements.”*

Standard of Generally Recognised Accounting Practice (GRAP 13), paragraph 66 states that “*In addition to meeting the requirements of GRAP 104, disclose the following for operating leases:*

*“(a) the future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods:*

*(i) not later than one year;*

*(ii) later than one year and not later than five years; and*

*(iii) later than five years;”*

**Nature**

**Issue 1**

During the audit of the financial statements submitted on the 31 May 2021, we noted that amounts on the annual financial statement (AFS) did not agree to the amounts on the supporting schedules submitted for operating lease commitment for both instances where PMTE is a lessee and a lessor. Differences are highlighted in the tables below:

**PMTE as lessee**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Current year amounts** | | |
| **Total minimum lease payments - PMTE as lessee** | **Amount per supporting schedules** | **Amounts per financial statements submitted for audit on 31-May 2021** | **Difference** |
| *Within one year* | R2 828 842 183 | R2 784 825 000 | R44 017 183 |
| *In second to fifth year inclusive* | R4 732 632 283 | R4 583 311 000 | R149 321 283 |
| *Later than five years* | R1 259 220 186 | R1 258 979 000 | R241 186 |
| **Total** | **R8 820 694 653** | **R8 627 115 000** | **R193 579 653** |

**PMTE as lessor**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Current year amounts** | | |
| **Total minimum lease payments - PMTE as lessee** | **Amount per supporting schedules** | **Amount per supporting schedules** | **Amount per supporting schedules** |
| *Within one year* | R2 737 396 624 | R2 693 712 000 | R43 684 624 |
| *In second to fifth year inclusive* | R4 644 050 107 | R4 494 754 000 | R149 296 107 |
| *Later than five years* | R1 259 220 186 | R1 258 979 000 | R241 186 |
| **Total** | **R8 640 666 917** | **R8 447 445 000** | **R193 221 917** |

Furthermore, we noted that the final amounts per the prior year audited annual financial statements does not agree to the corresponding amounts per the current year annual financial statements submitted for audit. No restatements and/or disclosures have been made as required by the applicable financial reporting framework.

**PMTE as lessee**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Prior year comparatives** | | |
| **Total minimum lease payments - PMTE as lessee** | **Amounts per prior year AFS (2020)** | **Corresponding amounts per current year financial statements (2021)** | **Difference** |
| *Within one year* | R2 457 771 000 | R2 526 158 000 | (R68 387 000) |
| *In second to fifth year inclusive* | R4 963 799 000 | R5 090 341 000 | (R126 542 000) |
| *Later than five years* | R2 020 589 000 | R2 020 589 000 | R - |
| ***Total*** | **R9 442 159 000** | **R9 637 088 000** | (**R194 929 000)** |

**Issue 2**

We further noted that the lease commitments relating to freehold private lessees as per supporting schedule (F 701) was not disclosed on the financial statements as required by GRAP 13.

The amount per the supporting schedule are as follows –

|  |  |
| --- | --- |
| **PMTE as Lessor - (Freehold private)** | **Amount** |
| Within one year | 27 237 029,16 |
| In the second to fifth year inclusive | 57 381 539,30 |
| Later than five years | 27 771 005,70 |
| Total | **112 389 574,16** |

**Impact**

The above may result in the following:

* Non-compliance with section 38(1) (a) (i) and 40(1) (a) (i) of the PFMA.
* Non-compliance with paragraph 17 and 44 of GRAP 01.
* Non-compliance with paragraph 66 GRAP 13.
* This resulted in the disclosure note for operating lease commitments being materially misstated.

**Internal control deficiency**

*Financial and performance management*

Management did not prepare accurate and complete financial reports that are supported and evidenced by reliable information.

Management did not adequately review the amounts disclosed in the AFS prior to submission for audit.

**Recommendation**

It is recommended that:

* Management should make the necessary adjustments on the AFS submitted for audit in order to ensure that accurate amounts are presented on the financial statements.
* Management should review the financial statements to ensure that the amounts agree to the amounts as per the supporting schedules.

**Management response**

I am in agreement/ not agreement with the finding for the following reasons [and supply the following/attached information in support of this]:

**Auditor’s conclusion**

Differences in operating lease commitment

**Laws and Regulations**

Public Finance Management Act (PFMA) section 38(1)(a)(i) state that *“The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

Public Finance Management Act (PFMA) section 40(1)(a)(i) state that *“The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

Standard of Generally Recognised Accounting Practice (GRAP 1), paragraph 17 state that *“Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation.”*

GRAP 13, paragraph 06 definitions state “*Minimum lease payments are the payments over the lease term that the lessee is or can be required to make, excluding contingent rent, costs for services and, where appropriate, taxes to be paid by and reimbursed to the lessor”*

GRAP 13, paragraph 42 states *“Lessees shall, in addition to meeting the requirements of GRAP 104, make the following disclosures for operating leases:*

*(a) the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:*

*(i) not later than one year;*

*(ii) later than one year and not later than five years; and*

*(iii) later than five years;*

GRAP 13, paragraph 66 states that “*Lessors shall, In addition to meeting the requirements of GRAP 104, disclose the following for operating leases:*

*“(a) the future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods:*

*(i) not later than one year;*

*(ii) later than one year and not later than five years; and*

*(iii) later than five years;”*

**Nature**

During the audit of operating lease commitments, differences were noted between auditor’s recalculations and amounts on the annual financial statement (AFS) (Supporting schedules) submitted for operating lease commitment for both instances where PMTE is a lessee and a lessor.

Total commitment differences are highlighted in tables A below. For detailed differences for commitments categories as indicated below, refer to Annexure A

(i) not later than one year;

(ii) later than one year and not later than five years; and

(iii) later than five years;”

*Table A*

| **Item No.** | **Archibus Asset** | **Total amount disclosed in AFS** | **Total auditors recalculated Amount** | **Total differences** |
| --- | --- | --- | --- | --- |
| 1 | 139026 | R 242 516,81 | R 267 742,16 | R (25 225,35) |
| 2 | 139808 | R 8 236 538,82 | R 7 421 380,93 | R 815 157,89 |
| 3 | 138213 | R 66 717 413,12 | R 31 965 169,74 | R 34 752 243,38 |
| 4 | 139438 | R 38 275 514,28 | R 34 870 157,57 | R 3 405 356,71 |
| 5 | 138884 | R 7 676 882,76 | R 8 343 250,01 | R (666 367,25) |
| 6 | 138958 | R 769 592,20 | R 746 876,22 | R 22 715,98 |
| 7 | 140552 | R 120,00 | R 13 680,00 | R (13 560,00) |
| 8 | 139143 | R 1 350 384,09 | R 1 220 269,57 | R 130 114,52 |
| 9 | 139594 | R 11 219 767,12 | R 11 292 265,33 | R (72 498,21) |
| 10 | 138601 | R 39 853 118,24 | R 137 693 479,81 | R (97 840 361,57) |
| 11 | 138748 | R 1 286 718,68 | R 1 125 458,86 | R 161 259,82 |
| 12 | 138348 | R 2 002 371,77 | R 1 047 697,68 | R 954 674,09 |
| 13 | 139228 | R 59 150 128,20 | R 55 336 829,27 | R 3 813 298,93 |
| 14 | 138013 | R 12 629 528,51 | R 393 871,17 | R 12 235 657,34 |
| 15 | 138085 | R 69 973 758,60 | R 75 462 712,12 | R (5 488 953,52) |
| 16 | 138118 | R 13 237 527,06 | R 13 729 610,86 | R (492 083,80) |
| 17 | 139791 | R 62 883 346,59 | R 72 965 834,22 | R (10 082 487,63) |
| 18 | 139705 | R 19 800 197,97 | R 20 282 736,96 | R (482 538,99) |
| 19 | 138432 | R 29 273 155,16 | R 29 793 570,08 | R (520 414,92) |
| 20 | 138806 | R 73 170 872,26 | R 74 975 768,56 | R (1 804 896,30) |
| 21 | 139236 | R 1 097 215,04 | R 209 944,27 | R 887 270,77 |
| 22 | 138492 | R 28 749 763,56 | R 22 293 583,10 | R 6 456 180,46 |
| 23 | 140557 | R 1 082 113,56 | R 1 191 241,18 | R (109 127,62) |
| 24 | 140795 | R 37 834 509,69 | R 37 114 968,05 | R 719 541,64 |
| 25 | 138305 | R 18 155 580,36 | R 18 683 602,27 | R (528 021,91) |
| 26 | 139489 | R 37 733 374,44 | R 58 080 757,37 | R (20 347 382,93) |
| 27 | 138813 | R 224 426 152,46 | R 209 005 455,52 | R 15 420 696,94 |
| 28 | 137700 | R 5 117 650,40 | R 41 584 204,01 | R (36 466 553,61) |
| 29 | 138812 | R 36 341 290,72 | R 33 322 638,89 | R 3 018 651,83 |
| 30 | 137723 | R 80 844 370,32 | R 68 784 940,88 | R 12 059 429,44 |
| 31 | 138823 | R 6 692 115,70 | R 6 049 681,49 | R 642 434,21 |
| 32 | 139303 | R 3 518 183,09 | R 3 940 935,27 | R (422 752,18) |
| 33 | 139850 | R 6 396 794,93 | R 8 746 351,42 | R (2 349 556,49) |
| 34 | 139333 | R 1 072 468,85 | R 1 245 914,56 | R (173 445,71) |
| 35 | 138691 | R 176 517 346,57 | R 4 311 236,53 | R 172 206 110,04 |
| 36 | 138612 | R 5 896 943,59 | R 7 577 527,92 | R (1 680 584,33) |
| 37 | 138370 | R 15 316 290,48 | R 662 225,03 | R 14 654 065,45 |
| 38 | 137717 | R 7 578 596,90 | R 8 996 464,31 | R (1 417 867,41) |
| 39 | 138067 | R 11 938 691,43 | R 52 121 411,31 | R (40 182 719,88) |
| 40 | 138651 | R 50 755 877,88 | R 2 664 662,89 | R 48 091 214,99 |
| 41 | 139239 | R 30 309 544,40 | R 650 683,50 | R 29 658 860,90 |
| 42 | 139195 | R 4 839 985,52 | R 4 619 583,86 | R 220 401,66 |
| 43 | 139296 | R 1 790 674,18 | R 861 281,15 | R 929 393,03 |
| 44 | 139795 | R 223 697 931,20 | R 3 020 344,18 | R 220 677 587,02 |
| 45 | 139522 | R 605 875,13 | R 808 959,47 | R (203 084,34) |
| 46 | 137702 | R - | R 4 676 101,39 | R (4 676 101,39) |
| 47 | 138811 | R 38 648 199,74 | R 336 903,28 | R 38 311 296,46 |
| 48 | 138809 | R 2 383 917,28 | R 100 947 917,02 | R (98 563 999,74) |
| **Total** | | | | **R 295 633 028,41** |

**Impact**

The above may result in the following:

* Non-compliance with section 38(1) (a) (i) and 40(1) (a) (i) of the PFMA.
* Non-compliance with paragraph 17 of GRAP 01.
* Non-compliance with paragraph 42 and 66 GRAP 13.
* This resulted in the disclosure note for operating lease commitments being overstated by **R295 633 028.**

**Internal control deficiency**

*Financial and performance management*

Management did not prepare accurate and complete financial reports that are supported and evidenced by reliable information.

Management did not adequately review the amounts disclosed in the AFS prior to submission for audit.

**Recommendation**

It is recommended that:

* Management must ensure that financial statements and supporting schedules are adequately reviewed before submission for audit.

**Management response**

I partially in agreement with the finding, please refer the below schedule for differences according to management for the following reasons [and supply the following/attached information in support of this]:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Item No.** | **Archibus Asset** | **Amount disclosed in AFS** | **Recalculated Amount** | **Difference** | **Comment** |
| 1 | 139026 | 242 516.81 |  | -25 225.35 | @ - Accept AG difference |
| 2 | 139808 | 8 236 538.82 |  | 815 157.89 | @ - Accept AG difference |
| 3 | 138213 | 66 717 413.12 | 66 716 480.84 | 932.28 | Refer to attached lease |
| 4 | 139438 | 38 275 514.28 | 38 245 902.41 | 29 611.87 |  |
| 5 | 138884 | 7 676 882.76 |  | -666 367.25 | @ - Accept AG difference |
| 6 | 138958 | 769 592.20 |  | 22 715.98 | @ - Accept AG difference |
| 7 | 140552 | 120.00 |  | -13 560.00 | @ - Accept AG difference |
| 8 | 139143 | 1 350 384.09 |  | 130 114.52 | @ - Accept AG difference |
| 9 | 139594 | 11 219 767.12 |  | -72 498.21 | @ - Accept AG difference |
| 10 | 138601 | 39 853 118.24 | 137 693 479.68 | -97 840 361.44 | Lease only captured for first 5 years, not remaining 4 years and 11 months |
| 11 | 138748 | 1 286 718.68 |  | 161 259.82 | @ - Accept AG difference |
| 12 | 138348 | 2 002 371.77 |  | 954 674.09 | @ - Accept AG difference |
| 13 | 139228 | 59 150 128.20 | 23 109 467.69 | 36 040 660.51 | Lease is for 5 years, not 9 years 11 months |
| 14 | 138013 | 12 629 528.51 | 12 629 528.42 | 0.09 |  |
| 15 | 138085 | 69 973 758.60 | 69 121 759.90 | 851 998.70 | 10 years, not 9 years 11 months |
| 16 | 138118 | 13 237 527.06 |  | -492 083.80 | @ - Accept AG difference |
| 17 | 139791 | 62 883 346.59 | 62 963 109.17 | -79 762.58 | AG to exclude operating cost |
| 18 | 139705 | 19 800 197.97 |  | -482 538.99 | @ - Accept AG difference |
| 19 | 138432 | 29 273 155.16 |  | -520 414.92 | @ - Accept AG difference |
| 20 | 138806 | 73 170 872.26 | 73 170 872.44 | -0.18 |  |
| 21 | 139236 | 1 097 215.04 |  | 887 270.77 | @ - Accept AG difference |
| 22 | 138492 | 28 749 763.56 | 25 959 178.38 | 2 790 585.18 | Operating cost captured as other |
| 23 | 140557 | 1 082 113.56 |  | -109 127.62 | @ - Accept AG difference |
| 24 | 140795 | 37 834 509.69 |  | 719 541.64 | @ - Accept AG difference |
| 25 | 138305 | 18 155 580.36 |  | -528 021.91 | @ - Accept AG difference |
| 26 | 139489 | 37 733 374.44 | 35 526 774.75 | 2 206 599.69 | De-escalation not captured |
| 27 | 138813 | 224 426 152.46 | 209 005 455.52 | 15 420 696.94 | De-escalation not captured |
| 28 | 137700 | 5 117 650.40 | 1 499 972.05 | 3 617 678.35 | Reversal did not clear out the Benguni lease propertly |
| 29 | 138812 | 36 341 290.72 | 33 322 638.75 | 3 018 651.97 | De-escalation not captured |
| 30 | 137723 | 80 844 370.32 | 68 800 249.38 | 12 044 120.94 | De-escalation not captured |
| 31 | 138823 | 6 692 115.70 |  | 642 434.21 | @ - Accept AG difference |
| 32 | 139303 | 3 518 183.09 |  | -422 752.18 | @ - Accept AG difference |
| 33 | 139850 | 6 396 794.93 | 6 396 731.14 | 63.79 | AG to exclude operating cost |
| 34 | 139333 | 1 072 468.85 |  | -173 445.71 | @ - Accept AG difference |
| 35 | 138691 | 176 517 346.57 | 176 517 346.57 | 0.00 |  |
| 36 | 138612 | 5 896 943.59 | 5 846 821.10 | 50 122.49 | Pay 6% escalation from 2014 as per SIU, refer to attached document |
| 37 | 138370 | 15 316 290.48 | 15 316 290.27 | 0.21 |  |
| 38 | 137717 | 7 578 596.90 | 8 260 508.47 | -681 911.57 | Commitment excluded storage and parking |
| 39 | 138067 | 11 938 691.43 | 52 121 427.14 | -40 182 735.71 | New lease provided to AG, not yet captured on Archibus |
| 40 | 138651 | 50 755 877.88 | 50 755 877.99 | -0.11 |  |
| 41 | 139239 | 30 309 544.40 | 30 309 544.35 | 0.05 |  |
| 42 | 139195 | 4 839 985.52 |  | 220 401.66 | @ - Accept AG difference |
| 43 | 139296 | 1 790 674.18 |  | 929 393.03 | @ - Accept AG difference |
| 44 | 139795 | 223 697 931.20 | 93 419 520.93 | 130 278 410.27 | Lease is for 5 years, not 9 years 11 months |
| 45 | 139522 | 605 875.13 |  | -203 084.34 | @ - Accept AG difference |
| 46 | 137702 | 0.00 | 5 211 539.48 | -5 211 539.48 | Lease expired, region did not capture the rental for April |
| 47 | 138811 | 38 648 199.74 | 35 437 927.43 | 3 210 272.31 | De-escalation not captured |
| 48 | 138809 | 2 383 917.28 | 4 587 944.84 | -2 204 027.56 | Renewed lease not valid, signed with prospective buyer, sale was cancelled. Thus lease still running on month to month |
| Total |  |  |  | **65 133 910.34** |  |

**Auditor’s conclusion**

Management comments are noted and after taking into account additional submitted information the audit team conclude as follows

1. Management agree with auditor’s difference and the finding remains with an understatement of R105 765 783.97

| **Item No,** | **Archibus Asset** | **Amount disclosed in AFS** | **Recalculated Amount** | **Difference** | **Comment** |
| --- | --- | --- | --- | --- | --- |
| 1 | 139026 | 242 516,81 |  | -25 225,35 | @ - Accept AG difference |
| 2 | 139808 | 8 236 538,82 |  | 815 157,89 | @ - Accept AG difference |
| 5 | 138884 | 7 676 882,76 |  | -666 367,25 | @ - Accept AG difference |
| 6 | 138958 | 769 592,20 |  | 22 715,98 | @ - Accept AG difference |
| 7 | 140552 | 120 |  | -13 560,00 | @ - Accept AG difference |
| 8 | 139143 | 1 350 384,09 |  | 130 114,52 | @ - Accept AG difference |
| 9 | 139594 | 11 219 767,12 |  | -72 498,21 | @ - Accept AG difference |
| 11 | 138748 | 1 286 718,68 |  | 161 259,82 | @ - Accept AG difference |
| 12 | 138348 | 2 002 371,77 |  | 954 674,09 | @ - Accept AG difference |
| 16 | 138118 | 13 237 527,06 |  | -492 083,80 | @ - Accept AG difference |
| 18 | 139705 | 19 800 197,97 |  | -482 538,99 | @ - Accept AG difference |
| 19 | 138432 | 29 273 155,16 |  | -520 414,92 | @ - Accept AG difference |
| 21 | 139236 | 1 097 215,04 |  | 887 270,77 | @ - Accept AG difference |
| 23 | 140557 | 1 082 113,56 |  | -109 127,62 | @ - Accept AG difference |
| 24 | 140795 | 37 834 509,69 |  | 719 541,64 | @ - Accept AG difference |
| 25 | 138305 | 18 155 580,36 |  | -528 021,91 | @ - Accept AG difference |
| 31 | 138823 | 6 692 115,70 |  | 642 434,21 | @ - Accept AG difference |
| 32 | 139303 | 3 518 183,09 |  | -422 752,18 | @ - Accept AG difference |
| 34 | 139333 | 1 072 468,85 |  | -173 445,71 | @ - Accept AG difference |
| 42 | 139195 | 4 839 985,52 |  | 220 401,66 | @ - Accept AG difference |
| 43 | 139296 | 1 790 674,18 |  | 929 393,03 | @ - Accept AG difference |
| 45 | 139522 | 605 875,13 |  | -203 084,34 | @ - Accept AG difference |
| 27 | 138813 | 224 426 52,46 | 209 005 455,52 | 15 420 696,94 | De-escalation not captured |
| 29 | 138812 | 36 341 290,72 | 33 322 638,75 | 3 018 651,97 | De-escalation not captured |
| 30 | 137723 | 80 844 370,32 | 68 800 249,38 | 12 044 120,94 | De-escalation not captured |
| 10 | 138601 | 39 853 118,24 | 137 693 479,68 | -97 840 361,44 | Lease only captured for first 5 years, not remaining 4 years and 11 months |
| 39 | 138067 | 11 938 691,43 | 52 121 427,14 | -40 182 735,71 | New lease provided to AG, not yet captured on Archibus |
| **Total** | | | | **-105 765 783,97** |  |

1. After taking into account management comments and resubmitted leases and/or addendums and operating cost, the adjusted overstatement is now **R168 870 738.48**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Item No.** | **Region** | **Archibus Asset** | **Amount disclosed in AFS** | **Recalculated AGSA Amount** | **Difference** |
| 3 | JHB | 138213 | 66 717 413,12 | 66 716 480,84 | 932,28 |
| 4 | JHB | 139438 | 38 275 514,28 | 38 245 902,41 | 29 611,87 |
| 14 | PE | 138013 | 12 629 528,51 | 12 629 528,42 | 0,09 |
| 17 | BFN | 139791 | 62 883 346,59 | 62 883 346,58 | 0,01 |
| 28 | PTA | 137700 | 5 117 650,40 | 1 499 972,05 | 3 617 678,35 |
| 33 | PTA | 139850 | 6 396 794,93 | 6 396 731,14 | 63,79 |
| 35 | PTA | 138691 | 176 517 346,57 | 176 517 346,57 | 0,00 |
| 36 | PTA | 138612 | 5 896 943,59 | 5 846 821,10 | 50 122,49 |
| 37 | PTA | 138370 | 15 316 290,48 | 15 316 290,27 | 0,21 |
| 40 | PTA | 138651 | 50 755 877,88 | 50 755 877,99 | -0,11 |
| 41 | PTA | 139239 | 30 309 544,40 | 30 309 544,35 | 0,05 |
| 44 | PTA | 139795 | 223 697 931,20 | 93 419 520,93 | 130 278 410,27 |
| 46 | PTA | 137702 | 0,00 | 5 211 539,48 | -5 211 539,48 |
| 47 | PTA | 138811 | 38 648 199,74 | 35 437 927,43 | 3 210 272,31 |
| 13 | PE | 139228 | 59 150 128,20 | 23 109 467,69 | 36 040 660,51 |
| 26 | DBN | 139489 | 37 733 374,44 | 35 526 774,75 | 2 206 599,69 |
| 48 | PTA | 138809 | 2 383 917,28 | 4 587 944,84 | -2 204 027,56 |
| 15 | BFN | 138085 | 69 973 758,60 | 69 121 759,90 | 851 998,70 |
| **Total** | | | | | **168 870 783,48** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Item No.** | **Region** | **Archibus Asset** | **Amount disclosed in AFS** | **Recalculated AGSA Amount** | **Difference** | **Comments** |
| 20 | CPT | 138806 | 73 170 872,26 | 72 430 355,44 | 740 516,82 | The monthly rental amount used by management differs as per the lease agreement. Furthermore, SIU recovery was not taken into account, which will decrease contractual amount and have an impact on commitment, lease liability / asset and straight-lined amount. Refer to attached calculations |
| 22 | CPT | 138492 | 28 749 763,56 | 25 414 684,74 | 3 335 078,82 | Management incorrectly included a commitment amount for the month of April 2026, however the contract end on ***March 2026*** |
| 38 | PTA | 137717 | 7 578 596,90 | 8 996 464,31 | -1 417 867,41 | Commitment include both storage and parking and exclude operating costs thus difference still remain |
| **Total** | | | | | **2 657 728,23** |  |

Overall overstatement of **R65 762 727.03**

Differences in operating lease commitment

**Laws and Regulations**

Public Finance Management Act (PFMA) section 38(1)(a)(i) state that *“The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

Public Finance Management Act (PFMA) section 40(1)(a)(i) state that *“The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

Standard of Generally Recognised Accounting Practice (GRAP 1), paragraph 17 state that *“Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation.”*

GRAP 13, paragraph 06 definitions state “*Minimum lease payments are the payments over the lease term that the lessee is or can be required to make, excluding contingent rent, costs for services and, where appropriate, taxes to be paid by and reimbursed to the lessor”*

GRAP 13, paragraph 42 states *“Lessees shall, in addition to meeting the requirements of GRAP 104, make the following disclosures for operating leases:*

*(a) the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:*

*(i) not later than one year;*

*(ii) later than one year and not later than five years; and*

*(iii) later than five years;*

GRAP 13, paragraph 66 states that “*Lessors shall, In addition to meeting the requirements of GRAP 104, disclose the following for operating leases:*

*“(a) the future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods:*

*(i) not later than one year;*

*(ii) later than one year and not later than five years; and*

*(iii) later than five years;”*

**Nature**

During the audit of operating lease commitments, differences were noted between auditor’s recalculations and amounts on the annual financial statement (AFS) (Supporting schedules) submitted for operating lease commitment for both instances where PMTE is a lessee and a lessor.

Total commitment differences are highlighted in tables A below. For detailed differences for commitments categories as indicated below, refer to Annexure A

(i) not later than one year;

(ii) later than one year and not later than five years; and

(iii) later than five years;”

*Table A*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Item No.** | **Archibus Asset** | **Total amount disclosed in AFS** | **Total auditors recalculated Amount** | **Total differences** |
| 1 | 140227 | R244 479 008,61 | R205 613 601,36 | R38 865 407,25 |
| 2 | 140081 | R103 399 884,24 | R14 619 311,77 | R88 780 572,47 |
| 3 | 140098 | R81 378 266,94 | R84 929 213,14 | (R3 550 946,20) |
| 4 | 139816 | R67 193 034,48 | R24 580 984,06 | R42 612 050,42 |
| 5 | 140049 | R34 544 774,53 | R32 164 462,39 | R2 380 312,14 |
| **Total** | | | | **R169 087 396,08** |

**Impact**

The above may result in the following:

* Non-compliance with section 38(1) (a) (i) and 40(1) (a) (i) of the PFMA.
* Non-compliance with paragraph 17 of GRAP 01.
* Non-compliance with paragraph 42 and 66 GRAP 13.
* This resulted in the disclosure note for operating lease commitments being overstated by **R169 087 396.08**

**Internal control deficiency**

*Financial and performance management*

Management did not prepare accurate and complete financial reports that are supported and evidenced by reliable information.

Management did not adequately review the amounts disclosed in the AFS prior to submission for audit.

**Recommendation**

It is recommended that:

* Management must ensure that financial statements and supporting schedules are adequately reviewed before submission for audit.

**Management response**

I am not agreement with the finding, please refer to the below table with differences as per management calculations:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Item No.** | **Archibus Asset** | **Total amount disclosed in AFS** | **Total management recalculated Amount** | **Total differences** |
| 1 | 140227 | 244 479 008.61 | 227 629 338.28 | 16 849 670.33 |
| 2 | 140081 | 103 399 884.24 | 103 399 884.15 | 0.09 |
| 3 | 140098 | 81 378 266.94 | 85 074 496.86 | (3 696 229.92) |
| 4 | 139816 | 67 193 034.48 | 67 193 034.58 | (0.10) |
| 5 | 140049 | 34 544 774.53 | 44 208 177.58 | (9 663 403.05) |
| **Total** |  | **530 994 968.80** | **527 504 931.46** | **3 490 037.34** |

**Auditor’s conclusion**

Management comments are noted, after taking into account additional information provided the revised calculations are as follows

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Item No.** | **Archibus Asset** | **Total amount disclosed in AFS** | **Total auditors recalculated Amount** | **Total differences** | **Auditors comments** |
| 1 | 140227 | R244 479 008,61 | 215556826 | 28 922 182,61 | The audit team incorrectly made other space as operating cost and as such was excluded from the commitment. The difference is now correct, as management did not deescalate the payments from year 6. |
| 2 | 140081 | R103 399 884,24 | R103 399 884,24 | - | Agree with management, no differences, |
| 3 | 140098 | R81 378 266,94 | R84 929 213,14 | - 3 550 946,20 | Management did not deescalate the lease in year 6. Difference still valid |
| 4 | 139816 | R67 193 034,48 | R67 193 034,48 | - | Agree with management, no differences, |
| 5 | 140049 | R34 544 774,53 | R32 164 462,39 | 2 380 312,14 | Management agrees with the difference |
| **Total** | | | | **R27 751 548,55** |  |

Completeness of lease related balances

**Laws and Regulations**

Public Finance Management Act (PFMA) section 40(1)(a)(i) state that *“The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

Standard of Generally Recognised Accounting Practice (GRAP 1), paragraph 17 state that *“Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation.”*

GRAP 13, paragraph 06 definitions state “*Minimum lease payments are the payments over the lease term that the lessee is or can be required to make, excluding contingent rent, costs for services and, where appropriate, taxes to be paid by and reimbursed to the lessor”*

GRAP 13, paragraph 40 states that*“Lease payments under an operating lease shall be recognised as an expense in the statement of financial performance on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user’s benefit…”*

The PMTE accounting policy on operating leases note 1.4 to the financial statements states that*“Operating lease payments are recognised as an expense on a straight-line basis over the lease term where the lease term exceeds one month; except where the terms and conditions have not been determined or are in the process of being renegotiated. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability.”*

GRAP 13, paragraph 42 states *“Lessees shall, in addition to meeting the requirements of GRAP 104, make the following disclosures for operating leases:*

*(a) the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:*

*(i) not later than one year;*

*(ii) later than one year and not later than five years; and*

*(iii) later than five years;*

GRAP 13, paragraph 60 states that “*Lease revenue from operating leases shall be recognised as revenue on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished…”*

**Nature**

During the audit of operating lease, we noted a number of tenders relating to leases that were awarded in the current year. However, when we traced these awards to the leases schedule, we noted that they are not included.

Therefore, the lease schedule is not complete and as such, this indicates that all line items and balances related to leases are incomplete. Please see table below for a list of identified contracts that are not on the lease schedule:

*Table A*

| Details as per tender/contract register | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| No | Region | Tender/Project Description | Tender number | Landlord name | Appointment Date | Actual Contract Start Date | Award Contract Value |
| 1 | CPT | New Office for Refugees Centre 5 years | CPTL82/19 | Invested Property Fund | 2020/11/26 | 2020/11/27 | 33 603 774,00 |
| 2 | CPT | New Office for 5 years | CPTL74/19 | Invested Property Fund | 2020/10/07 | 2020/10/07 | 100 317,38 |
| 3 | CPT | New Office for 3 years FCS | CPTL68/19 | Eyona Properties | 2020/01/17 | 2020/01/17 | 6 044 342,83 |
| 4 | CPT | New Office for 5 years | CPTL59/19 | Invested Property Fund | 2020/11/09 | 2020/11/09 | 2 822 236,00 |
| 5 | HO | Additional space of 625m² and 100 parking bays. | H20/016PF | KARPASSIANA | 2020/08/17 | 2020/08/17 | 1 174 042,90 |
| 6 | JHB | ALTERNATIVE ACCOMMODATION | JHB 19/11 | REZ SOLUTIONS | 2020/08/20 | 2020/08/20 | 3 842 626,49 |
| 7 | JHB | ALTERNATIVE ACCOMMODATION | JHB 19/12 | GOLD CHIP INVESTMENT | 2020/08/20 | 2020/08/20 | 12 642 961,40 |

*Table B*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Details as per entity's website indicating awarded contracts | | | | |
| No | BID NUMBER | DATE AWARDED | SERVICE DESCRIPTION | CONTRACTOR |
| 1 | DBN18/11/11 | 09-Mar-21 | South African Social Security Agency: Verulam Local Office: Procurement of Office Accommodation and Parking for a period of five years. 832.44m² @R160 per m² for offices = R 133 190.40 per month (Vat exclusive)  27 Parking bays @ R 750.00 per parking bay totaling R 20 250 per month (Vat Exclusive)  Total Payment per month (Vat exclusive) R 153 440.40 with an escalation of 6.9% annually | Badul’s Investments CC |
| 2 | DBN19/01/01 | 02-Apr-20 | SAPS VISS & TRT PORT SHEPSTONE: Alternative Accommodation and Parking R 34 796 532.96 | Invested Property Fund |

**Impact**

The above may result in the following:

* Non-compliance with section 38(1) (a) (i) and 40(1) (a) (i) of the PFMA.
* Non-compliance with paragraph 17 of GRAP 01.
* The lease related balances are not complete by an undeterminable amount and such balances are:
  + Revenue from accommodation charges - Leasehold inter-governmental
  + Operating lease expenditure
  + Lease asset/liability lessor/lessee
  + Lease commitments lessor/lessee.

**Internal control deficiency**

*Financial and performance management*

Management did not prepare accurate and complete financial reports that are supported and evidenced by reliable information.

Once leases have been concluded with the landlord by the (Real estate management services) REMS unit, they are not sent to the relevant official at the regional office to capture on the Archibus lease system.

**Recommendation**

It is recommended that:

Management must update Archibus with leases that have been awarded in order to ensure that the lease schedule is complete.

**Management response**

I am in agreement/ not agreement with the finding for the following reasons [and supply the following/attached information in support of this]:

**Auditor’s conclusion**

#### Assets under construction

**PMTE MMB COFF 03 -** Differences between Assets transferred out and payments made as WCS Reports

***Requirements***:

*Public Finance Management Act (PFMA) section 38(1)(a)(i) state that “The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

*Public Finance Management Act (PFMA) section 40(1)(a)(i) state that “The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

*Standard of Generally Recognised Accounting Practice (GRAP 1), paragraph 17 state that “Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation.”*

**Nature**

During the audit of assets under construction, the following differences were noted between amounts recognized on the AUC register and auditor’s recalculations as per table below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **WCS Number** | **Project Description** | **Client Department** | **Amount as Per AUC Transfer out Register** | **Amount as Per WCS Payment Report** | **Differences** |
| 044746 | TOTAL REPAIR AND RENOVATION TO THE PRISON | CORRECTIONAL SERVICES | R70 194 184.5438 | R 20 094 818.85 | R50 099 365.6938 |

**Impact of the finding**

Assets under construction are overstated by R50 099 365

**Internal control deficiency**

***Financial and performance management***

The entity did not implement a proper financial and reporting system to enable proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

**Recommendation**

It is recommended that the entity review and performs reconciliation of immovable asset register to ensure that register agrees with supporting documents.

**Management response:**

Not yet due

**Auditors Conclusion**

Awaiting management response

**PMTE CTN COFF 07 - Misstatement of the Asset Under Construction**

**Requirements:**

The Public Finance Management Act (PFMA) section 40(1)(b) states that *“The accounting officer for a department, trading entity or constitutional institution must prepare financial statements for each financial year in accordance with generally recognized accounting practice;”*

Section 41 of the PFMA requires that *“An accounting officer for a department, trading entity or constitutional institution must submit to the relevant treasury or the Auditor-General, such information, returns, documents, explanations and motivations as may be prescribed or as* *the relevant treasury or the Auditor-General may require.”*

**Nature**

1. Issue 1: Asset Under Construction- Transferred out

During the audit of Asset Under Construction- Transferred out in the Cape Town regional office, we noted the following differences between amounts as per the Assets Under Construction register and the recalculated Asset Under Construction- Transferred out amount:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No** | **WCS Number** | **Recalculated Amount** | **AUC amount** | **Differences** |
| 1 | WCS 047084 | R61 124 729,22 | R61 543 796,95 | R 419 067,73 |
| 2 | WCS 042528 | R321 100 381,23 | R324 600 082,38 | R3 499 701,15 |
| **Total** | | |  | **R3 918 768,88** |

1. Issue 2: Asset Under Construction balance

During the audit of Asset Under Construction in the Cape Town regional office, we noted the following differences between the balance as per the Assets Under Construction register and the recalculated Asset Under Construction balance:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **No** | **WCS No** | **Project Description** | **Balance as per AUC register** | **Auditors recalculated balance of AUC** | **Differences** |
| 1 | 52539 | Langebaan And Donkergat: Upgrading Of Mess Facilities | 17 818 690,92 | 18 612 571,36 | (793 880,44) |
| 2 | 44232 | Heritage - Refurbishment Of Ncop Building, Including Hvac,Electrical And Electronic Installations | 131 528 976,13 | 137 470 830,71 | (5 941 854,58) |
| 3 | 52456 | Overberg: Upgrading, Repair And Maintenance Of Building, Mechanical, Electrical And Civil Infrastructure | 325 502 386,96 | 324 505 367,53 | 997 019,43 |
| 4 | 54254 | Replacement Of Security Fence | 30 117 873,78 | 28 798 778,91 | 1 319 094,87 |
| 5 | 47912 | Replacement Of Incinerators | 27 839 069,78 | 27 840 165,40 | (1 095,62) |
| 6 | 53071 | Sa Navy Silvermine: Repair To The Security Fence At The Radio Communications Hub | 12 527 870,77 | 11 570 301,17 | 957 569,60 |
| **Total** |  |  | **545 334 868,34** | **548 798 015,08** | **(3 463 146,74)** |

Issue 3: Practical completion certificate not submitted

During the audit of Asset Under Construction- Transferred out in the Cape Town regional office, we noted that the practical completion certificate for the project listed below was not included in the project files provided for audit. Therefore, were are unable to confirm whether the project was completed during the year and should have been transferred out of AUC.

|  |  |  |
| --- | --- | --- |
| **No** | **WCS No** | **Outstanding documentations** |
| 1 | 47084 | Practical completion certificate |

***Impact of the finding***

**The above may result in the following:**

Issue 1: The Assets Transferred out balance is overstated by R3 918 768,88

Issue 2: The Assets under construction balance is understated by R3 463 146.74

Issue 3: Limitation of scope

**Internal control deficiency**

*Financial and Performance Management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

**This is due to**

* Management did not adequately review the assets schedule against the supporting evidence to ensure that the amounts included in the schedule are accurate and are supported by reliable evidence.
* A lack of appropriate internal controls regarding proper filling and record keeping to ensure that documentation is easily and readily available for audit purposes;

**Recommendation**

* Management review the Assets schedule against the supporting evidence to ensure that the amounts included in the schedule are accurate and are supported by reliable evidence.
* Management should make proposed adjustments to the financial statements and provide the proposed adjustments to auditors for concurrence before any final adjustments are made.
* Appropriate internal controls regarding proper filling and record keeping are in place to ensure that documentation is easily and readily available;
* Priority is given to the outstanding information as indicated above and that such information is submitted without further delay.

**Management response:**

I am/not in agreement with the finding for the following reasons [and supply the following/attached information in support of this]:

**Auditor’s conclusion**

**PMTE MMB COFF 14 -** Incorrect classification of AUC Wolmaransstad Prison WCS 048473

**Laws, rules and regulations**

*Section 40 (a) and (b) of the Public Finance Management Act (PFMA) states that: “The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards and must prepare financial statements for each financial year in accordance with generally recognized accounting practice…”*

*Section 4 of the Government Immovable Asset Management Act states that: “(1) The departments managed by the following executive organs of state within the national and provincial spheres of government are custodians: (a) The Minister, in relation to immovable assets that vest in the national government, except in cases where custodial functions were assigned to other Ministers by virtue of legislation before the commencement of this Act;*

*(b) subject to subsection (5), the Minister responsible for Land Affairs, in relation to immovable assets acquired for land reform, as well as immovable assets that vest in the national government and are situated within the former homelands, except in cases where custodial functions in respect of those areas were assigned to another Minister by virtue of specific legislation before the commencement of this Act; and*

*(2) A custodian— (a) acts as the caretaker in relation to an immovable asset of which it is the custodian…”*

*Paragraph 1: Custodian Framework for the state of immovable assets state that: “Custodianship is the equivalent of control or ownership of the assets from an accounting perspective. DPW must therefore, in terms of the relevant reporting framework, recognize/disclose as its own assets all immovable assets that it controls, whether it is through custodianship on behalf of the state, or direct ownership…”*

*Generally Recognised Accounting Practice (GRAP) 1 par .17 states that “Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation…”*

*In accordance to PMTE accounting policy 1.6 property, plant and equipment and GRAP 17 par. 07 states that “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…”*

*GRAP 17 par.12 infrastructure assets states “Some assets are commonly described as “infrastructure assets”. While there is no universally accepted definition of infrastructure assets, these assets usually display some or all of the following characteristics:*

*(a) they are part of a system or network;*

*(b) they are specialised in nature and do not have alternative uses;*

*(c) they are immovable; and*

*(d) they may be subject to constraints on disposal.*

*Although ownership of infrastructure assets is not confined to entities in the public sector, significant infrastructure assets are frequently found in the public sector. Infrastructure assets meet the definition of property, plant and equipment and shall be accounted for in accordance with this Standard. Examples of infrastructure assets include road networks, sewer systems, water and power supply systems and communication networks*…”

**Nature**

**Wolmaransstad Prison WCS 048473**

During the audit, we noted that a repair and maintenance of Wolmaransstad Prison was conducted, however upon inspection of the AUC register, we noted that the project is classified as CAPEX, however upon further analysis of scope of work we have determined that the project was of repairs and maintenance that should had been classified as OPEX.

Based on further analysis we have noted the following as scope of work:

* Washing of exterior and interior walls, cleaning of existing face bricks walls
* Repairs and repainting of the existing celling’s
* Removing and replacing of roofing on the same portion
* Scrapping of existing paint and repainting of all steel structures
* Cleaning of sanitary fitting and replacement of the broken on new section
* Installation of air corn
* Removing and replacing of ceramic tiles
* Repairs and replacing of sewer, water network, electric supply and electric fire boost pumps, installation of new fire boosts pumps
* Repairs of effected drainage systems

See the project as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No** | **WCS No** | **Project Name / Description** | **Client department** | **Closing AUC amount 2020** | **Classifications per AUC register** | **Classification per auditors assessment** |
| 1 | 48473 | Wolmaransstad prison: repairs and maintenance project | Correctional services | 3 115 169,17 | CAPEX | OPEX |

**Impact**

This results to the following:

* Assets under construction has been overstated by **R3 115 169.17**
* Understatement of operating expenditures by **R3 115 169.17** due to the costs classified as Capex whereas it should have been Opex.

**Internal control deficiency**

*Financial and Performance Management*

The entity did not implement a proper financial and reporting system to enable proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

Management did not review annual financial statements before submission for audit.

**Recommendation**

It is recommended that:

* Management should must enhance the review of the financial statements prior to submission for audit purposes and ensure that all information that is included in the financial statements is complete and presented fairly.
* Classification of projects are conducted regularly and in line with accounting policy

**Management response:**

**Auditor’s conclusion**

### Movable Assets

**PMTE BLM COFF 03** - Movable assets**:** Incorrect recognition of movable assets

**Requirements**

Public Finance Management Act (PFMA) Section 40 stipulates that: *“the accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards and must prepare financial statements for each financial year in accordance with generally recognized accounting practice”.*

GRAP 17 Section 07 stipulates that: *The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:*

1. *(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity; and*
2. *(b) The cost or fair value of the item can be measured reliably.*

GRAP 17 Section 25 stipulates that:*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.*

**Nature**

During the audit of movable assets, we have noted that following assets were purchased and delivered in the prior year however recognized as additions of assets during the current financial year 2020/21.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **No** | **Assets number** | **Description** | **Invoice No.** | **Invoice date** | **Invoice Amount** |
| 1 | P0012980 | COMPACTOR MECHANICAL CBR/UCS COMPACTOR | AAA0048 | 20/03/2020 | 25 375,00 |
| 2 | P0012981 | COMPACTOR MECHANICAL CBR/UCS COMPACTOR | AAA0048 | 20/03/2020 | 25 375,00 |
| Total Amount | |  |  |  | 50 750,00 |

**Impact**

This has resulted in an understatement of the opening balance of R 50 750.00

Non – Compliance with GRAP 17 Section 07 and 25

**Internal control deficiency**

**Financial and performance management**

Management did not implement a proper financial and reporting system to enable proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

**Recommendation**

Management should enhance the review of the financial statements prior to submission for audit purposes and ensure that all information that is included in the financial statements is complete and presented fairly.

The misstatement maybe be material if combined with issues from other regions and extrapolated and therefore, management should consider revisiting the population to identify misstatements of a similar nature in preparation for auditor’s adjustments.

**Management response**

*:*

**Auditor’s conclusion**

**PMTE MMB COFF 13 -** Movable assets not traced to the movable assets register - Completeness

***Requirements***:

*Public Finance Management Act (PFMA) section 38(1)(a)(i) state that “The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

*Public Finance Management Act (PFMA) section 40(1)(a)(i) state that “The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

*Standard of Generally Recognised Accounting Practice (GRAP 1), paragraph 17 state that “Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation.”*

**Nature**

During the audit of movable assets completeness, auditors randomly selected movable assets and traced them to the movable assets register; we were unable to trace the following asset to the assets register. See the table below:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No** | **Location of assets** | **Serial Number/ Barcode** | **Asset description** | **Condition** | **Name of person allocated to** | **Traced to AR** |
| 1 | MMABATHO- board room R9760 | P0001892 | White board | Fair | Tebogo Oagile | No |

**Impact of the finding**

Understatement of assets register

Non - compliance with Public Finance Management Act (PFMA) section 40(1) (a) (i)

**Internal control deficiency**

***Financial and performance management***

The entity did not implement a proper financial and reporting system to enable proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

**Recommendation**

It is recommended that the entity review and performs reconciliation of assets register to ensure that all assets are recorded accordingly.

**Management response:**

**Auditor’s conclusion**

### Commitments

**PMTE PE COFF 03** - AUC commitment overstated

**Laws and Regulations**

Public Finance Management Act (PFMA) section 38(1)(a)(i) state that *“The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

Public Finance Management Act (PFMA) section 40(1)(a)(i) state that *“The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

Standard of Generally Recognised Accounting Practice (GRAP 1), paragraph 17 state that *“Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation…”*

**Nature**

**Issue 01**

During the audit of assets under construction, we noted differences between the Construction Authorised amount per the AUC schedule and the amount per the WCS printout. This resulted in the commitment amount being misstated by R 5 907 207.

|  |  |  |  |
| --- | --- | --- | --- |
| **WCS no.** | **Authorised amount per schedule (A)** | **Authorised amount per wcs(B)** | **Differences** |
| 046603 | R 60 211 361,35 | R 54 304 154 | R 5 907 207 |

**Issue 02**

During the audit of assets under construction, we noted differences between the CPAP Authorised amount per the AUC schedule and the amount per the WCS printout that is supported by the engineers signed calculation. This resulted in the commitment amount being misstated by R 2 398 284.

|  |  |  |  |
| --- | --- | --- | --- |
| **WCS no.** | **Authorised amount per schedule (A)** | **Authorised amount per wcs(B)** | **Differences** |
| 052744 | R 32 048 069 | R 29 649 785 | R 2 398 284 |

**Impact**

The above may result in the following:

* Non-compliance with section 38(1) (a) (i) and 40(1) (a) (i) of the PFMA,
* Non-compliance with paragraph 17 of GRAP 01 resulting in misrepresentations of balances to the users of the financial statements
* AUC commitment overstated by R 8 305 491

**Internal control deficiency**

*Financial and performance management*

Management did not prepare accurate and complete financial reports that are supported and evidenced by reliable information.

Management did not use the correct supporting documents to complete the AUC schedule, which was used to formulate the AFS.

**Recommendation**

It is recommended that:

* Management should make the necessary adjustments on the AFS submitted for audit in order to ensure that accurate amounts are presented on the financial statements.

**Management response:**

Management does not agree with the audit finding for the following reason:

**Issue 1**

From workbook titled ” P200\_WCS Commitment\_2021-03-31”, which was submitted to the AGSA, there are 3 Contracts for WCS 046603 as below:



Contract 1 and Contract 2 have been terminated and the Contractor Authorisation has been correctly balanced to the Contractor Expenditure, thus Contract 1 and contract 2 do not have any impact on the Contractor Commitment value.

For Contract 3, the Contractor Authorisation is made up as follows:

Tender Award amount R39 812 017.85 (See Annexure A)

plus CPAP Authorisation R2 090 130.94 (See Annexure B)

Total Contractor Authorisation R41 902 148.79 (agrees to workbook P200)

Management therefore affirms that the Contractor Commitment (*and resulting AUC Commitment)* was correctly disclosed in the AFS as at 31 March 2021.

**Issue 2**

From workbook titled ” P200\_WCS Commitment\_2021-03-31”, which was submitted to the AGSA, the following CPAP was disclosed:



Management hereby confirms that this CPAP value was correctly disclosed as per Annexure C and therefore the CPAP Commitment (*and resulting AUC Commitment*) was correctly disclosed on the AFS as at 31 March 2021.

**Auditor’s conclusion**

**PMTE CTN COFF 08 – Overstatement of commitments**

**Requirements:**

The Public Finance Management Act (PFMA) section 40(1)(b) states that *“The accounting officer for a department, trading entity or constitutional institution must prepare financial statements for each financial year in accordance with generally recognized accounting practice;”*

* The Accounting policy note 1.24 – Commitments states that *“Items are classified as commitments when the PMTE has committed itself to future transactions that will normally result in the outflow of cash and the estimates are based on unrecognized capital and maintenance expenditure which has been approved and either contracted for or an order has been issued to the supplier relating to immovable assets.”*

**Nature**

During the audit of Commitments in the Cape Town regional office, we noted the following differences between commitment amounts as per the commitments schedule and the recalculated commitment amount:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **WCS Number** | **Client Department** | **Supplier** | **Commitment per schedule** | **Recalculated Commitments** | **Difference** |
| 55141 | Environment, Forestry And Fisheries | CCK Building And Scaffolding Hire Cc | 11 458 674,33 | - | 11 458 674,33 |
| 55293 | Environment, Forestry And Fisheries | HP Praise Trading Enterprise | 814 586,13 | 21 242,18 | 793 343,95 |
| 46748 | PUBLIC WORKS & INFRASTRUCTURE | Coega Development Corp (Pty) Ltd | 73 875 934,58 | 84 606 747,89 | - 10 730 813,31 |
| 51191 | PUBLIC WORKS & INFRASTRUCTURE | Coega Development Corp (Pty) Ltd | 3 120 849,53 | 10 163 855,59 | - 7 043 006,06 |
|  |  |  | **89 270 044,57** | **94 791 845,66** | **- 16 980 475,42** |

**Impact of the finding**

This results in overstatement of commitments.

**Internal control deficiency**

*Financial and Performance Management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

**This is due to**

* Management did not adequately review the commitment schedule against the supporting evidence to ensure that the amounts included in the schedule are accurate and are supported by reliable evidence.
* The amounts per the schedule for WCSs where Coega is the supplier are based on the amounts committed to be transferred to Coega to implement the projects however management shifted the responsibility to provide supporting evidence to Coega which results in differences as Coega provided contracts and invoices from the contractors and consultants appointed by Coega.

**Recommendation**

* Management review the commitment schedule against the supporting evidence to ensure that the amounts included in the schedule are accurate and are supported by reliable evidence.
* Management should make proposed adjustments to the financial statements and provide the proposed adjustments to auditors for concurrence before any final adjustments are made.
* Management should provide the supporting documents for amounts committed to be transferred to Coega and amounts already transferred for both the contractor and the consultant.

**Management response:**

I am/not in agreement with the finding for the following reasons [and supply the following/attached information in support of this]:

**Auditor’s conclusion**

### Retention liabilities

**PMTE BLM COFF 05 - Understatement retention amount**

**Audit finding**

Laws, rules and Regulations:

Chapter 5 of the Public Finance Management Act (PFMA) Section 40 stipulates that: *“the accounting officer for a department, trading entity or constitutional institution –*

*(a)       must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards;*

*(b)     must prepare financial statements for each financial year in accordance with generally recognized accounting practice”.*

**Value Added Tax Act:-**

*(c) According to the general time of supply rule, a supply occurs at the earlier of the following events: • At the time that an invoice is issued; or • At the time any payment is received by the supplier. Vendors must therefore account for the full amount of output tax on any supplies made in the tax period, even where payment has not yet been received from the recipient. Similarly, the full amount of input tax may be deducted on supplies received in the tax period, even where payment has not yet been made.*

**THE CONCEPTUAL FRAMEWORK FOR GENERAL PURPOSE FINANCIAL REPORTING- Faithful representation**

*3.15* *To be useful in financial reporting, information must be a faithful representation of the economic and other phenomena that it purports to represent. Faithful representation is attained when the depiction of the phenomenon is complete, neutral, and free from material error. Information that faithfully represents an economic or other phenomenon depicts the substance of the underlying transaction, other event, activity or circumstance ― which is not necessarily always the same as its legal form.*

**Nature**

Retentions liability is based on the progress certificate and the certificate does not include VAT. As such, based on the VAT Act there is no legal requirement to account for VAT because there is no invoice or payment. However, to accurately and completely account for the liabilities, management should include the VAT portion because ultimately when the liability is discharged, the amount will be inclusive of the VAT portion if a service provider is registered for VAT. Presenting the retentions liability inclusive of VAT will afford the users of the financial statements the opportunity to make decisions based on equitable information because including the VAT portion depicts the economic reality which is the fact that the settlement of the liability will be inclusive of the vat portion.

Based on the selected sample, we identified that the following retention balance was presented in the AFS exclusive of VAT and therefore, understating retentions liability.

| **No** | **WCS no.** | **Supplier name** | **Project Description** | **Retention amount Non-current portion (ZB)** | **Auditors recalculation** | **Difference** |
| --- | --- | --- | --- | --- | --- | --- |
| 1. | 47923 | MIO Investments cc and New boss construction | Sewage and water infrastructure upgrade | R 5 881 513,82 | R6 763 740,89 | R882 227,07 |
|  |  |  |  |  |  | R882 227,07 |

**Impact**

This will result in an:

* Internal control deficiency
* Understatement of retention liability to the amount of R 882 227.07

**Internal control deficiency**

***Financial and performance management***

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

**Recommendation**

* Management should enhance the review of the financial statements prior to submission for audit purposes and ensure that all information that is included in the financial statements is complete and presented fairly.
* Management should revisit the population and identify service providers that are registered for VAT and adjust their balances with the applicable VAT portion i.e. 14% if the service was rendered pre- 01 April 2018 or 15% for both the current and comparable figures.

**Management response**

**Auditors Conclusion**

### 

**PMTE MMB COFF 07 -** Understatement of retention liabilities-completeness

***Requirements***:

*Public Finance Management Act (PFMA) section 38(1)(a)(i) state that “The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

*Public Finance Management Act (PFMA) section 40(1)(a)(i) state that “The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

*Standard of Generally Recognised Accounting Practice (GRAP 1), paragraph 17 state that “Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation.”*

**Nature**

During the audit of retention liabilities- completeness testing, we have identified a transaction where the retention liability amount was not included in the retention liability schedule, the schedule has a zero amount whereas on the last payment certificate it shows an amount. *Refer to the table below for details;*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **WCS Number** | **Supplier name** | **Project description** | **Progress payment no** | **Date** | **Retention amount** |
| 45603 | FV Trading enterprise(pty)ltd | Repair, maintenance and operation of water sewage | 1 | 01/03/202 | R109 740,74 |

**Impact of the finding**

This has resulted in an understatement of retention liability by R 109 740.74

**Internal control deficiency**

***Financial and performance management***

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information due to the retention liability not being included on the retention liability schedule.

**Recommendation**

Management should enhance the review of the financial statements prior to submission for audit purposes and ensure that all information that is included in the financial statements is complete and presented fairly.

**Management response:**

**Auditor’s conclusion**

**PMTE CTN COFF 12 - Retention liabilities**

**Requirements:**

*Section 38(1)(a)(i) of the Public Finance Management Act states that “The accounting officer for a department, trading entity or constitutional institution must ensure that that department, trading entity or constitutional institution has and maintains effective, efficient and transparent systems of financial and risk management and internal control.”*

The Public Finance Management Act (PFMA) section 40(1)(b) states that *“The accounting officer for a department, trading entity or constitutional institution must prepare financial statements for each financial year in accordance with generally recognized accounting practice;”*

*Standards of Generally Recognised Accounting Practice (GRAP) 1 paragraph 17 states that “Financial statements shall present fairly the financial positions, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation.*

The Joint Building Contracts Committee (JBCC) principal building agreements paragraph 14.7 state that:

*“14.7 Should the contractor fail to provide the security [14.1] the employer, in his sole discretion, may either:*

*14.7.1. Hand over the site to the contractor and withhold payment from the contractor until the amount withheld is equal to ten per cent (10%) of the contract sum. Such amount shall be reduced to two per cent (2%) of the contract sum on the achievement of practical completion [24.0] and to zero per cent (0%) in the final payment certificate [34.8].*

*14.7.2 Terminate this agreement [36.1.1]”*

THE CONCEPTUAL FRAMEWORK FOR GENERAL PURPOSE FINANCIAL REPORTING- Faithful representation

*3.15* *To be useful in financial reporting, information must be a faithful representation of the economic and other phenomena that it purports to represent. Faithful representation is attained when the depiction of the phenomenon is complete, neutral, and free from material error. Information that faithfully represents an economic or other phenomenon depicts the substance of the underlying transaction, other event, activity or circumstance ― which is not necessarily always the same as its legal form.*

**Nature**

During the audit of retention liabilities in the Cape Town regional office, we noted the following differences between the retention liability balance as per the schedule and the recalculated retention liability: -

|  |  |  |  |
| --- | --- | --- | --- |
| **WCS no.** | **Retention liability as per schedules** | **Recalculated amount incl VAT** | **Difference** |
| 44232 | Certificate number: 48  Valuation date: 26 February 2021   Gross amount certified: R97 396 494,01  Retention incl VAT = R7 099 810,27 | Certificate number: 49  Valuation date: 30 March 2021  Gross amount certified: R98 332 412,3  Retention incl VAT = R7 207 440,87  **Note:** Project is in phases and certain phases reached practical completion on 21 January 2021 and therefore retention % was reduced. A detailed calculation of retention from the QS was provided. | (107 630,60) |

**Impact of the finding**

This results in understatement of Retention liabilities by R107 630,60.

**Internal control deficiency**

*Financial and Performance Management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

**This is due to**

* Management did not adequately review the retentions schedule against the supporting evidence to ensure that the amounts included in the schedule are accurate and are supported by reliable evidence.
* The retention as per the schedule was based on the progress certificate 48 dated 26 February 2021 instead of certificate 49 dated 30 March 2021 which represent the correct amount of the liability as year-end.

**Recommendation**

* Management review the retentions schedule against the supporting evidence to ensure that the amounts included in the schedule are accurate and are supported by reliable evidence.
* Management should make proposed adjustments to the financial statements and provide the proposed adjustments to auditors for concurrence before any final adjustments are made.
* Management should provide evidence to prove that certain phases of the projects were completed and how this affected the calculation of retention.

**Management response:**

I am/not in agreement with the finding for the following reasons [and supply the following/attached information in support of this]:

**Auditor’s conclusion**

**DETAILED AUDIT FINDING: ACCRUALS - OTHER**

**Overstatement of other accruals**

**Requirements**

*Public Finance Management Act (PFMA) section 38(1)(a)(i) state that “The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

*Public Finance Management Act (PFMA) section 40(1)(a)(i) state that “The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

*Generally Recognised Accounting Practice (GRAP) 19 paragraph 17 states that “Liabilities are present obligations 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. A provision is a liability of uncertain timing or amount...”*

*GRAP 19 paragraph 18 states that “Provisions can be distinguished from other liabilities such as payables and accruals because there is uncertainty about the timing or amount of the future expenditure required in settlement. By contrast:*

*(a) Payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier (and include payments in respect of social benefits where formal agreements for specified amounts exist); and*

*(b) accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay). Although it is sometimes necessary to estimate the amount or timing of accruals, the uncertainty is generally much less than for provisions.*

*Accruals are often reported as part of accounts payable, whereas provisions are reported separately…”*

**Nature**

**Mmabatho Region**

**Issue 1:**

During the audit of other accruals, we identified that the following transaction was rendered after year end and was paid after year end however the amount was included on the accrual listing as at 31 March 2021

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Supplier** | **Invoice No** | **Amount** | **Invoice date** | **Date of receipt of invoice** | **Date when goods and service received (job cards)** |
| Cravers Den (Pty) Ltd | 200 | R29 500 | 2021/04/09 | 2021/04/15 | 2021/04/09 |
| Phakisaworld Fleet Solutions | MMA2104-60 | R4 240.61 | 2021/03/18 | 2021/04/13 | 2021/04/14 |

**Issue 2**

During the audit of Other Accruals at the Mmabatho regional office, we noted that the supplier rendered the services before year-end and invoice and payment was made before year-end. The below transaction should not be included as accrual in the financial period ended 31st March 2021:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Supplier** | **Invoice No** | **Amount** | **Invoice date** | **Date of receipt of invoice** | **Date when goods and services received (job cards)** | **Payment Date** |
| K3 Construction & projects | 07 | R140 271.36 | 2020/10/28 | 2020/11/04 | 2020/11/03 | 2020/11/05 |

**Impact**

**Issue 1 and 2:**

This will result in the overstatement of accruals by a total amount of R174 011, 97

**Internal control deficiency**

## Financial and performance management

Management did not implement controls over daily and monthly processing and reconciling of transactions

**Recommendation**

Management should enhance the review of the financial statements prior to submission for audit purposes and ensure that all information that is included in the financial statements is complete and presented fairly.

**Management response:**

**Auditor’s conclusion**

**Overstatement of accruals from security services**

**Requirements:**

Section 40 (a) and (b) of the Public Finance Management Act (PFMA) states that: *“The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards and must prepare financial statements for each financial year in accordance with generally recognized accounting practice…”*

GRAP 1 par .17 states that *“Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation…”*

Generally Recognized Accounting Practice 19 paragraph 17 states that “*Liabilities are present obligations 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. A provision is a liability of uncertain timing or amount...”*

Generally Recognized Accounting Practice 19 paragraph 18 (b) states that: *“Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay) …”*

**Nature**

**Kimberly**

During the audit of accruals from security services, we noted that there was no evidence that services were received from the supplier on the work4U document provided. The works manager did not certify that the supplier rendered the service. There was no signature confirming the delivery of the service. The table below refers:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Service Provider** | **Term or month to month** | **Start date of contract** | **End date of contract** | **Total contract value** |
| Khusela Risk Management | Month-to-month | 2020/03/23 | 2020/04/23 | 28 000 |

**Impact of finding**

Accruals for security services is overstated by R28 000.

**Internal control deficiency**

*Financial and performance management*

The entity did not implement a proper financial and reporting system to enable proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

The entity did not sufficiently review the supporting schedules and financial statements prior to submission for audit.

**Recommendation**

It is recommended that:

* Management should ensure that financial statements and supporting schedules are adequately reviewed before submission for audit.
* Management should ensure that all inputs and supporting schedules to the accruals listings are accurate and valid.

**Management response**

***Auditors Conclusion***

**UNDERSTATEMENT OF ACCRUALS OTHER**

Accrued expense: Understatement of accruals

**Requirements**

Section 40 (a) and (b) of the Public Finance Management Act (PFMA) states that: *“The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards and must prepare financial statements for each financial year in accordance with generally recognized accounting practice…”*

Paragraph 17 of the Generally Recognized Accounting Practice (GRAP) 19 states that; “*Liabilities are present obligations 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. A provision is a liability of uncertain timing or amount...”*

Paragraph 18 (b) of the Generally Recognized Accounting Practice (GRAP) states that; *“Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay) …”*

Property Management Trading Entity Payables Management Systems 6.9.2 states *“The accrued goods and services received prior to the reporting date need to be accounted in the current financial year.*

*6.9 Apportionment of accruals*

*6.9.4 The process to be followed to accurately apportion accruals includes:*

* *Obtain all the supporting documentation relating to the particular payment; and*
* *Calculate the apportioned amount based on the total period covered by the service charge and the portion relating to the period under review…”*

**Nature**

During the completeness testing of accruals, we noted that the following transactions for which services or goods were received but were not yet invoiced or paid in the current year. Furthermore, these transactions were not included on the accruals schedule.

**Kimberly**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Supplier Name** | **Description of item in the payment batch** | **Invoice Number** | **Date when goods and service received** | **Invoice date** | **Invoice date received** | **Invoice amount (R)** |
| Namolo General Trading | Rental Services- Hygiene | NTHT0124 | 29/03/2021 | 08/04/2021 | 14/04/2021 | 16 131 |
| Teateaneng Trading (Pty) Ltd | Decontamination, Deep cleaning | AG-8044155 | 22/03/2021 | 22/03/2021 | 14/04/2021 | 48 237 |
| Vhakula Trading & Projects (Pty) Ltd | Rendering of security services from 02 March 2021 to 02 April 2021 | VTP#240 | 02/03/2021 to 02/04/2021 | 02/04/2021 | 06/04/2021 | 35 921 |
| Namolo General Trading | Rental Services- Hygiene | NTHT0118 | 28/01/2021 | 02/04/2021 | 14/04/2021 | 16 131 |
| Vuyani and Monwabisi Investments Holdings | Grade 2 Security Guards | DPW/11 | 04/03/2021 to 04/04/2021 | 07/04/2021 | 08/04/2021 | 37 717 |
| Sputulwana Trading | Security services | PUBLIC 006 | 01/03/2021 to 01/04/2021 | 12/04/2021 | 14/04/2021 | 33 734 |
| Rilacorp (Pty) Ltd | Rendering of cleaning and hygiene services | RC 053 | 31/03/2021 | 06/04/2021 | 14/04/2021 | 9 523 |
| Tofi Holdings (Pty) Ltd | Cleaning, waste removal and decontamination | 001 | 31/03/2021 | 31/03/2021 | 14/04/2021 | 60 000 |
| **Total** | | | | | | **257 3934** |

**Impact of finding**

The aforementioned finding results in the following:

* Understatement of accruals and payables from exchange transactions by R257 393

**Internal control deficiency**

*Financial and performance management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

**Recommendation**

It is recommended that:

* Management should ensure schedules supporting the Annual Financial Statements are complete and accurate.
* Management should enhance the review of the financial statements prior to submission for audit purposes and ensure that all information that is included in the financial statements is complete and presented fairly.

Management response:

Management disagrees with the finding for the following reasons:

* During the month of March the regional office experienced duplicate payments with some of their suppliers when February invoices were being paid in March, thus at year end these duplicate payments were taken into account when compiling AFS. No accruals were raised as payment had already been made as at year end for March services.
* As there were credit balances at these suppliers due to the duplicate payments, these invoices would be set off against the credits and accordingly there was no accrual to be reported. As at year end these transactions did not meet the definition of accruals as per GRAP paragraph 18 (b).
* The duplicates payments were identified and communicated with suppliers as to what happened at year end with regards to duplicate payments made by the system. Where no proof of payment was received from the suppliers at reporting date to indicate that the money was paid back an accrual was not raised as they had received duplicate payment as at end of March. Refer to the statement of account as at year end from suppliers (Annexure A to G)

**Auditor’s conclusion**

According to management’s comments, “During the month of March the regional office experienced duplicate payments with some of their suppliers when February invoices were being paid in March, thus at year end these duplicate payments were taken into account when compiling AFS. No accruals were raised as payment had already been made as at year end for March services”

However, according to the payment batches and the SAGE payment reports related to the March 2021 invoices for services and/ or goods that were received in the current financial year, payments were made in April 2021 or May 2021 for the related services that were received.

Although, duplicate payments were made to the suppliers in March 2021 for February 2021 invoices, further payments were made either in April or May 2021 for the queried March 2021 invoices which related to services and/or goods that were received in March 2021.

Thus indicating that the duplicate payments that were made in March 2021 that resulted in credit balances for these suppliers were not utilized to set off against the March 2021 invoices, which were subsequently paid in April or May 2021. Therefore, an accrual was supposed to be reported in the current financial for the services and/or goods, which were received in March 2021 but were invoiced and paid in April /May 2021.

In addition, the duplicate payments made in the current financial year where for no exchange of services nor goods that were received by the entity as a result such payments result in possible fruitless and wasteful expenditure as these payments were paid in vain and could have been avoided.

**Accrued expense: Understatement of Accruals**

**Requirements**

Public Finance Management Act (PFMA) Section 40 stipulates that: *“the accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards and must prepare financial statements for each financial year in accordance with generally recognized accounting practice”.*

Paragraph 18(a) and (b) of GRAP 19 states *that “Payables are liabilities to pay for goods or*

*Services that have been received or supplied and have been invoiced or formally agreed with the*

*Supplier and include payments in respect of social benefits where formal agreements for specified*

*amounts exist and accruals are liabilities to pay for goods or services that have been received or*

*Supplied but have not been paid, invoiced or formally agreed with the supplier, including amount*

*due to employees (for example, amounts relating to accrued vacation pay) although it is*

*sometimes necessary to estimate the amount or timing of accruals, the uncertainty is generally*

*much less than for provisions.”*

**Nature**

**Port Elizabeth**

During the audit of Accruals for completeness testing, we have identified a transaction where as per the Progress Payment Certificate contractor worked from 18 March 2021 to 28 April 2021. Invoice was received on 03 May 2021 and payment was made on 10 May 2021.

The transaction services was rendered before the financial year-end 31 March 2021, however not included on the accrual listing.

*Refer to the table below for details;*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Supplier Name** | **Payment batch no** | **Invoice amount** | **Description of item in the payment batch** | **Invoice Number** |
| HBC Construction (Pty)Ltd | 46603 | R669 196,55 | Port Elizabeth supported employment enterprises factory : complete repairs and renovation: completion contract 003 | PE/LD:06 |

This has resulted in an understatement of accruals by **R223 065.52** calculated as follows:

*Days (18 March 2021 - 28 April 2021) = 42*

*Days in current period (18 March 2021 - 31 March 2021) = 14*

*Apportioned amount (R669 196.55/42 \* 14) = R223 065.52*

**Impact**

The above may result in the following:

* Non-compliance with section 38(1) (a) (i) and 40(1) (a) (i) of the PFMA,
* Non-compliance with paragraph 17 of GRAP 01 resulting in misrepresentations of balances to the users of the financial statements
* Accruals understated by *R223 065.52*

**Internal control deficiency**

## Financial and performance management

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information due to the accrual not being included on the accrual listing.

**Recommendation**

Management should enhance the review of the financial statements prior to submission for audit purposes and ensure that all information that is included in the financial statements is complete and presented fairly.

**Management response:**

**Management is not in agreement with the finding for the following reasons:**

The progress payment reflecting 23 March 2021 has included P&G’s and work done for the month of March 2021 **(See attached Annexure A)**.

In addition the contractor confirmed that there is no outstanding work for the month of March 2021, please see attached confirmation letter **(See attached Annexure B)**.

The progress payment for the month of April 2021 account for the work done for the month of April 2021 **(See attached Annexure C)**.

Management would also like to advise that there is always an assumption that the work being undertaken on a construction project is being done evenly from one progress payment report to the next progress payment report, which is a very safe and accurate assumption under normal circumstances, but in this instance, the Contractor categorically stated none of the work undertaken for this progress payment certificate was performed before year end. The PMTE is therefore obligated to use this evidence over the proportionally allocated expenditure methodology.

**Auditor’s conclusion**

**Understatement of Accruals – Other Accruals**

**Requirements**

Public Finance Management Act (PFMA) Section 40 stipulates that: *“the accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards and must prepare financial statements for each financial year in accordance with generally recognized accounting practice”.*

Paragraph 18(a) and (b) of GRAP 19 states *that “Payables are liabilities to pay for goods or*

*services that have been received or supplied and have been invoiced or formally agreed with the*

*supplier and include payments in respect of social benefits where formal agreements for specified*

*amounts exist and accruals are liabilities to pay for goods or services that have been received or*

*supplied but have not been paid, invoiced or formally agreed with the supplier, including amount*

*due to employees (for example, amounts relating to accrued vacation pay) although it is*

*sometimes necessary to estimate the amount or timing of accruals, the uncertainty is generally*

*much less than for provisions.”*

**Nature**

**Bloemfontein**

We identified the below invoice whereby the service was rendered before the financial year end 31 March 2021 and the payment was made after the year end. *Refer to the table below for details;* however not included on the accrual listing.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Supplier name** | **Invoice No:** | **Date when goods where received per job card** | **Descriptions** | **Amount per invoice**  **[R]** | |  | | --- | | **Amount disclosed as per accrual listing** | | **[R]** | | **Difference between accrual listing amount and recalculation [R]** |
|  |  |  |  |  |
| Thavuyo Construction PTY(LTD) | DPW/07/2019 | 02/02/2021-03/03/2021 | Repairs to store damaged roofs in complex | R26 550.00 | R0.00 | R26 550.00 |
|

**Impact**

This has resulted in an understatement of other accruals by R 26 550.00

**Internal control deficiency**

## Financial and performance management

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information due to the other accrual not being included on the accrual listing.

**Recommendation**

Management should enhance the review of the financial statements prior to submission for audit purposes and ensure that all information that is included in the financial statements is complete and presented fairly.

The misstatement maybe be material if combined with issues from other regions and extrapolated and therefore, management should consider revisiting the population to identify misstatements of a similar nature in preparation for auditor’s adjustments.

**Management response**

**Auditor’s conclusion**

**Accrued expense: Understatement of Accruals**

**Requirements**

Public Finance Management Act (PFMA) section 38(1)(a)(i) state that *“The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

Public Finance Management Act (PFMA) section 40(1)(a)(i) state that *“The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

Standard of Generally Recognised Accounting Practice (GRAP 1), paragraph 17 state that *“Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation…”*

Paragraph 18(a) and (b) of GRAP 19 states *that “Payables are liabilities to pay for goods or*

*services that have been received or supplied and have been invoiced or formally agreed with the*

*Supplier and include payments in respect of social benefits where formal agreements for specified*

*amounts exist and accruals are liabilities to pay for goods or services that have been received or*

*supplied but have not been paid, invoiced or formally agreed with the supplier, including amount*

*due to employees (for example, amounts relating to accrued vacation pay) although it is*

*sometimes necessary to estimate the amount or timing of accruals, the uncertainty is generally*

*much less than for provisions.”*

**Nature**

**Port Elizabeth**

During the audit of accruals, we noted that management initially made an estimate for an amount of R 563 160 in relation to the work done by Imivuzo Trading cc. The supplier subsequently invoiced the Department for the amount of R 541 535 in relation to the work done.

We noted that the invoice was received by the Department prior to year-end.

However, management did not update the accrual listing with the invoice amount that is a reliable an accurate valuation of the amount owed.

*Refer to the table below for details;*



**Impact**

The above may result in the following:

* Non-compliance with section 38(1) (a) (i) and 40(1) (a) (i) of the PFMA,
* Non-compliance with paragraph 17 of GRAP 01 resulting in misrepresentations of balances to the users of the financial statements
* Accruals understated by R 21 625.

**Internal control deficiency**

## Financial and performance management

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not update the accrual listing with reliable information.

**Recommendation**

Management should enhance review procedures around reporting in order to ensure that schedules used to formulate the financials are accurate. Furthermore, accruals should be and adjusted by R 21 625.

**Management response:**

Management is in agreement with the finding for the following reasons:

The accrual listing has reflected the reliable accrued expense as at 31 March 2021, however, upon receiving the invoice the figure was not adjusted to reflect the exact amount as appear on the invoice.

Management is of the strong opinion that this is an isolated incident and care will be taken in future to update information when invoices are received before the finalization of the schedules. This opinion is supported by the fact that there are no similar incidences of this nature. In the event that the cumulative error is material, management will support the adjustment for this error to ensure that this is not included in the calculation for extrapolation.

**Auditor’s conclusion**

WCS Accruals – Understatement of accruals

**Requirement**

Public Finance Management Act (PFMA) section 38(1)(a)(i) state that *“The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

Section 40 (a) and (b) of the Public Finance Management Act (PFMA) states that: *“The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards and must prepare financial statements for each financial year in accordance with generally recognized accounting practice…”*

Generally Recognized Accounting Practice 19 paragraph 17 states that “*Liabilities are present obligations 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. A provision is a liability of uncertain timing or amount...”*

Generally Recognized Accounting Practice 19 paragraph 18 (b) states that: *“Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay) …”*

Property Management Trading Entity Payables Management Systems 6.9.2 states *“The accrued goods and services received prior to the reporting date need to be accounted in the current financial year.*

*6.9 Apportionment of accruals*

*6.9.4 The process to be followed to accurately apportion accruals includes:*

* *Obtain all the supporting documentation relating to the particular payment; and*
* *Calculate the apportioned amount based on the total period covered by the service charge and the portion relating to the period under review…”*

**Nature**

**Polokwane Region**

During the audit of WCS accruals, services relating to the transaction as per the table below were identified to have been received from 15 March 2021 to 19 April 2021. Management was supposed to apportion the payment certificate in order to realise an accrual for services that were received prior to year-end. However, the transaction was not accrued for in the current financial year, thus not included in the WCS. Consequently, WCS accrued expenses that have been recorded are not complete.

**WCS accruals**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **WCS #** | **Supplier** | **Invoice Date** | **Date of valuation** | **Amount R** |
| WCS049330 | Phetlakgo JV | 2021/5/19 | 2021/04/19 | 261 452.00 |
| **Total** |  |  |  | **261 452.00** |

**Impact of the finding**

**The above will result in the following:**

* Understatement of payables from exchange transactions - WCS accrued expenses by an amount of R261 452.00
* Understatement of expenditure by an amount of R261 452.00

**Internal control deficiency**

*Financial and Performance Management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

**Recommendation**

Management should enhance the review of the financial statements prior to submission for audit purposes and ensure that all information that is included in the financial statements is complete and presented fairly.

**Management response**

I am in agreement/ not agreement with the finding for the following reasons [and supply the following/attached information in support of this]:

**Auditor’s conclusion**

**Understatement of Accruals – Other Accruals**

**Requirements**

Public Finance Management Act (PFMA) Section 40 stipulates that: *“the accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards and must prepare financial statements for each financial year in accordance with generally recognized accounting practice”.*

Paragraph 18(a) and (b) of GRAP 19 states *that “Payables are liabilities to pay for goods or*

*Services that have been received or supplied and have been invoiced or formally agreed with the*

*Supplier and include payments in respect of social benefits where formal agreements for specified*

*amounts exist and accruals are liabilities to pay for goods or services that have been received or*

*supplied but have not been paid, invoiced or formally agreed with the supplier, including amount*

*due to employees (for example, amounts relating to accrued vacation pay) although it is*

*sometimes necessary to estimate the amount or timing of accruals, the uncertainty is generally*

*much less than for provisions.”*

**Nature**

**Issue 1: Accruals day-to-day maintenance**

We identified the below invoice whereby the service was rendered before the financial year end 31 March 2021 and the payment was made before year end. *Refer to the table below for details;* however the transaction was incorrectly accounted as an accrual in the year 2020/21.

**Bloemfontein Region**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No** | **Region** | **Supplier Name** | **Date when goods and service received** | **Date of payment (Where applicable)** | **Accrual Amount per accrual Schedule** | **overstatement** |
| 1 | Bloemfontein | BNM Civil Construction | 2021/02/28 | 2021/03/25 | R461 270,09 | R461 270,09 |
|  |  |  |  |  |  | R461 270,09 |

**Issue 2: Accruals**

During the audit of Accruals we noted the following transactions that occurred in the previous years (prior to 2020/21) that were, however, accrued for in the year 2020/21 instead of the financial years in which they occurred.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No** | **Region** | **WCS NO** | **Supplier Name** | **Date goods and service received** | **Date payment approved** | **Accrual amount** |
| 1 | Bloemfontein | 053981 | HILDA VERSTER INCORPORATED | 01/04/2018-08/03/2021 | 12/04/2021 | R27 888,44 |
| 2 | Bloemfontein | 047869 | BEN PEELS | 04/11/2019-14/02/2020 | 22/04/2021 | R119 237,31 |
|  |  |  |  |  |  | R147 125,75 |

**Issue 3: Accruals**

During the audit of Accruals – we noted the following transactions that occurred after year end and paid after year end however included in the accruals schedule.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No** | **Region** | **WCS NO** | **Supplier Name** | **Date goods and service received** | **Date payment approved** | **Accrual amount** |
| 1 | Bloemfontein | 052435 | Sipho D civils and construction company (PTY)LTD | 27/05/2021 | 31/05/2021 | R351 013,01 |
|  |  |  |  |  |  | R351 013,01 |

**Impact**

**Issue 1: Accruals day-to-day maintenance**

Overstatement of accruals by R461 270, 09

**Issue 2: Accruals**

Understatement of the opening balance i.e. comparable figures and expenditure as at 2019/20 by R147 125, 75

**Issue 3: Accruals**

Overstatement of accruals by R351 013, 01

Non – compliance with Public Finance Management Act (PFMA) Section 40

**Internal control deficiency**

## Financial and performance management

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information due to the other accrual not being included on the accrual listing.

**Recommendation**

Management should enhance the review of the financial statements prior to submission for audit purposes and ensure that all information that is included in the financial statements is complete and presented fairly.

The misstatement maybe be material if combined with issues from other regions and extrapolated and therefore, management should consider revisiting the population to identify misstatements of a similar nature in preparation for audit adjustments and submit proposed adjustments within the timelines agreed upon in the terms of engagement for concurrence.

**Management response**

**Auditor’s conclusion**

**Limitation–Accruals Other**

**Requirements**

*Public Finance Management Act (PFMA) section 38(1)(a)(i) state that “The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

*Public Finance Management Act (PFMA) section 40(1)(a)(i) state that “The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

*Generally Recognised Accounting Practice (GRAP) 19 paragraph 17 states that “Liabilities are present obligations 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. A provision is a liability of uncertain timing or amount...”*

*GRAP 19 paragraph 18 states that “Provisions can be distinguished from other liabilities such as payables and accruals because there is uncertainty about the timing or amount of the future expenditure required in settlement. By contrast:*

*(a) Payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier (and include payments in respect of social benefits where formal agreements for specified amounts exist); and*

*(b) accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay). Although it is sometimes necessary to estimate the amount or timing of accruals, the uncertainty is generally much less than for provisions.*

*Accruals are often reported as part of accounts payable, whereas provisions are reported separately…”*

**Nature**

**Mmabatho**

During the audit of accruals noted that there’s no proof that the services were received before year end as only unstamped invoices were received for audit also it is not clear when these invoices were received by the entity, therefore we were limited to confirm whether the below transactions should be included as part of accruals or not at year end. It was further noted that there were differences between the invoices received and amounts disclosed as per accrual schedule

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Supplier** | **Invoice No** | **Invoice date** | **Amount per invoice** | **Amount per accrual schedule** | **Differences** | **Date of receipt of invoice** | **Date when goods and service received (job cards)** |
| Makgobistad Security | NPW 008 | 2021/02/28 | R78 650 | R109 310,17 | R30 660,17 | No proof when the invoice was received | No proof that goods were received |
| Kakapi Mushi Trading | KAK07 | 2021/02/02 | R76 532.50 | R76 532.50 | R0,00 | No proof when the invoice was received | No proof that goods were received |

**Bloemfontein**

1. We requested the information through RFI 20, dated 24 June 2021 however no supporting documents were submitted for the following transactions:-

| **No** | Region | **Service Provider** | **Description of goods/service** | **Invoice amount** | **Automatically calculated Accrual Value** | **Outstanding information** |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | Bloemforntein | AAU Squared | Cleaning Services | 9 142,00 | 9 142,00 | 1. Invoice  2. Supporting documents to prove that services were received before year end |
| 2 | Bloemforntein | Alilie General Trading | Cleaning Services | 7 944,00 | 7 944,00 | 1. Invoice  2. Supporting documents to prove that services were received before year end |
| 3 | Bloemforntein | VMR Trading Enterprise Pty Ltd | Security Services | 85 000,00 | 85 000,00 | 1. Invoice  2. Supporting documents to prove that services were received before year end |
| 4 | Bloemforntein | Travel With Flair 1 | T&S Dom:Car Rental | 2 800,00 | 2 800,00 | 1. Invoice  2. Supporting documents to prove that services were received before year end |
| 5 | Bloemforntein | Travel With Flair 1 | T&S Dom:Air Transport | 6 000,00 | 6 000,00 | 1. Invoice  2. Supporting documents to prove that services were received before year end |
| 6 | Bloemforntein | Travel With Flair 1 | T&S Dom:Accommodation | 2 600,00 | 2 600,00 | 1. Invoice  2. Supporting documents to prove that services were received before year end |
| 7 | Bloemforntein | Travel With Flair 1 | T&S Dom:Car Rental | 2 100,00 | 2 100,00 | 1. Invoice |
| 8 | Bloemforntein | SBU & SBO SECURITY SERVICES | Security Services | 65 589,84 | 65 589,84 | 1. Invoice  2. Supporting documents to prove that services were received before year end |
| 9 | Bloemforntein | SBU & SBO SECURITY SERVICES | Security Services | 65 589,84 | 65 589,84 | 1. Invoice  2. Supporting documents to prove that services were received before year end |
|  |  |  |  | 246 765,68 | 246 765,68 |  |

**Impact**

The impact of the finding is a limitation of scope

**Internal control deficiency**

## Financial and performance management

Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting

**Recommendation**

It is recommended that all information requested be provided to the AGSA within three days from the date of request as agreed with management.

Officials within the entity are made aware of the audit process and importance of submitting accurate and complete information to the auditors within the required timeframe

**Management response:**

**Auditor’s conclusion**

**DETAILED AUDIT FINDING: ACCRUAL – PROPERTY RATES**

Overstatement of Accruals – Accrual expenses property rates (Other Accruals)

***Requirements***:

*Public Finance Management Act (PFMA) section 38(1)(a)(i) state that “The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

*Public Finance Management Act (PFMA) section 40(1)(a)(i) state that “The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

*Standard of Generally Recognised Accounting Practice (GRAP 1), paragraph 17 state that “Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation.”*

**Nature**

**Mmabatho**

During the audit of Accruals other assertions, we have identified transactions where the service was rendered during the financial year end and the payment was made before the year end however the amount was included on the accrual listing as at 31 March 2021.Refer to table below

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Supplier name** | **Invoice no** | **Date when goods and service received** | **Payment date** | **Amount as per payment batch** | **Amount as per accrual listing** |
| **R** | **R** |
| TLOKWE CITY COUNCIL | 1101020 | 2020/06/30 | 15/01/2021 | R494 570,82 | R494 570,82 |
| MAFIKENG LOCAL MUNICIPALITY | 2022/2021B | 09/12/2020 | 21/01/2021 | R378 242,67 | R378 242,67 |

**Impact of the finding**

This has resulted in an overstatement of accruals by R 872 813, 49

**Internal control deficiency**

**Financial and performance management**

Management did not implement controls over daily and monthly processing and reconciling of transactions

Management did not perform a reconciliation in order to ensure that all transactions are recorded accurately and there are no duplicates in the accruals listing.

**Recommendation**

It is recommended that management must enhance the review of the financial statements prior to submission for audit purposes and ensure that all information that is included in the financial statements is complete and presented fairly.

**Management response:**

Management does not agree with the audit finding, the accruals that were raised as at 31 March 2021 relates to the unpaid calendar months of April, May and June 2021 in line with the requirements of iGRAP 19. See further details below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Supplier name** | **Invoice no** | **Date when goods and service received** | **Payment date** | **Amount as per payment batch** | **Amount as per accrual listing** |
| **R** | **R** |
| TLOKWE CITY COUNCIL | 1101020 | 2020/06/30 | 15/01/2021 | R494 570,82 | R494 570,82 |

On 15 Jan 2021, 7 rates payments of totaling R494 570, 82 each was made for account nr 10043. These rates payments were processed late covering the 7 months, July 2020 to Jan 2021.

Another 2 payments at R474 570, 82 each was made on 1 Feb 2021 and 1 Mar 2021 for the Feb 2021 and March 2021 rates accounts. All months from 1 July 2020 to 31 March were therefore paid, however, as per IGRAP 19, a liability should be created when an entity has an obligation to pay levies if it meets the requirements of IGRAP 19.  Accordingly, a rates liability for the months of April 2021 to Jun 2021 should still be remaining in the annual financial statements, which is why there was an accrual against this account in row 108 of the workbook submitted totaling R1 483 712,46 (3 \* R474,570.82)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Supplier name** | **Invoice no** | **Date when goods and service received** | **Payment date** | **Amount as per payment batch** | **Amount as per accrual listing** |
| **R** | **R** |
| MAFIKENG LOCAL MUNICIPALITY | 2022/2021B | 09/12/2020 | 21/01/2021 | R378 242,67 | R378 242,67 |

Similarly, throughout the year monthly payments of R378 242, 67 was made for account 4503136030 and the account has been paid to date by 31 March 2021.

However, as per IGRAP 19, a liability should be created when an entity has an obligation to pay levies if it meets the requirements of IGRAP 19.  Accordingly, a rates liability for the months of April 2021 to Jun 2021 should still be remaining in the annual financial statements, which is why there was an accrual against this account in row 225 of the workbook submitted totaling R1 134 728, 01 (3 \* R378,242.67)

**Auditor’s conclusion**

UNDERSTATEMENT – PROPERTY RATES ACCRUALS

Accruals: Incomplete disclosure of property rates accruals on the AFS

**Requirement**

Section 40 (a) and (b) of the Public Finance Management Act (PFMA) states that: *“The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards and must prepare financial statements for each financial year in accordance with generally recognized accounting practice…”*

Paragraph 17 of the Generally Recognized Accounting Practice (GRAP) 19 states that; “*Liabilities are present obligations 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. A provision is a liability of uncertain timing or amount...”*

Paragraph 18 (b) of the Generally Recognized Accounting Practice (GRAP) 19 states that; *“Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay) …”*

**Nature**

**Durban Region**

During the audit of Accruals: Property rates, we noted transactions relating to property rates were the invoices were received after year end but the accrual was not included on the property rates accrual schedule as at 31 March 2021. Furthermore, we have traced the properties to the immovable assets register (IAR) and confirmed that the properties were included in IAR and they belong to PMTE. The list of accruals not disclosed in the schedule is as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **No** | **Supplier Name** | **Payment batch no** | **Invoice Number** | **Invoice date received** | **Invoice amount** |
| 1 | Dr Nkosazana Dlamini-Zuma Municipality | 24013 | 238475 | 2021/04/16 | 20 916 |
| 2 | Dr Nkosazana Dlamini-Zuma Municipality | 23989 | 6460 | 2021/04/16 | 147 168 |
| 3 | eDumbe Local Municipality | 24133 | INV500135231-MAR-21 | 2021/05/07 | 4 887 |
| 4 | eThekwini Municipality | 24121 | 8338464342920/07/01 | 2021/05/14 | 586 868 |
| **TOTALS** | | | | | **759 839** |

**Impact**

* This will result in an understatement of property rates accruals by R 759 839.

**Internal control deficiency**

*Financial and Performance Management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Management did not ensure that all accruals relating to property rates have been captured on the schedules and disclosed in the annual financial statement.

**Recommendation**

Management should ensure that regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information is provided.

Management should revisit their population to determine if they are any property rate invoices that have were not captured on the property rates accrual schedule. All property rates were invoices were received after year end but relates to the property that has been included on the IAR as at 31 March 2021 should be raised as accruals.

**Management response:**

I am not in agreement with the finding for the following reasons:

The properties were rated for the first time by the municipalities. The invoices were received for the first time after year end. Upon receipt of invoices, the properties had to be verified to confirm that the properties belong to the department and that that they are rateable. All these processes happened after year end.

I agree that the event constitutes a post balance sheet event which should be adjusted for. An adjustment for a post balance sheet event will therefore be made in our financial statements.

**Auditor’s conclusion**

Management response is noted. The finding remains until such adjustment are made in the population.

**DETAILED AUDIT FINDING: ACCRUAL – DAY TO DAY MAINTENANCE**

Completeness Understatement

***Requirements***:

*Public Finance Management Act (PFMA) section 38(1)(a)(i) state that “The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

*Public Finance Management Act (PFMA) section 40(1)(a)(i) state that “The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

*Standard of Generally Recognised Accounting Practice (GRAP 1), paragraph 17 state that “Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation.”*

**Nature**

**Nelspruit Region**

During the audit of Accruals – Day to day Maintenance completeness at Nelspruit Regional office, we have identified transactions where the service was rendered during the financial year-end as at 29/03/2021 and the payment was made before the year end as at 30/03/2021, transaction was cleared on SAGE as at 06/05/2021, however the amount was not included on the accrual listing as at 31 March 2021.Refer to table below

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **No** | **Service Provider** | **Description of goods/service** | **Date when goods and service received (job cards)** | **Payment Date per SAGE clearance** | **Invoice amount** |
| 1 | Awandegoje Investment | Repair Sewer pumps | 2021/03/29 | 2021/05/06 | R87 700,00 |
|  |  |  |  |  | **R 87 700.00** |

**Impact of the finding**

This has resulted in followings:

* Understatement of accruals by R 87 700.00
* Non - compliance with Public Finance Management Act (PFMA) section 40(1)(a)(i)

**Internal control deficiency**

**Financial and performance management**

Management did not implement controls over daily and monthly processing and reconciling of transactions

Management did not perform a reconciliation in order to ensure that all transactions are recorded accurately and there are no duplicates in the accruals listing.

**Recommendation**

It is recommended that management must enhance the review of the financial statements prior to submission for audit purposes and ensure that all information that is included in the financial statements is complete and presented fairly.

**Management response:**

**Auditor’s conclusion**

**DETAILED AUDIT FINDING: ACCRUAL – SCHEDULED MAINTENANCE**

**Understatement of scheduled maintenance accruals**

**Requirements:**

Section 40 (a) and (b) of the Public Finance Management Act (PFMA) states that: *“The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards and must prepare financial statements for each financial year in accordance with generally recognized accounting practice…”*

Paragraph 17 of the Generally Recognized Accounting Practice (GRAP) 19 states that; “*Liabilities are present obligations 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. A provision is a liability of uncertain timing or amount...”*

Paragraph 18 (b) of the Generally Recognized Accounting Practice (GRAP) 19 states that; *“Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay) …”*

Property Management Trading Entity Payables Management Systems 6.9.2 states *“The accrued goods and services received prior to the reporting date need to be accounted in the current financial year.*

*6.9 Apportionment of accruals*

*6.9.4 The process to be followed to accurately apportion accruals includes:*

* *Obtain all the supporting documentation relating to the particular payment; and*
* *Calculate the apportioned amount based on the total period covered by the service charge and the portion relating to the period under review…”*

**Nature**

**Kimberly Region**

During the performance of our audit, we noted that the following transaction for accruals was not accounted for using the available latest progress payment certificate to determine a reliable estimate of the value of work received from the supplier as at 31 March 2021. Therefore, the following differences were identified:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **WCS Number** | **Supplier Name** | **Amount of liability as per accrual listing (R.)** | **Recalculated estimated accrual amount (R.)** | **Difference (R.)** |
| 55045 | NGAATENDWE | 865 499 | 2 904 306 | 1 750 307 |

**Impact of finding**

The aforementioned finding results in the following:

* Understatement of accruals by R1 750 307

**Internal control deficiency**

*Financial and performance management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Management did not keep track of the latest progress payment certificate which were issued before the internal cut off date to when calculating the accruals on the schedule maintenance. This resulted in the entity recognizing incorrect accrual amount on their schedules.

**Recommendation**

It is recommended that:

* Management estimates should utilise available reliable sources to fairly and reasonably determine the estimate of the value of work received from suppliers.
* Management should enhance the review of the financial statements prior to submission for audit purposes and ensure that all information that is included in the financial statements is complete and presented fairly.

**Management response:**

**Auditor’s conclusion**

**DETAILED AUDIT FINDING: Accrual expenses scheduled maintenance (Other Accruals)**

**Laws, rules, and regulations**

*Public Finance Management Act (PFMA) section 38(1)(a)(i) state that “The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

*Public Finance Management Act (PFMA) section 40(1)(a)(i) state that “The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

*Standard of Generally Recognised Accounting Practice (GRAP 1), paragraph 17 state that “Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation.”*

*Standard. Examples of infrastructure assets include road networks, sewer systems, water and power supply systems and communication networks*…”

*GRAP 19 paragraph 18 states that “Provisions can be distinguished from other liabilities such as payables and accruals because there is uncertainty about the timing or amount of the future expenditure required in settlement. By contrast:*

*(a) payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier (and include payments in respect of social benefits where formal agreements for specified amounts exist); and*

*(b) accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay). Although it is sometimes necessary to estimate the amount or timing of accruals, the uncertainty is generally much less than for provisions.*

*Accruals are often reported as part of accounts payable, whereas provisions are reported separately…”*

**Nature**

**Pretoria**

During the audit, it was identified that services were rendered before year end received before year end, invoice was received before year end and also payment was made before year. This is incorrectly classified at year end as an accrual as it is included in the accrual listing

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **No** | **Supplier Name** | **Description of Goods & services** | **Invoice Date** | **Date Invoice received** | **Date when goods were received, and services rendered** | **Date of payment** | **Amount** |
| 1 | Sigma Lifts and Escalators (PTY) LTD | Repairs and maintenance for passenger and goods lifts | 17/03/2021 | 18/03/2021 | 18/03/2021 | 21/03/2021 | 502 317 |

**Impact**

This results to the following:

* Overstatement of Accrual by R502 316.75

**Internal control deficiency**

*Financial and Performance Management*

The entity did not implement a proper financial and reporting system to enable proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

Management did not review annual financial statements before submission for audit.

**Recommendation**

It is recommended that:

* Management should enhance the review of the financial statements prior to submission for audit purposes and ensure that all information that is included in the financial statements is complete and presented fairly.
* Classification of projects are conducted regularly and in line with accounting policy

**Management response**

**Auditor’s conclusion**

**DETAILED AUDIT FINDING: ACCRUAL – MUNICIPAL SERVICE UNDERSTATEMENT**

Accrued expense: Understatement of Municipal services

***Requirements***:

*Section 40 (a) and (b) of the Public Finance Management Act (PFMA) states that: “The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards and must prepare financial statements for each financial year in accordance with generally recognized accounting practice…”*

*Paragraph 17 of the Generally Recognized Accounting Practice (GRAP) 19 states that; “Liabilities are present obligations 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. A provision is a liability of uncertain timing or amount...”*

*Paragraph 18 (b) of the Generally Recognized Accounting Practice (GRAP) 19 states that; “Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay) …”*

*Property Management Trading Entity Payables Management Systems 6.9.2 states “The accrued goods and services received prior to the reporting date need to be accounted in the current financial year.*

*6.9 Apportionment of accruals*

*6.9.4 The process to be followed to accurately apportion accruals includes:*

* *Obtain all the supporting documentation relating to the particular payment; and*

*Calculate the apportioned amount based on the total period covered by the service charge and the portion relating to the period under review…”*

**Nature**

**MMABATHO**

During the performance of our audit, we noted that the following transaction for accrued expense was not accounted for using the available latest invoice to determine an accurate amount from the supplier as at 31 March 2021. Therefore, the following differences were identified:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Invoice Number** | **Supplier Name** | **Amount of liability as per accrual listing (R.)** | **Recalculated estimated accrual amount (R.)** | **Difference (R.)** |
| 604800617918 | Eskom | 531 478,51 | 3 415 891,45 | 4 286 117,11 |
| 712469028837 | Eskom | 149 121,97 | 4 817 595,62 | 1 411 687,98 |
| 60004110032 | City of Matlosana | 378 512,62 | 1 560 809,95 | 2 321 544,07 |
| **Total** | | | | **R8 019 349,16** |

**Impact of finding**

The aforementioned finding results in the following:

* Understatement of accrued expense by R8 019 349,16

**Internal control deficiency**

*Financial and performance management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Management did not ensure that the latest invoice amount was used in determining the accurate amount for the accrued expense. This resulted in the entity recognizing incorrect accrued expense amount on their schedules.

**Recommendation**

It is recommended that:

* Management should ensure that accurate and complete financial and performance reports that are supported and evidenced by reliable information which is fairly and reasonably determined from suppliers.
* Management should enhance the review of the financial statements prior to submission for audit purposes and ensure that all information that is included in the financial statements is complete and presented fairly.

**Management response:**

**Auditor’s conclusion**

**Detailed finding:** Understatement of Accruals

**Requirements**

Public Finance Management Act (PFMA) Section 40 stipulates that: *“the accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards and must prepare financial statements for each financial year in accordance with generally recognized accounting practice”.*

**Nature**

**POLOKWANE**

During the audit of Accruals for accuracy testing, we have identified a transaction where as per the consumer ageing account the department utilized municipal services from December 2020 until February 2021. The ageing account was received on 03 March 2021 and payment was made on 08 March 2021.

The department estimated the accrual from January 2021 until March 2021 instead of March 2021 only as January and February were already paid for thus overstating accruals.

*Refer to the table below for details;*

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **No** | **Supplier Name** | **Invoice number** | **Description of goods** | **Date of receipt of good or invoice** | **Invoice amount** | **Recalculated accrual amount** | **Amount per schedule** | **Difference** |
| 1 | Polokwane Municipality | 973310 | Electricity | 2021/03/03 | 233 504,02 | 79 545,33 | 544 842,71 | (465 297,39) |

This has resulted in an overstatement of accruals by **R465 297, 39** calculated as follows:

*Days the amount was paid for (1 December 2020 - 28 February 2021) = 91*

*Days in the current year we are estimating accrual for (1 March 2021 - 31 March 2021) = 31*

*Accrual amount (R233 504, 02/91 \* 31) = R79 545, 33*

**Impact**

The above may result in the following:

* Non-compliance with section 38(1) (a) (i) and 40(1) (a) (i) of the PFMA,
* Non-compliance with paragraph 17 of GRAP 01 resulting in misrepresentations of balances to the users of the financial statements
* Accruals overstated by *R465 297,39*

**Internal control deficiency**

## Financial and performance management

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information due to the accrual overstated in the accrual listing

**Recommendation**

Management should enhance the review of the financial statements prior to submission for audit purposes and ensure that all information that is included in the financial statements is complete and presented fairly.

**Management response:**

**Auditor’s conclusion**

**DETAILED AUDIT FINDING: DEBTORS WITH CREDIT BALANCE**

**Differences between amount per supporting documents and the amount as per schedule**

**Requirements:**

Public Finance Management Act (PFMA) section 38(1)(a)(i) state that *“The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

Public Finance Management Act (PFMA) section 38(1)(b) state that *is responsible for the effective, efficient, economical and transparent use of the resources of the department, trading entity or constitutional institution*

The Public Finance Management Act (PFMA) section 40(1)(b) states that “The accounting officer for a department, trading entity or constitutional institution must prepare financial statements for each financial year in accordance with generally recognized accounting practice;”

Section 40(3)(a) of the Public Finance Management Act states that: *“The annual report and audited financial statements referred to subsection (1) (d) must fairly present the state of affairs of the department, trading entity or constitutional institution, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned…”*

Standards of Generally Recognised Accounting Practice (GRAP) 1 paragraph 17 states that: *“Financial statements shall present fairly the financial positions, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation…”*

**Nature**

During the audit of debtors with credit balances, auditors recalculated the movement of debtors with credit balances and noted the following differences between the amount per the supporting documents and the amount as per the schedule.

**Bloemfontein Region**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| No | **Debtor** | **Debtor code** | **Services supplied** | **Amounts per document/s** | **Recalculated amount** | **Differences** |
| 1 | MTN | 405636 | Lease Agreement | R 514 568,00 | R 475 578,00 | R38 990,00 |

**Mthatha – Region**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No** | **Date** | **Amount Per Schedule** | **Amount recalculated** | **Difference** |
| **1** | 2021/07/12 | -R183 075.87 | -R162 575.87 | -R20 500.00 |

**Impact of the finding**

The above will result in the following:

* Overstatement of debtors with creditors balance schedule – by an amount of R59 490,00
* Non-compliance with the requirements of GRAP 1 and PFMA.

**Internal control deficiency**

*Financial and Performance Management*

* Management did not prepare accurate and complete financial reports/schedules to support the Annual Financial Statements.
* Lack of proper review of financial statements submitted for audit to ensure that they are accurate.

**Recommendation**

It is recommended that proper reviews should be implemented on the annual financial statements and supporting schedules, to ensure that accurate and complete amounts are disclosed in the annual financial statements. Furthermore, management is to provide the auditors proposed adjustments, should the differences be valid, for audit purposes.

**Management response – Bloemfontein**

This office does not agree with the calculations of the Auditor-General as presented.

The correct calculations is indicated below;

|  |  |  |
| --- | --- | --- |
| **Note 1** | **AGSA Calculations** | **DPW Calculations** |
|  |  |  |
| Calculation of Advance Rental: | |  |
|  |  |  |
| Opening Balance as at | - 12 903.55 | - 12 903.55 |
| 2020/01/04 | 7 558.27 | 7 558.27 |
| 2020/04/05 | 7 558.27 | 7 558.27 |
| 2020/01/06 | 7 558.27 | 7 558.27 |
| 30/06/2020 | 31.40 | 31.40 |
| 2020/02/07 | 7 558.27 | 7 558.27 |
| 8/07/202 | - 6 998.40 | - 6 998.40 |
| 31/07/2020 | 36.45 | 36.65 |
| 2020/03/08 | 7 558.27 | 7 558.27 |
| 31/08/2020 | 98.21 | 98.21 |
| 2020/01/09 | 7 558.27 | 7 558.27 |
| 2020/02/09 | - 16 327.73 | - 16 327.73 |
| 23/09/2020 | - 16 325.86 | - 16 325.86 |
| 28/09/2020 | - 8 164.80 | - 8 164.80 |
| 30/09/2020 | - 15 723.07 | - 15 723.07 |
| 2020/01/10 | 7 558.27 | 7 558.27 |
| 28/10/2020 | - 8 164.80 | - 8 164.80 |
| 2020/02/11 | 7 558.27 | 7 558.27 |
| 2020/01/12 | 7 558.27 | 7 558.27 |
| 2020/09/12 | - 16 327.73 | - 16 327.73 |
| 2021/03/01 | 7 558.27 | 7 558.27 |
| 30/01/2021 | 7 558.27 | 7 558.27 |
| 18/02/2021 | - 8 164.80 | - 8 164.80 |
| 27/02/2021 | 7 558.27 | 7 558.27 |
| 19/03/2021 | 486 255.17 | - 8 817.98 |
|  |  | - 495 073.15 |
| 30/03/2021 | 7 558.27 | 7 558.27 |
|  | **475 578.00** | **- 514 568.10** |
| Amount as per AFS (-) | **514 568.10** | **514 568.10** |

The transactions on 19 March 2021 was incorrectly calculated by the AGSA.

**Auditors Conclusion**

**Management response: Mthatha**

**Auditor’s conclusion**

Understatement of debtors with credit balances

**Requirements:**

Section 40(1) (b) of the Public Finance Management Act states that; *“The accounting officer for a department, trading entity or constitutional institution must prepare financial statements for each financial year in accordance with generally recognized accounting practice.”*

Paragraph 17 of the Generally Recognised Accounting Practice (GRAP) 01 states that; “*Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses.”*

**Nature**

**Kimberly Region**

During the completeness testing of debtors with credit balances, we noted that the following debtor for the stated property below was not classified as a debtor with a credit balance. Based on the debtor’s statement provided, the debtors account for the specified property resulted in a credit balance as of 31 March 2021.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Property Code | Building | Name of Customer | Balance as per schedule (R.) | Balance as per the statement (R.) | Difference (R.) |
| 57672 | LAND | SA Soutwerke Pty Ltd | 35 800 | (62 372) | **(98 172)** |

Furthermore, we noted that the following transactions for debtors with credit balance was not accounted for using the available latest statement to determine an accurate amount for debtors with credit balances. The following differences were identified:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Property Code | Building | Name of Customer | Balance as per schedule (R.) | Balance as per the statement (R.) | Difference (R.) |
| 55837 | EYSELHOF FLATS | CELL C (PTY) LTD | (175 053) | (594 994) | (419 940) |
| 58644 | LOT 452 | MTN | (176 372) | (189 679) | (13 307) |
| **Total** | | | | | **(433 247)** |

**Impact of the finding**

* This will result in an understatement of accruals from debtors with credit balances of R533 419
* Non-compliance with section 40 of the PFMA and GRAP 01

**Internal control deficiency**

*Financial and Performance Management*

Management did not implement controls over daily and monthly processing and reconciling of transactions

Management did not perform a reconciliation in order to ensure that all transactions are recorded accurately. Furthermore, that the transactions disclosed in the schedule correlate to the supporting documentation

**Recommendation**

It is recommended that:

* Management should implement controls over daily and monthly processing and reconciling of transactions.
* Management should reconcile the debtor’s with credit balances listing at year end to ensure that it is accurate and complete.
* The necessary adjustments should be made on the listing and the AFS disclosure to ensure it is accurate.

**Management response**

**Auditors Conclusion**

Incorrect classification of debtors with credit balances

**Requirements:**

Section 40(1) (b) of the Public Finance Management Act states that; *“The accounting officer for a department, trading entity or constitutional institution must prepare financial statements for each financial year in accordance with generally recognized accounting practice.”*

Paragraph 17 of the Generally Recognised Accounting Practice (GRAP) 01 states that; “*Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses.”*

**Nature**

**Kimberly Region**

During the audit of debtors with credit balances, we noted that the following debtors for the stated properties below were incorrectly classified as a debtor with a credit balance. The following differences were identified between the amount as per the schedule and the debtor’s statements provided, according to the debtors’ statements the debtors account for the specified property resulted in a debit balance as of 31 March 2021.

Therefore, the following differences were identified:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Property Code** | **Building Name** | **Name of Customer** | **Balance as per the schedule (R.)** | **Balance as per the debtor’s statement (R.)** | **Difference (R)** |
| 55837 | Eyselhof flats | Telkom (8ta) | (818 806,42) | 477 448,17 | -1 296 254,59 |
| 405820 | Land | Trans Hex Operations (Pty) Ltd | (209 920,00) | 12 976,00 | -258 658,00 |
| Total | | | | | **- 1 554 912,59** |

**Impact of the finding**

* This will result in an overstatement of debtors with credit balances and understatement of Receivables from exchange transactions: Accommodation debtors - freehold private from by R1 554 912.59

**Internal control deficiency**

*Financial and Performance Management*

Management did not implement controls over daily and monthly processing and reconciling of transactions

Management did not perform a reconciliation in order to ensure that all transactions are recorded accurately. Furthermore, that the transactions disclosed in the schedule correlate to the supporting documentation

**Recommendation**

It is recommended that management should implement controls over daily and monthly processing and reconciling of transactions.

Management should reconcile the debtors with credit balance listing at year-end to ensure that it is accurate and complete. Necessary adjustments should be made on the listing and the AFS disclosure to ensure it is accurate.

**Management response:**

**Auditors Conclusion**

**DETAILED AUDIT FINDING MISCALSSIGFICATION OF ACCRUALS**

**Misstatements on Accruals**

Requirements

Public Finance Management Act section 40(1)(a) stipulates *that the accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

*Public Finance Management Act paragraph 40(1)(b) states that “The accounting officer for a department, trading entity or constitutional institution must prepare financial statements for each financial year in accordance with generally recognized accounting practice’’*

Furthermore, Section 41 of PMFA states that *“An accounting officer of a trading entity must submit to the relevant Treasury or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as the relevant Treasury or the Auditor-General may require…”*

Public Finance Management Act (PFMA) section 38(1)(a)(i) state that *“The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

*Public Finance Management Act (PFMA) section 38(1)(f) state that: “The accounting officer for a department, trading entity or constitutional institution must settle all contractual obligations and pay all money owing, including inter-governmental claims, within the prescribed or agreed period.”*

*Treasury Regulation 8.2.3 requires that: “Unless determined otherwise in a contract or other agreement, all payments due to creditors must be settled within 30 days from receipt of an invoice or, in the case of civil claims, from the date of settlement or court judgment.”*

GRAP 19, paragraph 17 states that *“A provision is a liability of uncertain timing or amount.”*

*GRAP 19, Paragraph 18 states that “Provisions can be distinguished from other liabilities such as payables and accruals because there is uncertainty about the timing or amount of the future expenditure required in settlement. By contrast:*

*(a) Payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier (and include payments in respect of social benefits where formal agreements for specified amounts exist); and*

*(b) accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay). Although it is sometimes necessary to estimate the amount or timing of accruals, the uncertainty is generally much less than for provisions.*

**Nature:**

**Cape Town Region**

**Issue 1: Transactions incorrectly classified as accruals while payments were made before year end:**

During the audit of Accruals in the Cape Town regional audit, we noted that the transactions listed in the table below were classified as Accruals however the invoices were payment before year end and therefore there was no liability at year-end:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Supplier Name** | **Amount** | **Invoice Date** | **Date of payment** | **Payment number** |
| Gsiv Systems | 559 084,00 | 02-Mar-21 | 15-Mar-21 | 932087 |
| Gsiv Systems | 383 640,00 | 04-Feb-21 | 08-Mar-21 | 929295 |
| **Total** | **942 724,00** |

**Issue 2: Differences between Accrual amount per schedule and recalculated invoice amount:**

During the audit of Accruals in the Cape Town region we noted the following differences between the amounts per the schedule and the amounts per invoices:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Supplier Name** | **WCS Number** | **Amount per schedule** | **Invoice date** | **Recalculated invoice inclusive of VAT** | **Difference** |
| AFMS | WCS 46547 | 2 979 122,15 | 05-Feb-21 | 3 005 254,80 | (26 132,65) |
| Andy's Boiler | AB2074 | 414 000,00 | 15-Mar-21 | 4 140,00 | 409 860,00 |
| HOOGSTRAAT 67 EIENDOMS TRUST | INA10817 | 3 708 882,24 | 25-May-20 | 123 629,41 | 3 585 252,83 |
|  |  | **7 102 004,39** |  | **3 133 024,20** | **3 968 980,19** |

**Issue 3: Transactions incorrectly classified as accruals instead of Provision the amount was based on an estimate:**

During the audit of Accruals in the Cape Town regional audit, we noted that the transactions listed in the table below were classified as Accruals however the amounts were based on estimates and therefore should be classified as provisions since there is an uncertainty relating to the amount at year end:

|  |  |  |  |
| --- | --- | --- | --- |
| **Supplier Name** | **Amount** | **WCS number** | **Nature of supporting documents** |
| EBESA ARCHITECTS (PTY) LTD | 2 903 458,68 | WCS 54527 | Estimate |
| JAKOET & ASSOCIATES CC | 9 996 489,41 | Estimate AG007 | Estimate |
| **Total** | **12 899 948,09** |

**Issue 4: Transactions incorrectly classified as accruals instead of Payable as invoices were received before year end:**

During the audit of Accruals in the Cape Town regional audit, we noted that the transactions listed in the table below were classified as Accruals however the invoices were received before year end and therefore should have been captured in the accounting system and recorded as Trade Payables at yearend:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Supplier Name** | **Amount** | **Invoice Date** | **Invoice receipt Date** | **Date of payment** | **Payment number** |
| Andy's Boiler | 414 000,00 | 15-Mar-21 | 15-Mar-21 | 22-Apr-21 | 942263 |
| AFMS | 2 979 122,15 | 05-Feb-21 | 10-Feb-21 | 25-May-21 | 283799 |
| BIDVEST Facilities Management | 2 872 378,07 | 18-Mar-21 | 25-Mar-21 | 07-Apr-21 | 283389 |
| **Total** | **6 265 500,22** |

**Impact of the finding**

**The above results in the following**

* Issue 1: Overstatement of Accruals by R942 724,00
* Issue 2: Overstatement of Accruals by R3 968 980,19
* Issue 3: Overstatement of Accruals by R12 899 948,09 and Understatement of Provisions by R12 899 948,09
* Issue 4: Overstatement of Accruals by R6 265 500,22 and Understatement of Payables by R6 265 500,22

**Internal control deficiency**

*Financial and Performance Management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Management did not implement controls over daily and monthly processing and reconciling of transactions.

**This is due to**

* Insufficient review of the supporting evidence to ensure that the amounts recorded in the are accurate.
* Incorrect interpretation of the GRAP requirements relating to classification of Payables, Accruals and Provisions.
* Management did not adequately review the accruals listings against the supporting evidence to ensure that the amounts included in the listing are accurate and are supported by reliable evidence.

**Recommendation**

* Management should ensure that sufficient reviews are performed on the invoices to ensure that the amounts recorded in the listings are accurate.
* Training on application of GRAP standards should be provided to employees responsible for recording and processing of transactions to ensure correct application of GRAP standards.
* Management review the accrual listings against the supporting evidence to ensure that the amounts included in the listings are accurate and are supported by reliable evidence.
* Management should make proposed adjustments to the financial statements and provide the proposed adjustments to auditors for concurrence before any final adjustments are made.

**Management response:**

**Auditor’s conclusion**

**Nature**

**Durban Region**

During the audit of accruals it was noted that PMTE did not properly differentiate between an accrual and a trade payable thus causing a misclassification issue between payables from exchange transactions. The transactions as listed below, relates to invoices that were received prior to 31 March 2021 for services rendered in the 2020/2021.These transactions should have thus been accounted for as trade payables not as accruals in the annual financial statements as at 31 March 2021.

**Accruals - Other**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **No** | **Region** | **Service Provider** | **Invoice amount** | **Invoice Number** | **Date when goods and service received (job cards)** | **Payment Date** | **Date of receipt of invoice** |
| 1 | Durban | Konica Minolta SA | 3 461,74 | 0905175021 | 2021/03/23 | 2021/04/08 | 2021/03/23 |
| 2 | Durban | Konica Minolta SA | 4 882,46 | 0905175028 | 2021/03/23 | 2021/04/08 | 2021/03/23 |
| 3 | Durban | Konica Minolta SA | 3 923,79 | 0905175025 | 2021/03/23 | 2021/04/08 | 2021/03/23 |
| 4 | Durban | Konica Minolta SA | 7 955,92 | 0905175036 | 2021/03/23 | 2021/04/08 | 2021/03/23 |

**Accruals - Municipal Services**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **No.** | **Region** | **Supplier Name** | **Invoice number** | **Date of receipt of invoice** | **Invoice amount** | **Date when goods and service received (municipal account)** | **Date of payment** | **PMTE number: advice number /Fano/ property code** |
| 1 | Durban | Eskom Holdings Soc Limited | 704608566084 | 2021/02/26 | 447 012,67 | 2021/01/20 | 2021/04/16 | 929816 |

**Accruals – Day to Day Maintenance**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **No** | **Region** | **Supplier Name** | **Payment number (Where applicable)** | **Accrual Amount per accrual Schedule** | **Supplier name** | **Description of goods & services** | **Date** | **Date when goods and service received (municipal account)/job card** | **Date of payment (Where applicable)** |
| 1 | Durban | Uzenzele | 940264 | 486 125,00 | Uzenzele Trading (Pty) Ltd | SANDF-Mtubatuba Military Base. Clearing, Cleanings of 2xMaturation Pond, Remove Effulent,Settled Sludge and Unblocking of Sewer Lines | 2021/03/26 | 2021/03/29 | 2021/04/06 |

**Impact**

* Misclassification between accruals and trade payables. The line item accruals will be overstated and trade payables will be understated within the note.

**Internal control deficiency**

*Financial and Performance Management*

* Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information
* Management did not implement proper review measures to ensure that the information is appropriately classified and accounted for in the annual financial statements submitted for audit.

**Recommendation**

Management should:

* Ensure that regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information is provided
* Ensure that they implement proper review measures to ensure that the information is appropriately classified and accounted for in the annual financial statements submitted for audit.

**Management response**

Management is not in agreement with the finding for the following reasons:

In the context of PMTE, the distinction between trade payables and accruals is not material and not likely to influence the decisions of the users of financial statements, nor does it affect key financial statement ratios. Accounts payable is a specific type of accrual.

In terms of para 6 of GRAP 1, each material class of similar items shall be presented separately in the financial statements. Items of a dissimilar nature or function shall be presented separately, unless they are immaterial.

Accruals and payables are all included under a line item, “Payables from exchange transactions”. Note 1.10 to AFS reads, “The PMTE recognises in payables an amount for accruals where an estimate is made of the amounts due for goods or services that have been received or supplied, but an invoice or formal request for payment has not been received at the reporting date as well as outstanding invoices”. The key factor for accruals/payables has always been whether or not the goods/services have been received before period end. This classification has been applied consistently since the inception of PMTE. Attempting to separate, the two line items would be impracticable without undue cost or effort, with no real benefit in terms of fair presentation.

In terms of para 49 of GRAP 1, “if the presentation or classification of items in the financial statements is amended, comparative amounts shall be reclassified, unless the reclassification is impracticable”. The benefit/expected improvement in the fair presentation and quality of the information provided to users of our financial does not justify the cost or effort to separate accruals from payables.

**Auditor’s conclusion**

Management response is noted. However, there is different between the accrual and payable which is whether the entity have received the invoice or a formal request for payment at year-end or not. For payable, that is where the entity have received the invoice but have not pay at the end of the financial year. Whereas the accrual the invoice have not been received at year-end.

Therefore the finding remains

**DETAILED AUDIT FINDING**

PROPERTY MAINTENANCE: Property maintenance misstatements

**Requirements:**

The Public Finance Management Act (PFMA) section 40(1)(b) states that “The accounting officer for a department, trading entity or constitutional institution must prepare financial statements for each financial year in accordance with generally recognized accounting practice;”

Public Finance Management Act (PFMA) section 38(1)(f) state that: *“The accounting officer for a department, trading entity or constitutional institution must settle all contractual obligations and pay all money owing, including inter-governmental claims, within the prescribed or agreed period.”*

Treasury Regulation 8.2.3 requires that: *“Unless determined otherwise in a contract or other agreement, all payments due to creditors must be settled within 30 days from receipt of an invoice or, in the case of civil claims, from the date of settlement or court judgment.”*

GRAP 1: Presentation of Financial Statements paragraph 17 states that: *“Financial statements shall present fairly the financial positions, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation…”*

GRAP 1: Presentation of Financial Statements paragraph 31 and 32 states the following:

*“31. An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting.”*

*“32. When the accrual basis of accounting is used, items are recognised as assets, liabilities, net assets, revenue and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Framework for the Preparation and Presentation of Financial Statements.”*

**Nature**

During the audit of Property Maintenance Expenditure, we noted that the following payments were not made within 30 days from receipt of invoice in various regions.

**Nelspruit Region**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Supplier** | **Payment No.** | **Invoice No** | **Amount** | **Invoice date received** | **Payment date** | **Number of days lapsed** |
| LA NATURA | ZAPNV2006S1008843795 | Wit 24 | R792 637.76 | 2020/03/18 | 2020/06/05 | 73 |
| TJ Architects (Pty) Ltd | ZAPNV2009S1008874126 | Z0751 | R316 956.96 | 2020/08/04 | 2020/09/21 | 48 |

**Cape Town Region**

The following payments were not made within 30 days from the date of receipt of the invoice:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Supplier name** | **Amount** | **Payment date** | **Invoice number** | **Date of receipt of invoice** | **Days lapse** |
| COEGA DEVELOPMENT CORP | R19 201 000,00 | 02-Nov-20 | 45930 | 2020/09/29 | *34* |
| COEGA DEVELOPMENT CORP | R18 282 430,00 | 19-Nov-20 | 45931 | 2020/09/29 | *51* |

**Umthatha Region**

The following payments were not made within 30 days from the date of receipt of the invoice:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Supplier name** | **Payment number** | **Amount** | **Date of receipt of invoice (Registry stamp)** | **Payment date** | **Number of day in which payment is made from receipt of invoice** |
| MASIBUYELE INVESTMENT | PM-018227 | 46 650,00 | 20-May-20 | 13-Aug-20 | 85 |
| KIM SONYEKA CONSTRUCTION CATERIN | PM-018226 | 20 800,00 | 20-May-20 | 13-Aug-20 | 85 |

**Mabatho**

During the audit of property rates expenditure at MMB, we noted that the following payments were not made within 30 days from the date of receipt of the invoice.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Supplier** | **Payment No** | **Invoice No** | **Amount** | **Invoice date received** | **Payment date** | **Number of days lapsed** |
| Invoice Mafikeng - NW Local Mu | ZAPNV2004S1007821729 | 02/2020 | R398 950,17 | 20/11/2019 | 12/02/2020 | 120 |

**Head office**

During the audit of sundry expenditure at HO, we noted that the following payments were not made within 30 days from receipt of invoice

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Supplier** | **Payment No** | **Invoice No** | **Amount** | **Invoice date received** | **Payment date** | **Number of days lapsed** |
| ODIRILE IT HOLDING | ZINTP200551001002904 | IN01939 | R4 989 868,43 | 09 April 2020 | 19 May 2020 | 40 |
| Travel with Fair | ZAPNV2012S1001902667 | 4951414 | R5 818,96 | 21 July 2020 | 23 August 2020 | 33 |

***Impact of the finding***

* Non-compliance with Section 38 of the Public Finance Management Act
* Non-compliance with Treasury Regulations 8.2.3
* Possible fruitless and wasteful expenditure as suppliers may charge interest on the late payments.

**Internal control deficiency**

*Financial and Performance Management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Management did not review and monitor compliance with applicable laws and regulations.

**This is due to :**

* Lack of oversight from management to ensure that transactions are recorded in the correct financial year to which they relate to.
* Management did not adequately review the payment certificates and invoices to ensure that transactions are classified based on their nature and in the correct accounting period.

**Recommendation**

* Management should disclose the cut off matters in the prior period error note and provide supporting journals for the adjustments made.
* Management should make proposed adjustments to the financial statements and provide the proposed adjustments to auditors for concurrence before any final adjustments are made.
* Management should update the fruitless and wasteful expenditure disclosure note and submit the update fruitless and wasteful expenditure register
* It is recommended that when there are unforeseen circumstances that may results in payments not being made timeously, this be communicated to the affected suppliers to renegotiate payment terms and correspondences be kept for audit trial.

**Other Regions**

**Management response:**

**Other Regions**

**Auditor’s conclusion**

**Head Office**

**Management response:**

Management agrees with the finding.

The non-payment within the stipulated period was due to delays in the certification of the invoices by the line manager and/or due to registration on CSD by the service provider.

In order to ensure compliance the line manages, Circular 71 of 2019 was introduced with effect from 5 August 2019 to improve adherence and compliance to the applicable prescripts. Furthermore, follow up with line managers are done daily to ensure submission of invoices to r=the Accounts Payable (AP) sub directorate to ensure speedy and timeous processing of payment invoices on SAGE. Also, follow ups Video Conferencing (VC) with regions are held every Friday without fail with the Chief Financial Officer. And, all SMS members have now included the payment of invoices within thirty (30) days as n KRA in their Performance Agreement to ensure compliance and well as consequence management that is a regular occurrence.

**Head Office**

**Auditor’s conclusion**

Management comment noted. The non-compliance will be reported in the final management report, and will be considered together with other similar findings identified to determine whether it constitutes a material non-compliance to be reported in the audit report.

**SUNDRY EXPENDITURE: Limitation of scope**

Requirements

Public Finance Management Act (PFMA) section 40(1)(a) stipulates *that the accounting officer for a department must keep full and proper records of the financial affairs of the department in accordance with any prescribed norms and standards.*

Furthermore, Section 41 states that *“an accounting officer of a department must submit to the relevant Treasury or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as the relevant Treasury or the Auditor-General may require”.*

Paragraph 15 of the Public Auditing Act states that the Auditor-General has at all reasonable times full unrestricted access to *-*

*“(a) Any document, book or written or electronic record or information of the auditee or which reflects or may elucidate the business, financial results, financial position or performance of the auditee;*

*(b) Any of the assets of or under the control of the auditee; or*

*(c) Any staff member or representative of the auditee”*

**Nature**

**Bloemfontein Region**

* We requested the information through RFI 20, dated 24 June 2021 however no supporting documents were submitted for the following transactions:-

| **No** | Region | **Service Provider** | **Description of goods/service** | **Invoice amount** | **Automatically calculated Accrual Value** | **Outstanding information** |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | Bloemforntein | AAU Squared | Cleaning Services | 9 142,00 | 9 142,00 | 1. Invoice  2. Supporting documents to prove that services were received before year end |
| 2 | Bloemforntein | Alilie General Trading | Cleaning Services | 7 944,00 | 7 944,00 | 1. Invoice  2. Supporting documents to prove that services were received before year end |
| 3 | Bloemforntein | VMR Trading Enterprise Pty Ltd | Security Services | 85 000,00 | 85 000,00 | 1. Invoice  2. Supporting documents to prove that services were received before year end |
| 4 | Bloemforntein | Travel With Flair 1 | T&S Dom:Car Rental | 2 800,00 | 2 800,00 | 1. Invoice  2. Supporting documents to prove that services were received before year end |
| 5 | Bloemforntein | Travel With Flair 1 | T&S Dom:Air Transport | 6 000,00 | 6 000,00 | 1. Invoice  2. Supporting documents to prove that services were received before year end |
| 6 | Bloemforntein | Travel With Flair 1 | T&S Dom:Accommodation | 2 600,00 | 2 600,00 | 1. Invoice  2. Supporting documents to prove that services were received before year end |
| 7 | Bloemforntein | Travel With Flair 1 | T&S Dom:Car Rental | 2 100,00 | 2 100,00 | 1. Invoice |
| 8 | Bloemforntein | SBU & SBO SECURITY SERVICES | Security Services | 65 589,84 | 65 589,84 | 1. Invoice  2. Supporting documents to prove that services were received before year end |
| 9 | Bloemforntein | SBU & SBO SECURITY SERVICES | Security Services | 65 589,84 | 65 589,84 | 1. Invoice  2. Supporting documents to prove that services were received before year end |
|  |  |  |  | 246 765,68 | 246 765,68 |  |

**Nelspruit region**

* Requested for information relating to irregular expenditure through RFI 04, was requested as at 21 July 2021 however no supporting documents were submitted for the following transactions:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No** | **Account descriptions** | **Accounting date** | **Payment Number** | **Objectives** | **Amount** | **Outstanding Information** |
| 1 | T&S Dom: Km Allow(Own Transport | 2020/12/09 | ZAPER2012S1001002283 | Admin: Construction Man Service | R20 397,50 | Payment batch with supporting documents |



**Impact of the finding**

* Limitation of scope as we were unable to obtain sufficient and appropriate audit evidence to complete the audit and this can also lead in unfavorable audit outcomes.
* Non-compliance with the PFMA sections 40(1) a.
* Non-compliance with the PFMA section 41.
* Increased time spent to request and collect audit documentation may result in delays in finalising the audit and increase in the audit fee.

**Internal control deficiency**

## Financial and performance management

Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting

**Recommendation**

It is recommended that all information requested be provided to the AGSA within three days from the date of request as agreed with management.

Officials within the entity are made aware of the audit process and importance of submitting accurate and complete information to the auditors within the required timeframe**.**

**Management response:**

**Auditor’s conclusion**

INTEREST EXPENDITURE: Fruitless and Wasteful expenditure not disclosed on the AFS

**Requirements**

Public Finance Management Act (PFMA) section 38(1)(a)(i) state *that “The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

Public Finance Management Act (PFMA) section 40(1)(a)(i) state *that “The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

Standard of Generally Recognised Accounting Practice (GRAP 1*), paragraph 17 state that “Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve*

*a fair presentation.”*

Public Finance Management Act (PFMA) paragraph 1 defines *“fruitless and wasteful expenditure' as expenditure which was made in vain and would have been avoided had reasonable care been exercised…”*

Public Finance Management Act paragraph 38 (1)(c)(ii) states that *“The accounting officer for a, trading entity must take effective and appropriate steps to prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct*”

Public Finance Management Act paragraph 38 (1)(g) states that: *“The accounting officer must on*

*Discovery of fruitless and wasteful expenditure, immediately report, in writing, particulars of the expenditure to the relevant treasury”..*

Treasury Regulation 9.1.1 state that *“The accounting officer of a trading entity must exercise all reasonable care to prevent and detect fruitless and wasteful expenditure and must, for this purpose, implement effective, efficient and transparent processes of financial and risk management…”*

Section 8.2.3 of the National Treasury Regulation state that *“Unless determined otherwise in a contract or other agreement, all payments due to creditors must be settled within 30 days from receipt of an invoice or, in the case of civil claims, from the date of settlement or court judgement.”*

**Nature**

**Durban region**

**Background**

During the audit of interest expense, we noted that Basil Read (contractor) issued a payment certificate for a value of R29 051 073.25 for tender no: DBN 13/12/01- Port Shepstone: Magistrate Court: Construction of a new building, dated 16 May 2018 for works completed. The payment certificate was as result of approval of extension of time claims awarded on 14 May 2018 by the DDG (Batho Mokhothu). Due to the region being unable to authorise payments above 20 million, the payment needed to be authorised by the DDG at head office.

An email correspondence was sent by Thuthuka Mbhele on 01/06/2018, time 12:14 to Vuyiswa Dlolova, cc Batho Mokhothu, subject: Port Shepstone magistrate court payment certificate no-44 and noted that the email was for Head office to authorise the payment certificate as regional office was unable to approve due to the invoice value exceeding their finance delegation.

Payment was authorised by Bathu Mokhotho (DDG) on 12 June 2018. However, payment could not be processed due to Basil Read being in business rescue. Management did not provide any supporting document to substantiate the business rescue. Through the inspection of the file provide, we noted an email correspondence from DDG, dated 12 July 2018 instructing Thuthuka not to release payment for the Port Shepstone Magistrate Court contract due to Basil Read being on business rescue.

We have further noted that Basil Read filed for a court order requesting PMTE to settle the R29 051 073.25 as per the progress payment certificate initially issued. On 29 July 2020 Pretoria High Court ordered PMTE to pay the contractor the principle amount of R29 051 073.25 and interest accumulated thus far of R6 738 646.85 to Basil Read. The interest incurred by the client was R8 158.18 per day since May 2018 to July 2020.

**Cape Town**

**Nolitha (Pty) Ltd – Cut and Fruitless and wasteful expenditure incurred**

During the audit of Property maintenance in the Cape Town regional office, we noted the following:

* A court order was granted by the Western Cape High Court Division on 04 December 2019 in favour of Nolitha Pty Ltd where the PMTE was ordered to pay the Capital amount of R36 216 732,15 for work done and Interest of R2 778 242,92 on the capital amount.
* However, the transaction was only recorded in the 2020/21 financial while it relates to the 2019/20 financial year.
* Interest incurred of R2 778 242,92 was not included in the fruitless and wasteful expenditure

**Auditor’s assessment**

Based on our, the interest amount paid of R6 738 646.85 will results in the fruitless and wasteful expenditure for the entity. The interest expense could have been avoided by the entity if the payment were made on time as per the contract. The entity did not receive any benefit from this expenditure and this resulted in the financial loss.

**Impact**

* Non-compliance with treasury regulation 9.1.1 and treasury regulation 8.2.3.
* This resulted in fruitless and wasteful expenditure R R6 738 646.85

**Internal control deficiency**

*Financial and performance management*

Management did not prepare accurate and complete financial reports that are supported and evidenced by reliable information.

Management did not ensure that the identified fruitless and wasteful expenditure is investigated on time, concluded and disclosed as such on the annual financial statement.

**Recommendation**

It is recommended that management should conduct the investigation to determine the full extent of fruitless and wasteful expenditure resulting from interest expense charged.

The identified fruitless and wasteful expenditure should be recorded on the annual financial statement.

**Management response**

I am not in agreement due to the following;

The interest amount that the AG is regarding as a fruitless and wasteful expenditure was granted by the High Court to Basil Read for the department to pay as a provisional amount pending the outcome of the main court case which will still be heard. The full payment that was processed had to be secured by a payment guarantee which had to be provided by the business rescue practitioner on behalf of basil read. Should this matter be ruled in favor of the department during the court judgement of the main case, Basil Read will have to return the money to the department as directed by the court failing which the department will call upon the payment guarantee. This payment could not be processed earlier as the risk was higher since Basil Read was on business rescue and there were differing opinions in the legitimacy of the claim between the regional office and head office. If it was paid earlier without the court ruling on the matter there wouldn’t have been any payment guarantee raised by Basil Read, leaving the department exposed to a higher risk of not ever getting the money back in future.

The department was correct not to effect payment because the Business Rescue process was announced the same time in June 2018 and the Directors no longer had control and access to the accounts of the company. Hence the banking details changed from ABSA to Nedbank which the BR practitioners had access and control over. Management of the company no longer had control of the company.

Kindly refer to the link for more details on the business rescue. https://matusonassociates.co.za/basilread/

**Auditor’s conclusion**

Management response is noted, however should PMTE paid the contractor, the interest expense should have not been incurred, thus the interest expense should have been avoided. Therefore the finding remains

**PROPERTY MAINTENANCE: Incorrect classification of AUC Wolmaransstad Prison**

**Laws, rules and regulations**

*Section 40 (a) and (b) of the Public Finance Management Act (PFMA) states that: “The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards and must prepare financial statements for each financial year in accordance with generally recognized accounting practice…”*

*Section 4 of the Government Immovable Asset Management Act states that: “(1) The departments managed by the following executive organs of state within the national and provincial spheres of government are custodians: (a) The Minister, in relation to immovable assets that vest in the national government, except in cases where custodial functions were assigned to other Ministers by virtue of legislation before the commencement of this Act;*

*(b) subject to subsection (5), the Minister responsible for Land Affairs, in relation to immovable assets acquired for land reform, as well as immovable assets that vest in the national government and are situated within the former homelands, except in cases where custodial functions in respect of those areas were assigned to another Minister by virtue of specific legislation before the commencement of this Act; and*

*(2) A custodian— (a) acts as the caretaker in relation to an immovable asset of which it is the custodian…”*

*Paragraph 1: Custodian Framework for the state of immovable assets state that: “Custodianship is the equivalent of control or ownership of the assets from an accounting perspective. DPW must therefore, in terms of the relevant reporting framework, recognize/disclose as its own assets all immovable assets that it controls, whether it is through custodianship on behalf of the state, or direct ownership…”*

*Generally Recognised Accounting Practice (GRAP) 1 par .17 states that “Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation…”*

*In accordance to PMTE accounting policy 1.6 property, plant and equipment and GRAP 17 par. 07 states that “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…”*

*GRAP 17 par.12 infrastructure assets states “Some assets are commonly described as “infrastructure assets”. While there is no universally accepted definition of infrastructure assets, these assets usually display some or all of the following characteristics:*

*(a) they are part of a system or network;*

*(b) they are specialised in nature and do not have alternative uses;*

*(c) they are immovable; and*

*(d) they may be subject to constraints on disposal.*

*Although ownership of infrastructure assets is not confined to entities in the public sector, significant infrastructure assets are frequently found in the public sector. Infrastructure assets meet the definition of property, plant and equipment and shall be accounted for in accordance with this Standard. Examples of infrastructure assets include road networks, sewer systems, water and power supply systems and communication networks*…”

**Nature**

**Mabatho Region**

**Wolmaransstad Prison WCS 048473**

During the audit, we noted that a repair and maintenance of Wolmaransstad Prison was conducted, however upon inspection of the AUC register, we noted that the project is classified as CAPEX, however upon further analysis of scope of work we have determined that the project was of repairs and maintenance that should had been classified as OPEX.

Based on further analysis we have noted the following as scope of work:

* Washing of exterior and interior walls, cleaning of existing face bricks walls
* Repairs and repainting of the existing celling’s
* Removing and replacing of roofing on the same portion
* Scrapping of existing paint and repainting of all steel structures
* Cleaning of sanitary fitting and replacement of the broken on new section
* Installation of air corn
* Removing and replacing of ceramic tiles
* Repairs and replacing of sewer, water network, electric supply and electric fire boost pumps, installation of new fire boosts pumps
* Repairs of effected drainage systems

See the project as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No** | **WCS No** | **Project Name / Description** | **Client department** | **Closing AUC amount 2020** | **Classifications per AUC register** | **Classification per auditors assessment** |
| 1 | 48473 | Wolmaransstad prison: repairs and maintenance project | Correctional services | 3 115 169,17 | CAPEX | OPEX |

**Cape Town**

**Expenditure relating to infrastructure upgrades incorrectly classified as property maintenance expenditure**

During the audit of Property maintenance in the Cape Town regional office, we noted that the following expenditure relates to infrastructure upgrades however it was classified as property maintenance expenditure instead of being capitalized as part of Assets under construction:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Supplier name** | **Amount** | | **Invoice number** | | **Invoice date** | **Description of services** | | |
| COEGA DEVELOPMENT CORP | R18 400 000,00 | | 46233 | | 2020/09/29 | Upgrading of infrastructure services at the Groote Schuur Estate in Rondebosch Cape Town. | | |
| COEGA DEVELOPMENT CORP | R19 793 798,85 | | 46802 | | 2020/11/11 | Upgrading of Civil Infrastructure | | |
|  | | **R38 193 798,85** | |  | | |  |  | |

**Impact**

This results to the following:

* Assets under construction has been overstated by **R3 115 169.17**
* Understatement of operating expenditures by **R3 115 169.17** due to the costs classified as Capex whereas it should have been Opex.

**Internal control deficiency**

*Financial and Performance Management*

The entity did not implement a proper financial and reporting system to enable proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

Management did not review annual financial statements before submission for audit.

**Recommendation**

It is recommended that:

* Management should must enhance the review of the financial statements prior to submission for audit purposes and ensure that all information that is included in the financial statements is complete and presented fairly.
* Classification of projects are conducted regularly and in line with accounting policy

**Management response:**

**Auditor’s conclusion**

Property rate expanses not traced to the GL-Completeness

***Requirements***:

*Public Finance Management Act (PFMA) section 38(1)(a)(i) state that “The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

*Public Finance Management Act (PFMA) section 40(1)(a)(i) state that “The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

*Standard of Generally Recognised Accounting Practice (GRAP 1), paragraph 17 state that “Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation.”*

**Nature**

**Mabatho region**

During the audit of property rates expenditure we noted that the following transactions were paid before 31 March 2021 however we cannot trace the transactions to the general ledger submitted for audit

|  |  |  |  |
| --- | --- | --- | --- |
| **Supplier name** | **Invoice no** | **Payment date** | **Amount** |
| Mafikeng city council | 2022/2021B | 21/01/2021 | R8 913 372,98 |
| Mamusa local municipality | 2020/2021 | 21/01/2021 | R349 875,93 |
| Ramotshere moiloa local municipality | 56 | 11/09/2020 | R620 583,36 |

**Impact of the finding**

The impact of the finding is completeness of property rates expenses, which will result to understatement of property rates expenditure by R9 883 832, 27

**Internal control deficiency**

**Financial and performance management**

The entity did not implement a proper financial and reporting system to enable proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

**Recommendation**

It is recommended that the entity review and performs reconciliation of GL to ensure that IT agrees with supporting documents.

**Management response:**

**Auditor’s conclusion**

**Sundry Expenditure: Subsistence and Travel – Inaccurate Accounting Period**

**Requirements**

Public Finance Management Act (PFMA) section 38(1)(a)(i) state that *“The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

Paragraph 5 of GRAP 1 states that the definition of an Accrual Basis is ***“****a basis of accounting under which transactions other events and conditions are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions, other events or conditions are recorded in the accounting records and recognised in the financial statements of the periods to which they relate. The elements recognised under accrual accounting are assets, liabilities, net assets, revenue and expenses.”*

**Nature**

**Pretoria region**

During the audit of subsistence and travel expenditure for the PMTE Pretoria Region, it was noted that the amounts were recorded in the current year as expenditure incurred under the 2020/21 financial year.

However as per detailed testing, it was noted that amounts were incorrectly recorded in the current 2020/21 financial year and should have been recorded in the 2019/20 financial year.

The expenditure was incurred and received in the 2019/20 year, as per details below:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **No** |  | | |  | | **Details per GL** | | **Supporting documents** | |
| **Description** | **Supplier** | **Accounting Date** | | **PMTE Ref No** | | **Amount** | **Invoice date** | **Financial year incurred** |
| 1 | T&S Dom:Car Rental | Travel With Flair | 2020/04/23 | | ZAPNV2004S1012825773 | | R12 350.35 | 09/03/2020 | 2019/20 |
| 2 | P/P:Cleaning Services | Ityatyambo  Business Services | 2020/04/22 | | ZAPNV2005S1012833241 | | R59 150 | 10/03/2020 | 2019/20 |
|  | | | | |  | | R71 500.35 |  |  |

**Impact of the finding**

**The above may result in the following:**

* Overstatement of current year expenditure of R71 500.35 and understatement of 2020/21 opening balance liability accruals with equal amount.
* Non-compliance with section 38 of the PFMA
* Non-compliance with internal policies

**Internal control deficiency**

*Financial and Performance Management*

*Management did not review and monitor compliance with applicable laws and regulations and accounting standards.*

**Recommendation**

* It is recommended that management should ensure that the entity complies with provisions of GRAP

**Management response**

**Auditors response**

Expenditure incorrectly classified

**Requirements:**

The Public Finance Management Act (PFMA) section 40(1)(b) states that “The accounting officer for a department, trading entity or constitutional institution must prepare financial statements for each financial year in accordance with generally recognized accounting practice;”

GRAP 1: Presentation of Financial Statements paragraph 17 states that: *“Financial statements shall present fairly the financial positions, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation…”*

**Nature**

**Mthatha region**

**Issue: Transaction for conference and venue hire incorrectly classified as Subsistence and travel expenditure**

During the audit of expenditure in the Mthatha regional office, we noted that the that amounts related to supplier Reonet were classified as municipal services. The reason management classified this is due to Reonet offering consulting services related to municipal services in which supplier re-performs municipal services fees and saves the department municipal fees expenditure.

However, this should be disclosed as consulting fees since the service rendered is in effect relates a private entity that renders cost-saving services in benefit of the PMTE. See below table

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Supplier Name** | **Invoice number** | **Invoice amount** | **Classification per PMTE** | **Classification per AGSA Assessment** |
| REONET (PTY) LTD | IN107475 | R 426 182.07 | Municipal Services | Consulting Fees |

***Impact of the finding***

**The above result in the following:**

This results in overstatement of Municipal Service expenditure by R426 182.07 and understatement of Consulting fees expenditure by the same amount.

**Internal control deficiency**

*Financial and Performance Management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

**This is due to**

Management did not adequately review the invoices to ensure that transactions are classified based on their nature and in the correct accounting period.

**Recommendation**

Management should make proposed adjustments to the financial statements and provide the proposed adjustments to auditors for concurrence before any final adjustments are made.

**Management response:**

**Auditor’s conclusion**

**DETAILED AUDIT FINDING**

Financial statement – Overstatement of Provisions

**Requirements:**

The Public Finance Management Act (PFMA) section 40(1)(b) states that “The accounting officer for a department, trading entity or constitutional institution must prepare financial statements for each financial year in accordance with generally recognized accounting practice;”

GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets - A provision is a liability of uncertain timing or amount

1. *an entity has a present obligation (legal or constructive) -* *as a result of a past event –*
2. *it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and –*
3. *a reliable estimate can be made of the amount of the obligation –*

*The Prescription Act section 11(d) states that “The periods of prescription of debts shall be the following:*

1. *save where an Act of Parliament provides otherwise, three years in respect of any other debt.*

Paragraph 18(a) and (b) of GRAP 19 states *that*

*“Payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier and include payments in respect of social benefits where formal agreements for specified amounts exist and accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amount due to employees (for example, amounts relating to accrued vacation pay) Although it is sometimes necessary to estimate the amount or timing of accruals, the uncertainty is generally much less than for provisions.”*

Paragraph 18(a) and (b) of GRAP 18 states *that “A provision is a liability of uncertain timing or amount.*

*A restructuring is a programme that is planned and controlled by management, and materially changes either:*

*(a) the scope of an entity’s activities; or*

*(b) the manner in which those activities are carried out.*

Paragraph 19 of GRAP 18 states that “*In a general sense, all provisions are contingent because they are uncertain in timing or amount. However, within this Standard the term “contingent” is used for liabilities and assets that are not recognised because their 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. In addition, the term “contingent liability” is used for liabilities that do not meet the recognition criteria.*

**Nature**

**CPT:**

During the audit of Provisions in the Cape Town region, we noted that the call logged for the services listed in the table below were completed and paid for in the prior year’s or the liability had prescribed per the Prescription Act i.e. older than 3 years and therefore the transactions do not meet the definition and recognition criteria of a provision:

|  |  |  |  |
| --- | --- | --- | --- |
| **Ref number** | **Amount** | **Description** | **Payment Date** |
| CPT-101652 | 6 900,00 | The Cool room is not working at all | 2019/02/07 |
| CPT-101653 | 690 000,00 | Rats all over the magistrate court | The call log was closed because it prescribed (3 years passed without being attended to). Call was logged on 16 September 2014 and closed on 31 March 2021. |
| CPT-101654 | 6 900,00 | Reset Temo.On Air Conditioner | 2016/11/15 |
| **Total** | **R703 800** |  | |

**BLM:**

**Issue:** Incorrect classifications of provisions

During the audit of provisions, we have noted that claims has been made against PMTE, based on the auditors assessment there is no existing liability of uncertain timing or amount therefore transactions should not be classified as provisions.

1. Based on management’s assessment as quoted below, it was concluded that the court ruling maybe favorable to the department and therefore there is no existing liability but a possible obligation that may arise from the court case due to the termination of the agreement.

*“Inspected the letter from the office of the state attorney (Adv. L.A Spokane) signed and dated 28/01/2020 and confirmed the department has been instructed to defend the matter and issue a counter claim on the following basis:*

*-At the time of contract cancellation the project was 45% complete with 55% of the work still outstanding and remedial work to be done.*

*-In order to bring the project to finality, the department had to appoint another contractor and engage the services of a quantity surveyor to certify the works completed and outstanding work.*

*-The findings of the quantity surveyor found that there was completed work that was not done in accordance with the specifications and had to be redone and prepared a revised bill of quantities.*

*Therefore based on the basis and legal instructions the State Attorney's office, the assessment of the claim may possibly be a ruling in the favour of the defendant (DPW Bloemfontein).”*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **No** | **Plaintiff** | **Nature of the Claim** | **Plaintiff's Firm of Attorneys** | **Date of Summons** | **Amount claimed** |
| 1. | Central Bridge Trading 389 t/a DJ Construction | Breach of contract due to poor performance | KWJ Attorneys | 2019/11/13 | R 1 815 258,36 |

**Impact of the finding**

This results in overstatement of Provision by R 2 519 058.36

Non – compliance with Public Finance Management Act (PFMA) Section 40

Non – compliance with GRAP 18 of Paragraph 18(a) and (b)

**Internal control deficiency**

*Financial and Performance Management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

**Cause**

Management did not adequately review the provision schedule against the supporting evidence to ensure that the amounts included in the schedule are accurate and are supported by reliable evidence.

**Recommendation**

* Management review the provision schedule against the supporting evidence to ensure that the amounts included in the schedule are accurate and are supported by reliable evidence.
* Management should make proposed adjustments to the financial statements and provide the proposed adjustments to auditors for concurrence before any final adjustments are made.

**Management response:**

**Auditor’s conclusion**

**DETAILED AUDIT FINDING**

**Requirements**

*Public Finance Management Act (PFMA) section 40(1)(a) stipulates that the accounting officer for a department must keep full and proper records of the financial affairs of the department in accordance with any prescribed norms and standards.*

*Furthermore, Section 41 states that “an accounting officer of a department must submit to the relevant Treasury or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as the relevant Treasury or the Auditor-General may require”.*

*Paragraph 15 of the Public Auditing Act states that the Auditor-General has at all reasonable times full unrestricted access to -*

*“(a) Any document, book or written or electronic record or information of the auditee or which reflects or may elucidate the business, financial results, financial position or performance of the auditee;*

*(b) Any of the assets of or under the control of the auditee; or*

*(c) Any staff member or representative of the auditee”*

**Nature**

**Head office**

During the audit, we issued a request for information pertaining to provision liabilities and received insufficient information from the auditee’s management team. We were provided with unsigned system print-out documents that had no amounts and insufficient details to test for audit purposes.

The following items were listed on the provisions schedule with no supporting documentation:

1. General Provisions

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Ref No** | **Details** | **Department** | **Facility** | **Final provision new amount** | **Incident Date** |
| MMB-111122 | Water pipe that is leaking | JUSTICE AND CONSTITUTIONAL DEVELPM | MAGISTRATE COURT | R23 948.69 | 2018/04/06 |
| MMB-113401 | Burst underground water pipe | DEFENCE & MILITARY VET | COMPLEX: ARMY SUPPORT BASE | R23 948.69 | 2019/03/08 |
| MMB-113990 | Request for a boiler operator | CORRECTIONAL SERVICES | COMPLEX: LOSPERFONTEIN | R37 254.88 | 2019/05/31 |

**Impact**

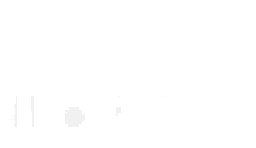
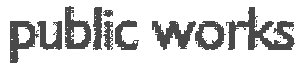
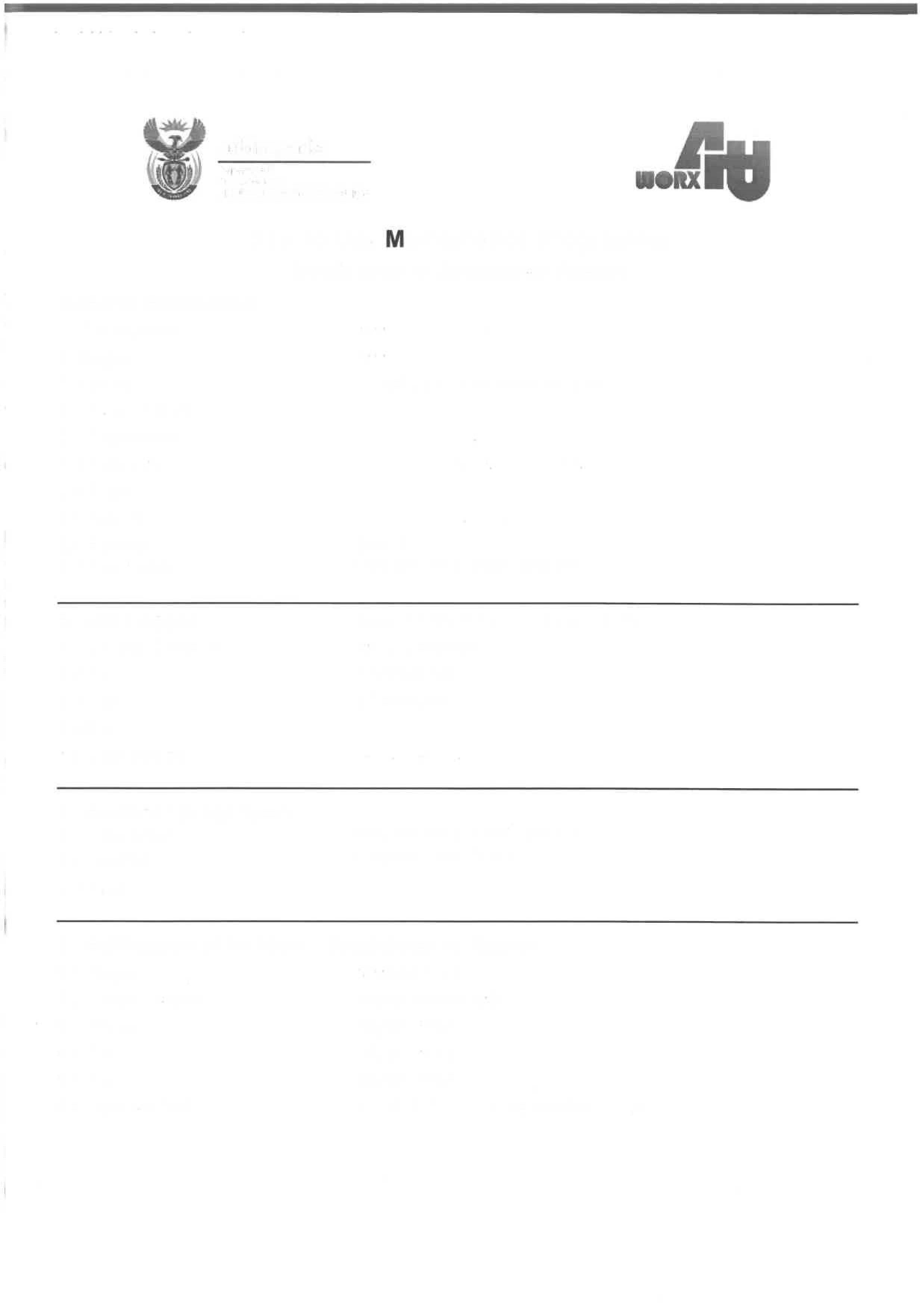
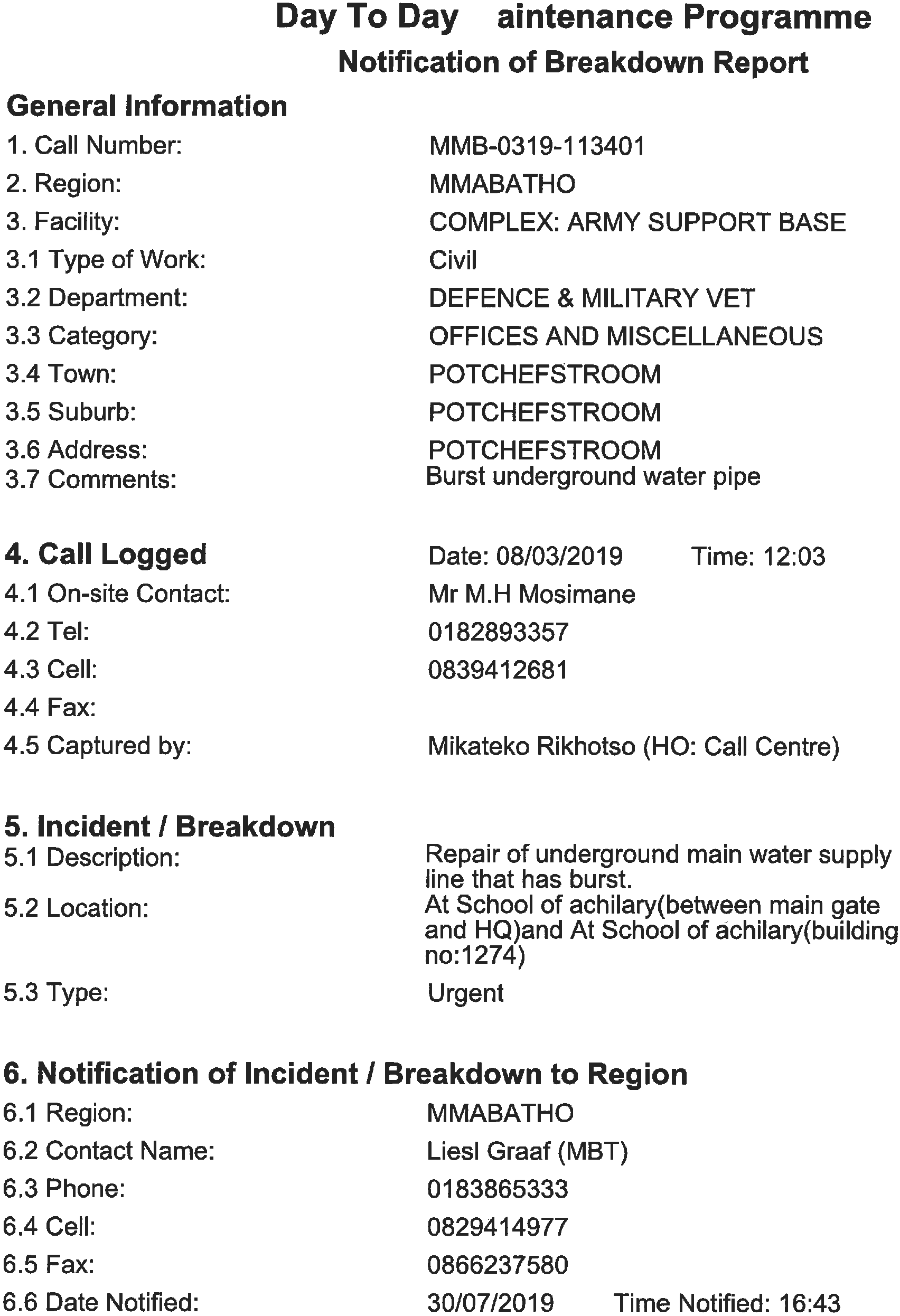
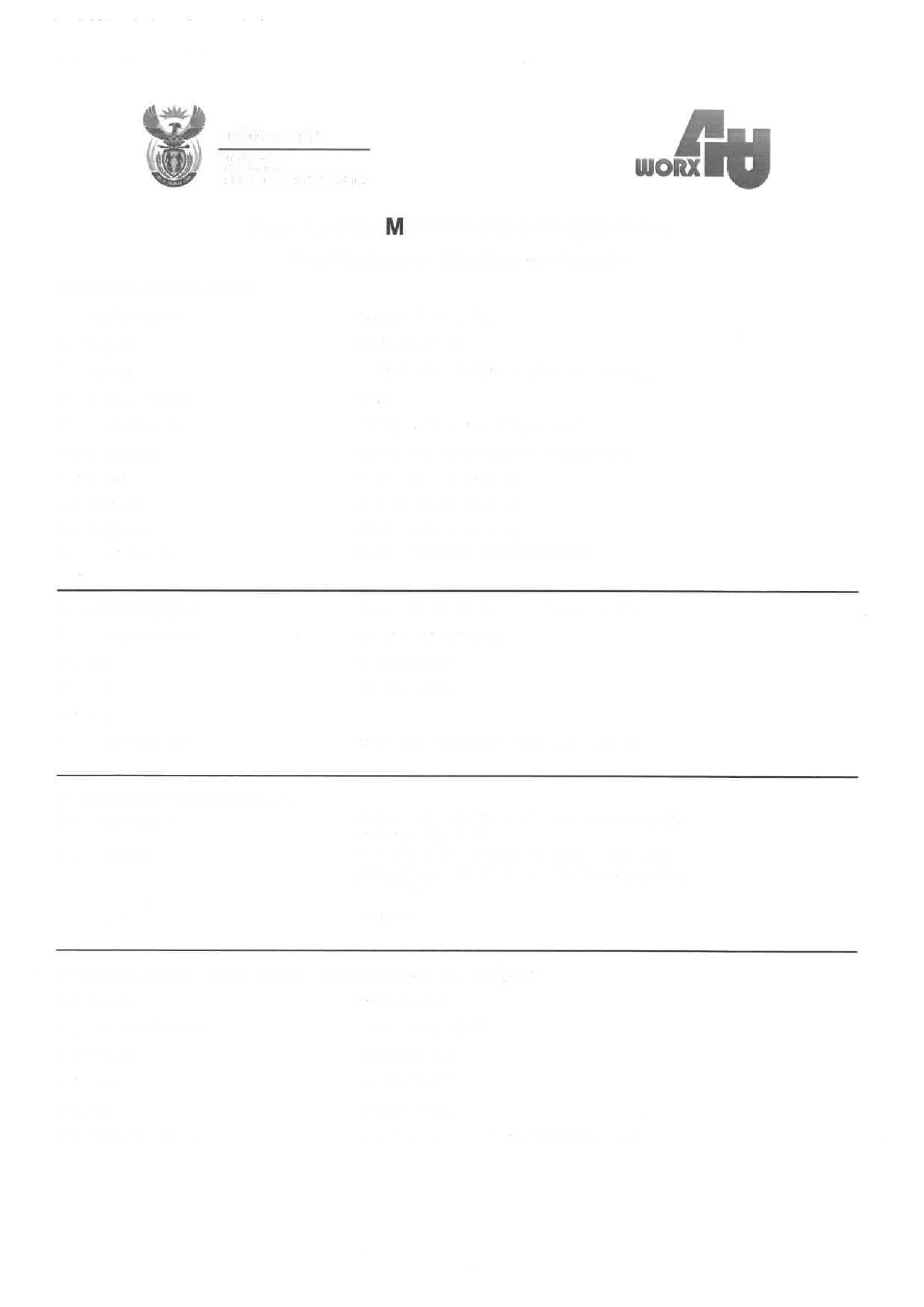
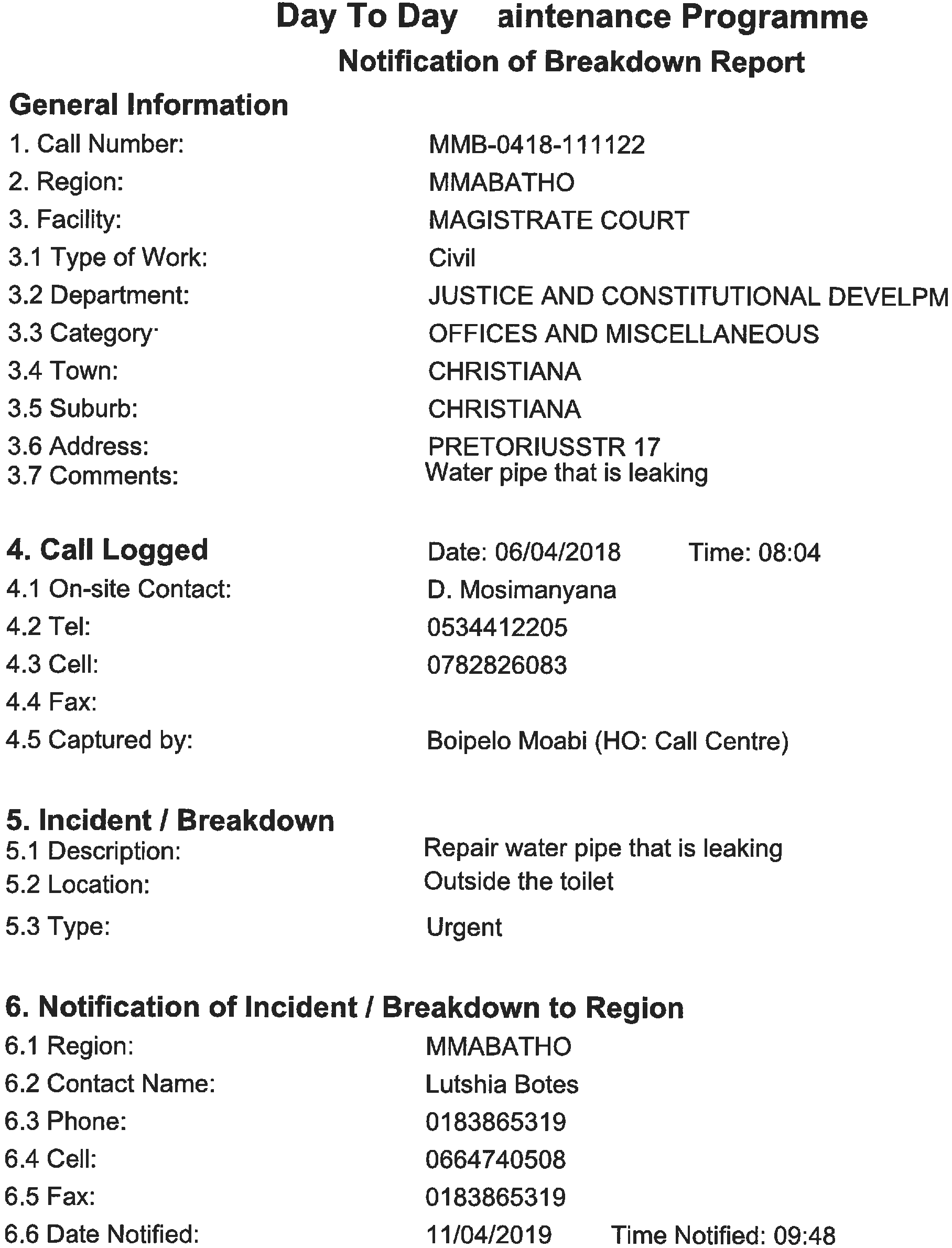
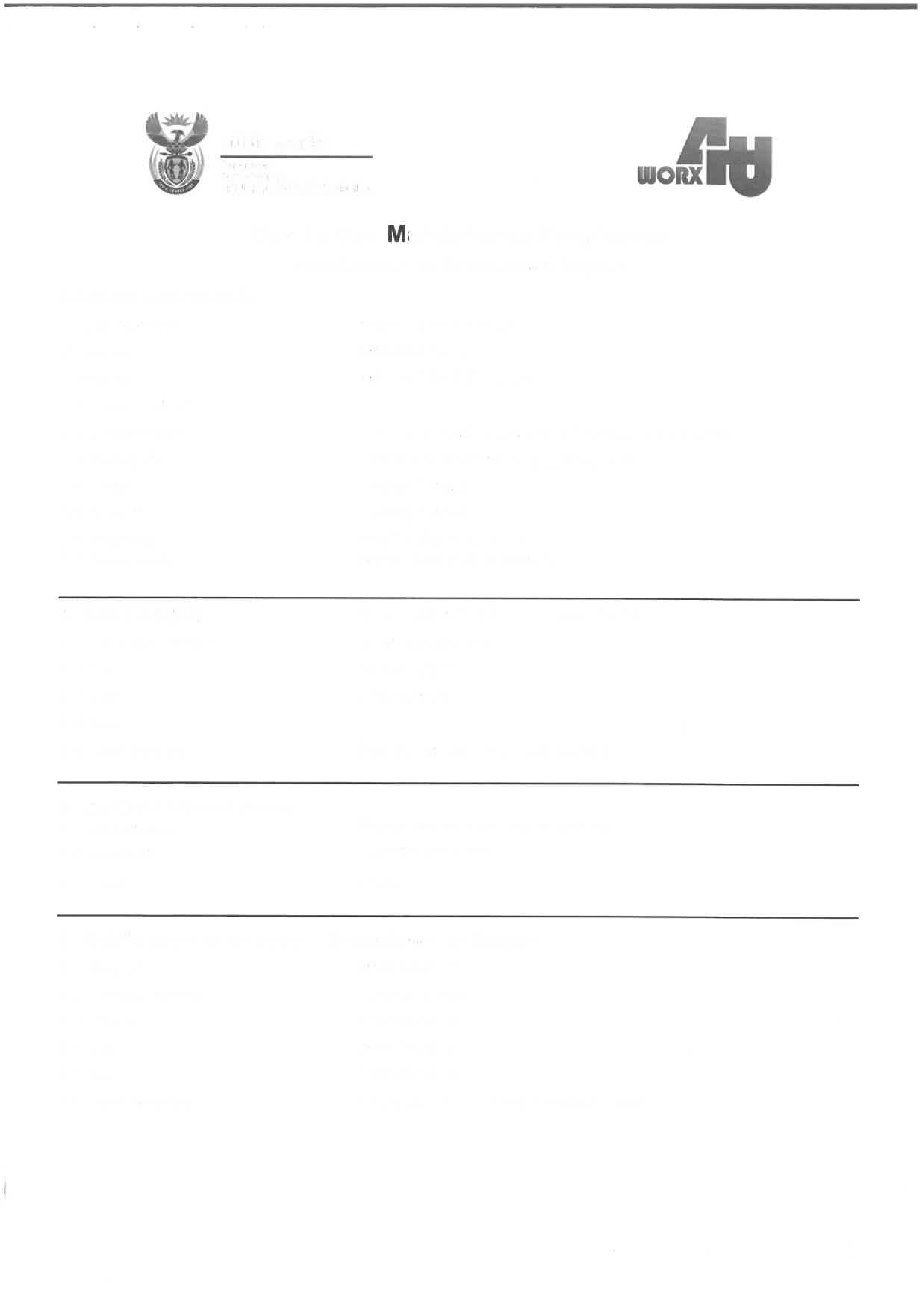
* This results in a limitation of scope as insufficient supporting documents were provided to perform audit testing on the requested sample.

**Recommendation**

It is recommended that all information requested be provided to the AGSA within three days from the date of request as agreed with management.

Officials within the entity are made aware of the audit process and importance of submitting accurate and complete information to the auditors within the required timeframe;

**Management response:** Please find attached the supporting documentation on pages 4 to 6.



**Auditor’s conclusion**

#### Procurement and contract Management

**DETAILED AUDIT FINDING**

**1. Procurement of Quotations, which did not comply with the stipulated qualifying criteria.**

**Audit finding**

Laws, rules and Regulations:

Public Finance Management Act paragraph 38(1)(a)(i) and 38(1)(a)(iii) states that “*The accounting officer for a trading entity must ensure that the trading entity has and maintains*

1. *Effective, efficient and transparent systems of financial and risk management and internal control;*
2. *(iii)  An appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective;*”

Public Finance Management Act paragraph 38 (1)(c)(ii) states that “*The accounting officer for a trading entity must take effective and appropriate steps to prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct*”

Preferential Procurement Regulation 4(2) statesthat *“A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender.”*

**Nature**

During the audit of supply chain management for quotations, we noted that the winning bidder did not comply with one of the responsiveness criteria:

“Specification to be completed accordingly and fully.”

*Issue:*

The winning bidder did not complete the specification document in full. We also found that one of the losing bidders, Red Ants Trading and Projects, were deemed non-responsive for the same requirement. We further noted that management extended the contract for a further one month resulting in additional expenditure on the contract.

The detail of the award are as follows:

| **No** | **Tender number** | **Project Description** | **Supplier Name** | **Total amount incurred** |
| --- | --- | --- | --- | --- |
| 1 | PLKQ19/43 | PLKQ19/43: Rendering of cleaning services for a period of 12 months at the Mankweng Magistrate Office | Mahlodi Lerato General Trading and Projects(Pty) Ltd | R532 684.36 |

**Impact of the finding**

* The department did not comply with the Preferential Procurement Regulation 4(2) Act.
* Irregular Expenditure of R532 684.36

**Internal control deficiency**

***Financial and Performance Management***

Management did not adequately review and monitor compliance with applicable laws and regulations relating to supply chain management policy.

During the quotation evaluation, management did not compile a checklist to assist with identifying that the specification is not fully complete.

**Recommendation**

It is recommended that management should enhance compliance procedures to ensure compliance with all prescribed laws and regulations.

Management should enhance the SCM compliance checklist by ensuring that the pre-qualifying checklist is reviewed to ensure that any matters which the compiler might have missed will be detected by the reviewer.

Management should disclose the Irregular Expenditure of R532 684.36.

**Management response**

Management disagree with the finding due to the following:

The template of the specification in question was fully completed with all other required documents, however the part or page that was not completed is not mandatory to form part of the specification.

Red Ants Trading and Projects, is non-responsive for not completing rates or quantity template which is mandatory to calculate the total contract amount

Furthermore, the extension of the contract was approved by the delegated authority within the prescribed prescripts and evidence was provided to Auditor Generalduring the audit

**Auditors response**

Management comments are noted, however management can not specify that the document has to be completed accordingly and fully, and then decide that only certain sections of the document are mandatory while other sections are not. A fully completed document means that all pages should be completed. Therefore, the auditors disagree with management, the finding remains.

**2. Bidder not awarded the correct functionality points**

**Audit finding**

Laws, rules and Regulations:

Public Finance Management Act paragraph 38(1)(a)(i) and 38(1)(a)(iii) states that “*The accounting officer for a trading entity must ensure that the trading entity has and maintains*

1. *Effective, efficient and transparent systems of financial and risk management and internal control;*
2. *(iii)  An appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective;*”

Public Finance Management Act paragraph 38 (1)(c)(ii) states that “*The accounting officer for a trading entity must take effective and appropriate steps to prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct*”

Preferential Procurement Regulation,2017 paragraph 5 statesthat:

“(2) *The evaluation criteria for measuring functionality must be objective.*

*(3) The tender documents must specify-*

*(a) the evaluation criteria for measuring functionality;*

*(b) the points for each criteria and, if any, each sub-criterion; and*

*(c) the minimum qualifying score for functionality”*

**Nature**

During the audit of competitive bids for tender number PE19/2019, we noted that one of the functionality criteria stipulated that points would be awarded in the following manner:

“Tenders ability to provide a Letter of Intent for the provision of a guarantee:

* A letter from a registered financial institution confirming the intent to provide a guarantee or cash deposit equivalent to 10% of the Bidders price on Form offer = 5 points
* Should the bidder opt for any other options on DPW 07 other than the 10% payment reduction, will receive = 4 points”

***Issue:***

One of the losing bidders, Xiluva Xa Mina Projects CC, submitted a letter of intent to provide a guarantee or cash deposit equivalent to 10% of the Bidders price on Form offer. We further noted that the bidder did not opt for any other options on DPW 07 other than the 10% payment reduction. This bidder was awarded 4 points.

We also noted that the winning bidder, Bongekile contractors CC, submitted a similar document in terms of the letter of intent and did not opt for any other options on DPW 07 other than the 10% payment reduction. Bongekile contractors was awarded 5 points for this criteria.

Therefore, we find that the evaluation committee was not consistent in awarding points to the bidders. We also find that Xiluva Xa Mina Projects CC should have been awarded 5 points because they have fully complied with the said criteria.

Furthermore, should Xiluva Xa Mina CC have been awarded the appropriate points, they would have been the winning bidder.

**The detail of the functionality calculation are as follows: *(Minimum functionality score required= 75%)***

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **#1Xiluva Xa Mina Projects CC** | | | **Members of the Bid evaluation committee** | | | | |  | **Auditors evaluation** | | |
| **No.** | **Evaluation Criteria** | **Weighting factor(%)** | **F Tsidavhu** | **T Chake** | **D Mojapelo** | **L Papo** | **G Ntlatlane** | **Average score** | **Scoring** | **Weighed score** | **Difference** |
| 1 | Workforce | 15% | 3 | 3 | 3 | 3 | 3 | 0,5 | 3 | 0,5 | 0,00 |
| 2 | Management 1 | 30% | 2 | 2 | 2 | 2 | 2 | 0,6 | 2 | 0,6 | 0,00 |
| 3 | Management 2 | 25% | 5 | 5 | 5 | 5 | 5 | 1,3 | 5 | 1,3 | 0,00 |
| 4 | Letter of Intent | 15% | 4 | 4 | 4 | 4 | 4 | 0,6 | 5 | 0,8 | -0,15 |
| 5 | Financial Credibility | 15% | 5 | 5 | 5 | 5 | 5 | 0,8 | 5 | 0,8 | 0,00 |
|  | Total | 100% |  |  |  |  |  | 3,7 |  | 3,8 | -0,15 |
|  | Functionality score |  |  |  |  |  |  | 73% |  | 76% | 0,03 |

**Impact of the finding**

The trading entity did not comply with the Preferential Procurement Regulation of 2017.

The expenditure to date (R11 454 641,53) on the contract is irregular expenditure.

Financial loss of R 1 478 795,54.

**Internal control deficiency**

***Financial and Performance Management***

Management did not adequately review and monitor compliance with applicable laws and regulations relating to supply chain management policy.

The evaluation committee did not adequately award points for functionality criteria relating to the letter of intent.

**Recommendation**

It is recommended that management should enhance compliance procedures to ensure compliance with all prescribed laws and regulations.

Management should disclose the Irregular Expenditure of R11 454 641,53.

**Management response**

The finding was as a result of an oversight from the value chain within the department including probity audit done by OMA Chartered Accountants Inc. which provided quality assurance that the functionality points were correctly calculated and allocated and this is not final respond as Regional office is currently examining the documents and will update AGSA Final respond.

**Auditors response**

Management’s comments are noted. The finding remains.

**3. Deviation not justified**

**Requirements**

Section 38(1) (a) (i) of the Public Finance Management Act (PFMA) states that *“the accounting officer for department, trading entity or constitutional institution:*

1. *must ensure that the department, trading entity or constitutional institution has and maintains*

*(ii) an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective;”*

Treasury Regulation 16A6.4 requires that *“If in a specific case it is impractical to invite competitive bids, the accounting officer or accounting authority may procure the required goods or services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the accounting officer or accounting authority.”*

In terms of National Treasury Instruction no. 3, paragraph 8 of 2016/17 *“Deviations from normal bidding process”*:

*“8.1 The Accounting Officer/Accounting Authority must only deviate from inviting competitive bids in cases of emergency and sole supplier status.*

*8.2 An emergency procurement may occur when there is a serious and unexpected situation that poses an immediate risk to health, life, property or environment, which calls an agency to action, and there is insufficient time to invite competitive bids.*

*8.3 Sole source procurement may occur when there is evidence that only one supplier possesses the unique and singularly available capacity to meet the requirements of the institution.*

*8.4 The Accounting Officer/Accounting Authority must invite as many suppliers as possible and select the preferred supplier using the competitive bid committee system.*

*8.5 Any other deviation will be allowed in exceptional cases subject to the prior written approval from the relevant treasury.”*

National Treasury regulation 16A3.2 states that “*A supply chain management system must: be fair, equitable, transparent, competitive and cost effective*”

**Nature**

During the audit of supply chain management (SCM), we noted that management deviated from the normal procurement processes and procured a steel water tank on an emergency basis. According to our assessment, the reasons provided for the deviation was not sufficient to support deviating from normal procurement processes.

Details of the contract are set out below:

| **Supplier Name** | **Ref. Number** | **Description** | **Priority** | **Amount (R)** |
| --- | --- | --- | --- | --- |
| ATIM Holdings | 9247 | Repair leaking water tank | Urgent | R353 950,68 |

**Reason for deviation**

On 24 December 2019, the Waterpoort Police Station reported a leaking tank that required repairs. According to the job card, the matter was first responded to on 03 March 2020, which is two (2) months after the emergency was reported. Upon performing an inspection of the damage, the project manager approved that the entire tank should be replaced with a new tank. The process to order a new tank and replace the old tank was completed on 25 August 2020 which is 6(six) months after the matter was first attended to.

**Auditor’s assessment**

Based on the time it took for the matter to be attended to (2 Months) and the time it took to construct and complete the tank (6months), we determined that it was not impractical to invite bidders. Upon discovering that the tank cannot be repaired and a new tank will be required, taking into account how long it takes to construct a new tank (6 months); management ought to have noted that the change scope of work requires significant time to complete and thus a normal procurement process should be followed.

Therefore, it is our assessment that the sequence of events does not meet the definition of an emergency procurement. Therefore, the emergency procurement is not justified.

**Impact of the finding**

* Non-compliance with the PFMA section 38 and National treasury instruction note 3 of 2016/2017.
* The amount paid of R 353 950, 68 on the above deviations will result in irregular expenditure.

**Internal control deficiency**

*Financial and Performance Management*

Management did not adequately review and monitor compliance with applicable laws and regulations relating to supply chain management policy.

Upon discovering that the scope of work has changed, management did not assess if the procurement is still within the ambit of emergency procurement.

**Recommendation**

It is recommended that management should enhance compliance procedures to ensure compliance with all prescribed laws and regulations.

Management should disclose the Irregular Expenditure of R 353 950, 68.

**Management response**

* The complaint was not attended in time as per guideline as the call was logged in 24 December 2019 through newly implemented Archibus system and system was implemented November 2019
* When the call was logged the office was closed for festive season and officials were unable to access the Archibus systems out of office which caused delay in attending complaints and Service provider was appointed in February 2020 to attend the emergency of leaking water tank in SAPS.
* The officials were unable to access the system out of office which caused delay in attending complaints

Replacement of a tank instead of repairing

* The decision was taken to proceed with the already appointed Service Provider as already preliminary work as the client didn’t have another water storage facility and the cost of replacing the tank was below **R354 000**
* The tank has to be ordered from manufacture to meet standard of the same quality and size of the rotten one which caused the delay in completing the work

Measure in place currently

* Currently the officials were re-trained on Archibus system
* The officials are able to access the system out of office
* Archibus reports are downloaded daily to monitor the process complaints logged

**Auditor’s response**

Management’s comments and corrective actions are noted. The finding remains.

**4. Tender evaluation – Bid awarded to the supplier who was supposed to be disqualified**

**Requirements**

Section 38(1)(a)(i) of the Public Finance Management Act states that: *“The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

Section 38(1)(a)(iii) of the Public Finance Management Act states that: “*The accounting officer for a trading entity has* *and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective…”*

Section 01(i) Definitions of the Preferential Procurement Policy Framework Act 2000 states that *“Acceptable tender’’ means any tender which, in all respects, complies with the speciﬁcations and conditions of tender as set out in the tender document*…

Section 16A6.3(a)(i) of the treasury regulations states that “*The accounting officer must ensure that bid documentation and the general conditions of a contract are in accordance with the instructions of the National Treasury…”*

National Treasury Practice Note 7 of 2009/10 dated 02 October 2009 par 4.1.2 states that “*With effect from the date on which this practice note takes effect, accounting officers and accounting authorities are required to utilize the attached revised SBD 4 when inviting price quotations, advertised competitive bids, limited bids or proposals. This SBD 4 should be used with minimum changes that are necessary to address contract and project-specific issues*…”

Section 01 Definitions of the Preferential Procurement Regulations, 2017 states that “*Proof of B-BBEE status level of contributor” means*

*(a) the B-BBEE status level certificate issued by an authorised body or person;*

*(b) a sworn affidavit as prescribed by the B-BBEE Codes of Good Practice; or*

*(c) any other requirement prescribed in terms of the Broad-Based Black Economic Empowerment Act…”*

Section 4(2) of the Preferential Procurement Regulations, 2017 states that “*A tender that fails to meet the pre-qualifying criteria stipulated in the tender documents is an unacceptable tender…”*

**Nature**

During the audit of tender # CPTL82/19 (Procurement of new office accommodation for Home Affairs-Refugee reception center: Cape Town for 5 years, we noted the following:

**Issue 01**

PA-04 (LS): Notice and Invitation to Bid stipulated conditions that will make a tender to be acceptable/responsive. Such conditions included the following:

* A tender offer must be properly received on the tender closing date and time specified on the invitation, fully completed and signed in ink (All as per Standard Conditions of Tender)
* The (DPW-08 (LS)): Bid offer must be completed by the bidder, with clear specification of the financial offer in terms of rental and tenant installation allowance offered by bidder and the bid documents should be duly signed in ink, by the bidder. The offer should be submitted as per the bid questionnaire which forms part of the bid documents
* Submission of PA-11: Declaration of Interest and Bidder’s Past Supply Chain Management Practices
* Submission of PA-29: Certificate of Independence Bid Determination

PA-10 (LS): Important conditions of bid paragraph 13 stated that “*Additional offers may be made but only on photocopies of the original documents or on other forms requisitioned. Additional offers are regarded as a separate bids and must be treated as such by the bidder. The inclusion of various offers as part of a single submission in one envelope is not allowed. Additional offers must be submitted under separate cover…”*

**We noted the following: -**

* The bidder **[Invested Property Fund PTY (LTD)]** submitted two offers with different buildings and the contract value was the same (R33 603 777,94). As stipulated in the important conditions of the bid, such offers were regarded as separate bids, however the winning bid did not meet all the pre-qualifying criteria as stipulated in the tender documents even though the losing bid met all the pre-qualifying criteria.
* The Director of the winning bidder, Invested Property Fund **did not sign in ink** the **PA-29** (Certificate of Independence Bid Determination) and **DPW-08** (LS) (Bid-Offer – office accommodation).
* The **PA-11(**Declaration of Interest and Bidder’s Past Supply Chain Management Practices**)** was not included in the returnable documents submitted by the winning bidder.

However, the bidder **[Invested Property Fund PTY (LTD)]**, was considered as a responsive/acceptable tender even though the bidder didn’t comply with the responsive criteria and should have been disqualified.

**Issue 02**

A sworn affidavit was submitted by the bidder; however, upon inspection, we noted that the sworn affidavit was a copy and the bidder was allocated points that shouldn’t have. It was further noted with concern that the sworn affidavits submitted by the bidder on all bid documents were stamped by the same Commissioner of Oaths, however, the signatures on the documents are different.

Table A

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No** | **Bid Number** | **Service Description** | **Contract Value Awarded** | **Amount paid to date** |
| 1 | CPTL82/19 | Procurement of new office accommodation for Home Affairs -Refugee reception centre: Cape Town for 5 years | R33 603 777,94 | - |

The bid was, therefore, awarded to a service provider that did not score the highest points. 

**Impact of the finding**

The above may result in the following:

* Non-compliance with section 38 of the PFMA
* Non – compliance with Treasury Regulation 16A6.3(a)(i).
* Non – compliance with Preferential Procurement Policy Framework Act 2000
* Non – compliance with National Treasury Practice Note 7 of 2009/10 dated 02 October 2009 par 4.1.2
* Possible irregular expenditure of all future payments

**Internal control deficiency**

***Financial and performance management***

Management did not review and monitor compliance with applicable laws and regulations.

Management did not implement procurement processes in a manner to ensure that SCM regulations are adhered to.

**Recommendation**

* Management should ensure that the entity complies with all applicable laws and regulations.
* Management should ensure that bid evaluation committee members are equipped with the knowledge required to evaluate tenders.
* Management should perform a further investigation to determine the extent of the non-compliance as well as the other instances where this non-compliance may have occurred.
* The accounting officer should also investigate the reasons for the irregular expenditure and confirm if it was deliberate. The expenditure should be included in the irregular expenditure register.

**Management response:**

I am **Not** in agreement with the finding for the following reasons [see reasons below]:

The PA 29 form serves as a standard bidding document and as a certificate of declaration that would be used by the Department to ensure that, when bids are considered, reasonable steps are taken to prevent any form of bid rigging.

“*The scope of the declaration of interest in the SBD 4 issued on 5 December 2003 is limited only to a declaration if the bidder has a relationship with a person employed by the principal. The principal refers to the institution that invited the bid. In other words, if an employee of an institution is a director, shareholder or member of a company or close corporation and that company or close corporation conducts business with an institution other than the one at which he or she is employed, there is no obligation to disclose his or her own or his or her spouse’s interest in the company or close corporation. The word “principal” should, therefore, be replaced with the word “state” so that declaration of any interest is broadened to all state institutions.”*

As stated by the AG that the bidder submitted two bids (for two different buildings) with the same offer. It should be noted that PA 29 and PA 11 forms on the other bids were signed, initialled in full in all areas. The BEC on evaluation crossed referenced the information on PA 29 and PA 11 against the other bid submitted because the information in question was at the disposal of the Department, and it had closed on the same day as it was for the same bid. It must be taken into consideration that where the Department is already in possession of the same information regarding the bidder in question, that information is legally binding and valid.

In relation to DPW-08 (form of offer) the form was fully completed, initialled in all pages, therefore, all technical and material information required in the form were provided. Furthermore, fully initialling of a document is tantamount to signature. The Bid Evaluation Committee noted that the bidder omitted to append signature on the space provided for in the form. The Bid Evaluation Committee then resolved to seek a legal opinion, and it was received **see attached marked A**.

The legal opinion in the main placed its reliance on the Millennium Waste Management Chairperson Tender Board (2007) as decided by the Supreme Court of Appeal **see attached marked B**. The case as decided in 2008 concerned the award of a tender by the Department of Health and Social Development. The appellant was an unsuccessful bidder and claimed that its tender should not have been disqualified simply because it never signed a certain document that had to be submitted with its tender. The document that needed signature was a "declaration of interest" form and required bidders to indicate whether they had any links to the procuring entity (the second respondent). The appellant had initialled each page of the form, but failed to put its signature on the last page. There are two grounds upon which the tender committee disqualified the appellant's tender: (1) it believed that it did not have authority to condone the appellant's non-compliance with the tender conditions; and (2) it was of the view that the appellant's tender was not an "acceptable" one within the meaning of the PPPFA. The court rejected both grounds.

In the present case, the court held that condoning the appellant's failure to sign the form would have served the public interest because it would have facilitated competition among the bidders. The condonation would have promoted the values of fairness, competitiveness and cost-effectiveness in section 217(1) of the *Constitution.*

The court also referred to the *JFE Sapela Electronics*case, where Scott JA noted that the definition of an "acceptable tender" in the PPPFA must be interpreted against the values laid down in section 217(1) of the *Constitution.*The court then held that in this context the definition of [acceptable] tender cannot be given its wide literal meaning. It certainly cannot mean that a tender must comply with conditions which are immaterial, unreasonable or unconstitutional. The defect relied on by the tender committee in this case is the appellant's failure to sign a duly completed form, in circumstances where it is clear that the failure was occasioned by an oversight.

The original file was kept in the office to circumvent loss of files, AG has a right to request the original files to validate and authenticate information. The original certified copy of the BEE certificate is available however is was not requested before the exit meeting, during the audit or before the finding was raised. The certificate was in the other file of the bidder, see attached the original certified copy **marked C**.

**Auditor’s conclusion**

**ISSUE 01**

PA 11, PA 29 and DPW-08

Management comments are noted and they agree with auditors on the following:

* PA 11 was not submitted on the bid and this was a returnable document
* PA 29 and DPW-08 were not fully completed and signed in ink on the bid as required in in the tender document.

Based on the above it is evident that the bid should have been considered as a non-responsive tender as it did not comply with the responsive criteria and should have been disqualified.

BEC on evaluation crossed referenced the information on PA 29 and PA 11 against the other bid submitted because the information in question was at the disposal of the Department, and it had closed on the same day as it was for the same bid. It must be taken into consideration that where the Department is already in possession of the same information regarding the bidder in question, that information is legally binding and valid.

The above statement contradicts the PA-10 (LS): Important conditions of bid paragraph 13 as additional offers should have been regarded as a separate bid and treated as such on evaluation. It is evident that management didn’t follow the conditions of the bid and should have disqualified the bid.

The audit team note the legal opinion submitted, however inconsistences have been identified within the region as other suppliers who didn’t sign the offer letter were disqualified. Technical opinion will be sought by the audit team, but this will not change the status of the finding as the bid should have been considered as non-responsive as they didn’t submit PA-11 (Returnable document).

**Issue 2**

Management’s response is noted and the BBBEE certificate marked C was included on file, however such certificate was a copy of sworn affidavit and the bidder shouldn’t have been allocated points. It was further noted with concern that the sworn affidavits submitted by the bidder on all bid documents were stamped by the same Commissioner of Oaths, however, the signatures on the documents are different.

**Conclusion**

Based upon the responses above the finding remains.

**5. Procurement and Contract Management – Bid awarded to supplier who didn’t meet the minimum functionality score and evaluation criteria differed from the bid document**

**Requirements**

Section 38(1)(a)(i) of the Public Finance Management Act states that: *“The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

Section 38(1)(a)(iii) of the Public Finance Management Act states that: “*The accounting officer for a trading entity has* *and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective…”*

Section 38(1)(c)(ii) of the Public Finance Management Act states that: *“The accounting officer for a trading entity must take effective and appropriate steps to prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct…”*

Section 5(6) of the Preferential Procurement Regulation 2017 states that: “*A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender documents is not an acceptable tender…”*

Section 5(7) of the Preferential Procurement Regulation 2017 states that: “*Each tender that obtained the minimum qualifying score for functionality must be evaluated in terms of price and preference point system and any objective criteria envisaged in regulation 11…”*

Section 01(i) Definitions of the Preferential Procurement Policy Framework Act 2000 states that *“Acceptable tender’’ means any tender which, in all respects, complies with the speciﬁcations and conditions of tender as set out in the tender document*…”

Section 16A6.3(b) of the treasury regulations states that *“The accounting officer must ensure that bid documentation include evaluation and adjudication criteria, including the criteria prescribed in terms of the PPPFA, 2000 and BBBEE Act, 2003...”*

**Nature**

During the audit of tender # CPT1009/19 Mossel Bay: Magistrate Office: Repairs and Renovations, we noted the following:

**Issue 01**

The PA-04: Notice and Invitation to Bid stated that functionality will be applied as a pre-qualification criterion and minimum functionality score to qualify for further evaluation is **50%.** The following criterion were applicable

| **Functionality criteria** | **Weighting factor** |
| --- | --- |
| **Experience**  Experience on previous projects: The bidder must provide a descriptive list of all comparable projects in progress or completed in the last five years (DPW 09 EC). Engineering projects to the value of 10 million or higher.  Scoring: 1 – 5 points | **35%** |
| **Quality**  References listed on the DPW-09 (EC) will be used to obtain the quality of work. Bidders must provide contactable references with the person's name and contact details. The bidder must forward the standard template to the references to complete and must attached to tender documents when submitting on closing date.  Scoring: 1 – 5 points | **35%** |
| **Resources**  Construction Manager / Site Agent: Provide a detailed CV of the Construction Manager and Site Agent who will be employed on this contract with **a list of similar** or **greater nature**, **scope**, **complexity** and **value** in **progress or completed** projects in the last **5 years**.  Scoring: 1 – 5 points | **30%** |

Based on the auditor’s assessment conducted on validating correctness of the functionality for MWC Global (PTY) LTD the following was noted

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Client calculations - Members of the BEC | | | Auditors assessment | | | Auditors Comments |
| **Criteria’s** | **Points** | **Total functionality** | **Points** | **Total functionality** | **Diff** |  |
| Experience | 5 | 35% | 5 | 35% | **-** | *Points were awarded correctly as comparable projects (with value >= R10 million) in progress or completed in the last 5 years were attached* |
| Quality | - | - | - | - | **-** | *Points were awarded correctly as standard template completed by references for quality of work were not submitted by the bidder.* |
| Resources | 5 | 30% | - | - | **(30)** | *A CV of the CM/SA was attached on the returnable documents and it* *indicates relevant experience (In terms of years). However, projects included on the CV were not of* ***similar*** *or* ***greater nature****,* ***scope*** *and* ***complexity.***  *Furthermore, these projects didn’t indicate a value (i.e. >= R10 million) and whether they are in progress or completed in the last 5 years.* |
|  | | **65%** |  | **35%** | **(30)** |  |

Based on the above, the bidder should not have been considered to be evaluated further as they didn’t meet the minimum threshold of **50%** and the next supplier with highest points in terms of price and BBBEEE should have been appointed.

*Table A*

| **No** | **Bid Number** | **Service Description** | **Contract Value Awarded** | **Amount paid to date** |
| --- | --- | --- | --- | --- |
| 1 | CPT1009/19 | Mossel Bay Magistrates Office: Repairs and Renovations | R25 605 321.76 | - |

**Issue 02**

We noted that that the functionality criteria (*Quality*) applied by management in evaluating the bidders in the procurement of **Mossel Bay** differed from what was prescribed in the tender invitation.

The tender invitation indicated that the following criteria would be applied when evaluating functionality: -

|  |  |
| --- | --- |
| **Functionality criteria** | **Weighting factor** |
| **Quality**  References listed on the DPW-09 (EC) will be used to obtain the quality of work. Bidders must provide contactable references with the person's name and contact details. The bidder must forward the standard template to the references to complete and must attached to tender documents when submitting on closing date.  Scoring: 1 – 5 points | **35%** |

We noted that management allocated points for quality based on the DPW-09 (EC) completed by references and the ratings *(Excellent, Good, Fair, Poor and Very Poor***)** indicated in the form were used to award points. It was not evident from the evaluation minutes that these references were contacted for obtaining feedback on quality.

This is evident as management sampled the bidders after awarding points for the price as well as the BBBEE and performed a risk assessment i.e. requesting information from the contactable references about quality of work, the value of past projects which further reflected that the bidders would not have met the 50% minimum qualifying score had the correct criteria been used for evaluation of functionality and as such management decided to disqualify some of the bidders based on the outcomes of the risk assessment report.

The outcomes of the risk assessment on quality disqualified the following bidders after they met the minimum functionality score: -

* La Natura /Intercon
* Mathew & Sons Construction
* Ro Swika Projects

It is evident that the evaluation criteria applied in evaluating quality and resources for the bids differed from what was prescribed on the original bid documents. The winning bidder won based on the amended evaluation criteria and therefore, the bid was not acceptable, as the bid did not comply with the specifications and conditions of the tender.

**Impact of the finding**

The above may result in the following:

* Non-compliance with section 38 of the PFMA
* Non-compliance with PPR regulations
* Possible irregular expenditure of all future payments

**Internal control deficiency**

***Financial and performance management***

Management did not review and monitor compliance with applicable laws and regulations.

Management did not implement procurement processes in a manner to ensure that SCM regulations are adhered to.

**Recommendation**

It is recommended that:

* Management should ensure that the entity complies with all applicable laws and regulations.
* Management should perform further investigation to determine the extent of the non-compliance as well as the other instances where this non-compliance may have occurred.
* The accounting officer should also investigate the reasons for the irregular expenditure and confirm if it was deliberate. The expenditure should be included in the irregular expenditure register.

**Management response:**

**Background**

The scope for the project in Mossel Bay Magistrate Court entails general building repairs, painting, replacements of floor coverings, electrical light fittings and plugs and general external work, paving and services.

**Issue 01**

* **Contracts Manager**: The bidder provided a CV of a Contracts Manager who is a professionally registered Civil Engineer with **14 years’ experience**, and has worked on more complex projects than the project in question. **The list of projects has been supplied on the CV**. The BEC felt that the number **of years (14) are more than the number of years required (10)** and level of expertise is also much more sophisticated than what is required for this project. The criteria on the strategy did **not stipulate the actual value of projects**, but it required that the resource must have adequate experience in similar projects. Bearing the above in mind, the value of projects for the Contracts Manager does not have to match the value for the company. With the Contracts Manager, the CV did not indicate the period to reflect that the projects were completed in the last 5 years to match the requirements.
* **Site Agent**: The requirement was either for a Contracts Manager **or** a Site Agent. The bidder provided a CV of a Site Agent who is a candidate Civil Engineering Technician with **15 years’ experience**. The Site Agent has higher qualifications and experience than what was required. His experience is also for much more complex projects. The **projects listed were completed in 2014, 2015 and 2017 respectively**. This CV matches the requirements and also exceeded in terms of the number of years **(15 years’ vs 10 years).**
* **Site Foreman**: the bidder attached a CV of a Site Foreman who is a professionally registered Project Manager with Quantity Surveying qualification and with **14 years’ experience**. The number of projects in terms of value, complexity and period far exceed the requirements. **The projects listed for this resource were completed between 2015 and 2020.**

The BEC did not change the criteria but scored each one according to the information submitted by the bidder. The BEC considered the requirements and the resources supplied which were over and above the requirements and decided to award the points in full.

**Issue 02**

|  |  |
| --- | --- |
| **Quality**  **References listed on the DPW-09 (EC) will be used to obtain the quality of work. Bidders must provide contactable references with the person's name and contact details**. The bidder must forward the standard template to the references to complete and must attached to tender documents when submitting on closing date.  Scoring: 1 – 5 points | **35%** |

The bidders were scored according to the criteria above. The risk assessment report from the Project Manager and Consultants give the full details of how this project was evaluated. The requirement for quality scores help to give the necessary points to the bidders based on what the referees indicate. However, the BEC is required to conduct due diligence on the information supplied both from the appointed Consultants and internal professionals. In this case when the Consultants were verifying the information given on the letters there were anomalies on the details from the letters and what the referees were saying to the Consultants. The Department then requested the Departmental Professionals in Port Elizabeth Regional Office and Nelspruit Regional Office to go to sites and confirm the projects, quality of work and the information that was supplied. The reports given indicated that the three bidders did not give accurate information and some of the Clients were not satisfied with the bidder’s performance. It is against this background that the BEC measured the risk of recommending the bidders in terms of quality, previous performance and commercial then moved to recommend the next highest scoring bidder. There was no reason to go back and rescore functionality but the risk report covered the areas sufficiently for these bidders not to be considered.

Management therefore does not agree with this finding. Management feels this project was evaluated and adjudicated according to the criteria that was set. Due diligence was performed and the correct recommendation and award was done in line with the PPR Regulation and PFMA.

**Auditor’s conclusion**

Management’s response is noted. However, the finding remains.

**Issue 1**

Management comments are noted and the audit team respond as such, the value of project was stipulated on the functionality which was R10 million or higher and this was read with experience criteria. Within the resource criteria, it clearly stipulated that “A *list of similar**or greater nature, scope, complexity and value in progress or completed projects in the last 5 years”.* The CVs provided did not provide all the details as stipulated in the functionality criteria in order to award points.

Based on management response, it is clear that all other criteria’s (Value, completion in the past 5 years etc.) were overlooked and only experience was considered for awarding of points. The audit team have noted that where management intend to award points only on experience as per CV, do specify such on functionality such as tender number CPT 1001/20. Based on the above it is evident that the BEC changed the evaluation criteria.

**Issue 2**

Management comments are noted and should have clearly stated that risk assessments would be undertaken due to the anomalies noted during the evaluation process.

**6. Procurement and Contract Management - Possible splitting of quotations**

**Requirements:**

Section 38(1)(a)(i) and (iii) of the Public Finance Management Act states that: *“The accounting officer for a department must ensure that the department, trading entity or constitutional institution has and maintains effective, efficient and transparent systems of financial and risk management and internal control; an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective…”*

Furthermore, section 38 (1)(c)(ii) states that: *“The accounting officer for a, department must take effective and appropriate steps to prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct…”*

Treasury regulation 16A6.1 states that: *“Procurement of goods and services, either by way of quotations or through a bidding process, must be within the threshold values as determined by the National Treasury…”*

Practice Note 8 of 2007/08 paragraph 3.5 states that: *“Goods, works or services may not deliberately be split into parts or items of lesser value merely for the sake of procuring the goods, works or services otherwise than through the prescribed procurement process. When determining transaction values, a requirement for goods, works or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction…”*

**Nature**

During the audit of procurement and contract management the following issues were noted:

1. We noted that the department procured security contracts for the areas/properties mentioned in the table below which were for 2-month periods during the current financial year using a nominated procedure (deviation process), and in some instances awarded to the same service provider. Due to the nature of service, it is reasonable that the department is able to go on tender to obtain security services for a longer period as there it has no intentions to vacate the premises in the near future. In our assessment, the combined quoted amounts for the procurement of similar nature of services for the same area/property came in above the R500 000 competitive bidding, which indicates the possibility of deliberate splitting into parts of a lesser value merely to avoid following the competitive bidding process.

Based on this evidence and nature of the service, the department is able to make an assessment of how long they will require the security services in each respective property and as a result, be able to acquire the service through competitive bidding instead of following the quotation process.

The table represents the security contracts awarded, indicating the total amount spent for each area/property.

| **No** | **Short Description of Services** | **Service provider** | **Amount (R)** |
| --- | --- | --- | --- |
| 4 | 24 Hr Security: Rondebosch Fernwood | BC Security Solutions | 43 558,32 |
| 5 | 24 Hr Security: Fernwood | Jugephaphi Construction | 480 792,00 |
| 6 | 24 Hr Security: Fernwood | Striving Mind Trading 519 | 414 111,30 |
|  |  |  |  |
|  |  | **TOTAL** | **938 461.62** |

1. That the department procured waste removal services for Robben Island from the different suppliers mentioned in the table below which due to the nature of service, the department is able to go on tender to obtain the services for a longer due to the continuity of services. In our assessment, the combined quoted amounts for the procurement of similar nature of services for Robben Island came in above the R500 000 competitive bidding threshold, which indicates the possibility of deliberate splitting into parts of a lesser value merely to avoid following the competitive bidding process.

Based on discussions with management, the department was in a position to assess the challenges it has in relation to the particular contract and rather procure the service following the tender process.

| **No** | **Short Description of Services** | **Service provider** | **Amount (R)** |
| --- | --- | --- | --- |
| 1 | Waste Removal: Robben Island | Averda SA | 372 779,60 |
| 2 | Robben Island: Waste Removal & skips | Sela waste Management | 417 800 |
|  |  |  |  |
| **TOTAL** | | | **790 579.60** |

**Impact of the finding**

**The above may result in the following:**

* Possible misstatement of irregular expenditure with amounts of R2 508 093,55 and R790 579,60
* Non-compliance with section 38 of the PFMA
* Non-compliance with TR 16A6.1
* Non-compliance with PN 08 of 2007/08

**Internal control deficiency**

*Leadership*

Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.

Management did not ensure that contracts of services with a similar nature and of a continued need for the operations of the department are in place in order to comply with the relevant SCM laws and regulations.

*Financial and Performance Management*

Management did not review and monitor compliance with applicable laws and regulations.

Management did not implement procurement processes in a timely manner to ensure that SCM regulations are adhered to

**Recommendation**

It is recommended that management should ensure that the entity complies with all applicable laws and regulations.

RFQs should be reviewed regularly to identify goods/services of the same nature required on the monthly basis. The assessment should be made to determine the possibility of procuring goods/service through the competitive bidding instead of quotation process merely to avoid going on tender.

Timely monitoring and procurement process of contracts that are due to end should be implemented.

Management should perform further investigation to determine the extent of the non-compliance as well as the financial impact had the contract was entered with the service provider to provide services for longer period instead of shorter periods

The accounting officer should also investigate the reasons for the irregular expenditure and confirm if it was deliberate. The expenditure should be included in the irregular expenditure register.

**Management response:**

Management takes note of the audit findings and is not in agreement due to the following reasons:

1. **24 Hr Security: Rondebosch Fernwood**

The service relates to security services rendered at Rondebosch Fernwood for the period starting from 1 May until 31 May 2020. The service provider was appointed on emergency delegation due to the fact that the President address to the Nation on the National Lockdown Level 5 from the 26th March 2020 until the 16th April 2020, whereby staff members in the department were affected and could not attend to work at full capacity as were to curb the spread of Covid-19. The security services contracted onsite had to lapse on the 30th April 2020. We therefore requested an emergency delegation to ensure that the State properties are protected against vandalism, illicit activities and they do not pose any security risk within the public and surrounding areas.

Currently this project, security services at Fernwood is in the 2021/22 Procurement Plan.

**2. Waste removal services**

The Department had a contract in place which resorted under Facility Management and expired on 30 September 2020. The Waste Management tender was on the procurement plan of 2020/21 however the project was going to be piloted by the Head Office due to the complexity and technical nature of the specifications.

It was not feasible for the Region Office not to have an interim measure in place given the fact that Robben Island is one of the Heritage sites which the department is responsible for. As of 3 May 2021, the department has advertised a three-year term contract.

**Auditor’s conclusion**

**24 Hr Security: Rondebosch Fernwood**

Managements response to the finding is noted. However, the finding is not yet resolved for the following reason:

Due to the finding being a recurring finding from the prior year, management previous response on the matter was that;

*“Head Office submitted the Departmental Procurement Plans to National Treasury for approval, however, the extension from National Treasury was further extended until 31st May 2020. It must be noted that on its own has further contributed to the delays*

*Currently the Terms of Reference have been presented to Regional Bid Specification Committee on the 22 July 2020, and will be tabled at Regional Bid Adjudication Committee (RBAC) on the 28 July 2020. It is anticipated that the public tender will be on Government Tender Bulletin on the 07 August 2020”,* which was for the various properties.

The prior year finding was cleared based on tender bulletin which supports managements intention of going on tender and awarding a long term contract for security services for various properties. However, management currently states the security services are currently only included in the 2021/22 procurement plan.

May management provide clarity on the matter above and reasons for the services not being included in the 20/21 procurement plan and provide the 2021/22 procurement plan as stated.

**Waste removal services**

Managements response to the finding is noted. Through corroboration of the tender advert for the advertisement of the contract on the auditee’s tender site to support management’s response, confirmed contracts for integrated solid waste management services was indeed advertised. Therefore, finding is resolved based on steps taken by management to procure services in accordance to the SCM prescripts.

**8.** **Winning Supplier Incorrectly Declared Interest – Procurement and Contract Management**

**Requirements**

Treasury regulations 16A08.4 states that” *It is required that the Bidder or his/her authorized representative, declare his/her position in relation to the evaluating/adjudicating authority where:*

*i) The Bidder is employed by the State; and/or*

*ii) Whether the bidder, or any person connected with the bidder, have any relationship (family, friend, other) with a person employed by the state and who may be involved with the evaluation and or adjudication of this bid”*

**Nature**

The winning bidders incorrectly stated that they had not conducted business with the State (PMTE) in the previous 12 months when submitting their PA 11 which is the declaration of interest and bidder’s past supply chain management practices, however upon inspection of the prior year quotation and tender registers it was noted that the supplier had conducted business with the state in the previous 12 months.

Refer below for the details of the suppliers:

| **No** | **Service provider:** | **Description of contract:** | **Batch no:** | **Amount:** |
| --- | --- | --- | --- | --- |
| 1 | Electricivil Trading | Repair of Roof Blown Away | 7572 | R320 626.04 |
| 2 | Letlotlo Gardening, Cleaning and Construction | Reconnecting Pipes and Disludge of Septic Tank | 7327 | R480 857.14 |
| 3 | Active Boiler Energy | Repairs of Faulty Boiler | 7312 | R489 417.04 |
| **Total** | | | | **R1 290 900.22** |

**Impact**

* Non-compliance with Treasury reg.16A8.4
* Irregular expenditure of R1 290 900.22

**Internal control deficiency**

***Financial and performance management***

Management did not review and monitor compliance with applicable laws and regulations.

Management did not implement procurement processes in a manner to ensure that SCM regulations are adhered to.

**Recommendation**

It is recommended that:

* Management should ensure that the entity complies with all applicable laws and regulations.

**Management response**

Management agrees with the finding. PA-11 to be completed by emergency appointed contractor in the presence of SCM official for accurate declaration.

**Auditor’s conclusion**

Auditors has noted management responses and agrees with management therefore the finding remains.

**9. Local content PA 36 (Annexure C) not included as part of documents the returnable documents**

**Requirements:**

Public Finance Management Act paragraph 38(1)(a) of (i) and (ii) states that “*The accounting officer for a trading entity must ensure that the department has and maintains effective, efficient and transparent systems of financial and risk management and internal control and an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective…”*

Public Finance Management Act paragraph 40 of (1) (a) states that *“The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards”*

Preferential Procurement Regulation, 2011 paragraph 9 of (1) states that *“An organ of state must, in the case of designated sectors, where in the award of tender’s local production and content is of critical importance, advertise such tenders with a specific tendering condition that only locally produced goods, services or works or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.”*

Preferential Procurement Regulations 2017 paragraph 8 (2) states that *“An organ of state must, in the case of designated sectors, advertise the invitation to tender with a specific condition that only locally produced goods or locally manufactured goods, meeting the stipulated minimum threshold for local production and content will be considered.”*

Preferential Procurement Regulation, 2017 paragraph 8 of (5) states that *“A tender that fails to meet the minimum stipulated threshold for local production and content is an unacceptable tender.”*

National Treasury Designated Sectors Instruction Number 15 of 2016-2017 in paragraph 5.1.1.1 states that “*Bids must be evaluated in terms of the minimum threshold stipulated in the bid documents. Further in 5.1.1.2 it states that the “The declaration made by the bidder in the Declaration Certificate for Local Content SBD 6.2 and Annexure C (Local content Declaration: Summary Schedule) must be used for this purpose.”*

National Treasury Designated Sectors Instruction Number 15 of 2016-2017 in paragraph 4.5, for purposes of complying with paragraph 4.1, 4.2 and 4.3 of the instruction notice, *“the local production and content SBD 6.2 must form part of the bid documentation. The SBD 6.2 is for use by all National, provincial departments, constitutional institutions and public entities listed in schedules 2, 3, 3A, 3B, 3C and 3D of the Public Finance Management Act.”*

Section 01(i) Definitions of the Preferential Procurement Policy Framework Act 2000 states *“that “Acceptable tender’’ means any tender which, in all respects, complies with the speciﬁcations and conditions of tender as set out in the tender document.”*

**Nature**

During the audit of supply chain management, we noted the following:

The bid specifications document indicated as compulsory in terms of responsive criterion for the suppliers to submit Annexure C for local content d as part of the returnable documents.

Upon inspection of the tender documents, it was noted that for the below suppliers, such document was not completed

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No** | **Tender No** | **Descriptions** | **Supplier Name** | **Amount** |
| 1 | MMB 2019/084 EC | Rooigront Prison: Condition based maintenance of electrical and mechanical | Lindokuhle & FV Trading JV | R24 323 342,34 |
| 2 | MMB 2019/084 EC | Rooigrond prison repair maintenance and operation of water sewer | FV trading enterprise (PTY) LTD | R36 457 188,78 |
| **Total** |  |  |  | **R60 780 531,12** |

**Impact**

* Non-compliance with the Preferential Procurement Regulations 2017 paragraph 8 (2) and the section 38 of the PFMA
* Irregular expenditure limited to the actual amount paid

**Internal control deficiency**

***Financial and performance management***

Management did not review and monitor compliance with applicable laws and regulations.

Management did not implement procurement processes in a manner to ensure that SCM regulations are adhered to.

**Recommendation**

It is recommended that:

* Management should ensure that the entity complies with all applicable laws and regulations.
* Management should ensure that bid evaluation committees members are equipped with the knowledge required to evaluate tenders.
* Management should perform further investigation to determine the extent of the non-compliance as well as the other instances where this non-compliance may have occurred.
* The accounting officer should also investigate the reasons for the irregular expenditure and confirm if it was deliberate. The expenditure should be included in the irregular expenditure register.

**Management response:**

**I am in agreement with the finding however I will response as follows.**

PA01EC are approved by RBAC with threshold of R 50 000 000.00 below, with the approval the Procurement Strategy was constructed by Bid Specification Members, whereby documents were verified by the BSC members, the QS 002 are the document which indicated the documents to be attached and with the Finding PA36 are in both documents.

Project Manager ensure documents are in place before advertisement, Project Manager sign the PA03 EC which have all this information to tender, however SCM screen the documents for responsive criteria against the non-responsive. With the Bid Specification Meeting the members to verified all responsive criteria are compliant and all documents are in place.

The Project Manager oversight this document to be part of his responsive criteria, the Regional Office did not have all professionals to be in the BEC to address all matters. Head Projects only have control to checked the PA01EC before submit to RBAC, after the process unfold Head Projects are not aware of the irregularity occur in both of the two projects, it will be reported on the base of information received from the Project Manager.

**Project Manager’s Response.**

**I don’t fully agree with the findings because if you read Directive 1, clause 1.1 it says**

Imported material shall only be considered under exceptional circumstances, based on technical justifications and subject to approval by the NDPW. This clause insertion shall be effective from 01 July 2021 in all contracts. All contracts that are to be issued after 01/07/21 shall contain the mandatory clause for SA Manufactured material.

Directive 1 and document PA 36 on QS 002 document which one is taking precedence over each other? I think is Directive 1, and one can conclude it not to be mandatory as yet because both said projects were handed over to the consultant in November and December 2020 consecutively unless there is a contradiction in both documents. It can be regarded as an oversight but that does not mean project manager to be crucified.

**Auditor’s conclusion:**

Auditors has noted management responses as they agree that annexure C was not submitted and this was compulsory in terms of responsive criterion for the returnable document as a result of that the finding remains.

**10. Misrepresentations by the winning bidder**

**Audit finding**

Laws, rules and Regulations:

Public Finance Management Act paragraph 38(1) (a) (i) and 38(1) (a) (iii) states that “The accounting officer for a department must ensure that the trading entity has and maintains

1. Effective, efficient and transparent systems of financial and risk management and internal control;
2. (iii)  An appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective;”

Public Finance Management Act paragraph 38 (1) (c) (ii) states that “The accounting officer for a, department must take effective and appropriate steps to prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct”

Practice Note 7 of 2009/10 par 4.1.2 – Pre-qualification criteria for preferential procurement states that “A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender.”

Treasury reg.16A6.3 (a) states that:

“The accounting officer or accounting authority must ensure that –

1. bid documentation and the general conditions of a contract are in accordance with

– (i) the instructions of the National Treasury”

**Nature**

During the audit of competitive bidding, we noted that PA-04: Notice and Invitation to tender for tender number PET15/2019 stipulated amongst others, the following responsiveness criteria:

1. “Submission of (PA-11): Declaration of interest and Tender’s Past Supply Chain Management Practices.

2. Compliance to Local Production and Content requirements as per PA36 and Annexure C.”

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No** | **Tender number** | **Project Description** | **Supplier Name** | **Award Contract Value** |
| 1 | PET15/2019 | Queenstown and surrounding areas : Term contract : Electrical repairs for the period of 24 Months | 4RGA electrical | R5 650 000 |

The tender was advertised on 13 September 2019 and the closing date was 08 October 2019.

***Issue 1:***

*We noted on the winning bidder’s PA-11* submission, paragraph 3.8: the director declared that neither the company, his spouse nor any of the company’s directors/trustees/shareholders/members or their spouses has conducted business with the state in the previous twelve (12) months.

*However, during the audit of his bid submission we noted that he has listed at least two projects, which he has done for the Department of Public works and Infrastructure in the past 12 months:*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **No** | **Tender number** | **Project Description** | **Duration (Months)** | **Year completed** | **Contract value** |
| 1 | C195 | DPW – EL Maintenance Project | 24 | 2018 | R 8 500 000 |
| 2 | C196 | DPW – QTN Maintenance Project | 24 | 2018 | R 7 800 000 |

*Therefore, the bidder has made a false declaration about his past business dealings.*

***Issue 2:***

*We inspected the bidder’s PA-36: declaration certificate for local production and content for designated sector and noted that the bidder indicated no when asked if “any portion of the goods or services offered have any imported content”.*

*However, we noted that the bidder declared on the same form that only 90% of the goods offered will be locally produced and the remainder will be imported. We further noted that the bidder did not complete annexure D for imported content declaration.*

Therefore, the bidder has not adequately and fully completed PA - 36 as per the requirement of the responsiveness criteria.

**Impact of the finding**

The trading entity did not comply with the *Practice Note 7 of 2009/10 par 4.1.2* which would have resulted in the winning bidder being disqualified and considered non-responsive.

The expenditure incurred to date on the contract is Irregular.

**Internal control deficiency**

*Financial and Performance Management*

Management did not adequately review and monitor compliance with applicable laws and regulations relating to supply chain management policy.

The winning bidder’s submission was not sufficiently inspected to ensure it complied with all the prescribed responsiveness criteria during the evaluation stage.

**Recommendation**

It is recommended that management should enhance compliance procedures to ensure compliance with all prescribed laws and regulations.

Management should enhance the scm compliance checklist by ensuring that the pre-qualifying checklist is reviewed to ensure that the reviewer will detect any matters, which the compiler might have missed.

**Management response: Management disagree with the finding:**

**a)** PA 11 declaration of interest: 3.7 it reads as follows: *Are you or any person connected with the bidder presently employed by the state?* The response was **No**

Based on this the evaluation committee and adjudication committee have no grounds to suspect a possible conflict of interest with the prospective bidder. The disclosure demonstrates that no one in the SCM committees would have known the bidder or have had a relationship which will constitute a conflict of interest.

PA 11 declaration of interest: 3.8 it reads as follows:  *Did you or your spouse or any of the company’s directors /trustees/shareholders/members or their spouses conduct business with the in the previous twelve months*? Based on the question stipulated above, the evaluation committee and adjudication committee assessed the entity that is bidding vs individual shareholders/directors and came to conclusion that there is no conflict of interest that could be established. As a result, the bidder was further evaluated based on the outcome of the assessment.

**b)** The bidder has declared 100% and 90% minimum threshold for local production and content respectively as required by Regulation 8 of Preferential Procurement Regulation, 2017. Therefore, the bidder met this requirement for consideration for further evaluation.

The **PA 36** declaration for local production and content fordesignated sectors refers**. The bidder declared** that the entity will not be importing any portion of the goods or services offered. In addition, the bidder did not populate any information on annexure D which is meant to provide information on imports. Secondly the bidder has populated the information on annexure E which represents the items which are locally produced. However, the committees have taken note of the error in relation to the information populated in Annexure C which contradicts the PA 36 declaration. However, information provided in annexure D and E is deemed to be the source information for annexure C and in addition the declaration mentioned that no material will be imported. The committees have therefore concluded that the bidder is clearly committed to procure 100% locally and went over and above the minimum threshold of 90%. The approach of the contractor to procure 100% of the material locally is viewed as commendable.

**Auditor’s response**

Management’s comments are noted.

We disagree with management based on the following reasons:

Firstly, we wish to highlight that the person who completed the declaration, is the sole director of the company and also accepted the responsibility to be the representative of the company as per PA 15.1.

The declaration of interest and bidder’s past supply chain practices is a document completed on behalf of the bidder, by the elected representative. In this case, the representative of the bidder indicated that the bidder has not done business with the state in the previous 12 months which was found to be false.

**11. Winning bidder is not responsive**

**Requirement**

Public Finance Management Act paragraph 38(1) (a) (i) and 38(1) (a) (iii) states that “The accounting officer for a department must ensure that the trading entity has and maintains

1. Effective, efficient and transparent systems of financial and risk management and internal control;
2. (iii)  An appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective;”

Public Finance Management Act paragraph 38 (1) (c) (ii) states that “The accounting officer for a, department must take effective and appropriate steps to prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct”

Practice Note 7 of 2009/10 par 4.1.2 – Pre-qualification criteria for preferential procurement states that “A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender.”

Treasury reg.16A6.3 (a) states that:

“The accounting officer or accounting authority must ensure that –

1. bid documentation and the general conditions of a contract are in accordance with

– (i) the instructions of the National Treasury”

**Nature**

During the audit of competitive bidding, we noted that PA-04: Notice and Invitation to tender for tender number PE19/2019 stipulated amongst others, the following responsiveness criteria:

1. “Bidders to sub-contract a minimum of 30% of contract value to EME/QSE

2. returnable documents should be SMME final target and Details SMME fully completed with names of the selected SMME's.”

| **No** | **Tender number** | **Project Description** | **Supplier Name** | **Award Contract Value** |
| --- | --- | --- | --- | --- |
| 1 | PE19/2019 | Port Elizabeth: Service Products: Dept. of Labour: Employment Factory: Complete Repairs and Renovations | HBC | R 44 438 423,43 |

***Issue:***

During our audit, we noted that the bidder submitted two SMME documents, which were not fully completed:

1. Document 01 did not have "names of the selected SMME"

2. Document 02 did not have "SMME final target"

We also noted that other bidders were disqualified for not complying with the criteria as set out above. Therefore, the winning bidder (HBC) was supposed to be regarded as not responsive and disqualified.

**Impact of the finding**

The trading entity did not comply with the *Practice Note 7 of 2009/10 par 4.1.2* which would have resulted in the winning bidder being disqualified and considered non-responsive.

The expenditure incurred to date on the contract is Irregular.

**Internal control deficiency**

*Financial and Performance Management*

Management did not adequately review and monitor compliance with applicable laws and regulations relating to supply chain management policy.

The winning bidder’s submission was not sufficiently inspected to ensure it complied with all the prescribed responsiveness criteria during the evaluation stage.

**Recommendation**

It is recommended that management should enhance compliance procedures to ensure compliance with all prescribed laws and regulations.

Management should enhance the scm compliance checklist by ensuring that the pre-qualifying checklist is reviewed to ensure that the reviewer will detect any matters, which the compiler might have missed.

**Management response: Management disagreed with the finding.**

The purpose of form one (SMME form 1) is to provide guidelines to prospective bidders by simply showing the different CIDB grades that exist on the system of (CIDB) within the local area wherein the actual project will be executed. It should be noted that the form one document is not a prescribed requirement and information captured on this form is not binding and enforceable. Therefore, prospective bidders may consider these grades for the purpose of sub-contracting when they are preparing their tender offers.

In form two (SMME form 2) prospective bidders need to populate individual potential sub-contractors and the details as outlined in the tender document i.e. EME or QSE, CSD requirements, the value attached on each subcontractor and the sum of all sub-contractors that must be equivalent to 30% of the value of the project or more. Once the sum of all sub-contractors is below 30% of the tender value, the prospective bidder will be disqualified for not meeting the 30% sub-contracting tender condition of the project. In essence there is no core relation, or reconciling requirement between form one and form two when the 30% sub-contracting requirement is adjudicated. In this instance the contractor clearly met (and exceeded) the 30% sub-contracting requirement.

**Auditor’s response**

Management’s comments are noted.

However, we disagree with management because the SMME participation targets document was required as part of the responsiveness criteria. The winning bidder failed to submit a fully completed SMME declaration form and was therefore non-responsive.

**12. The allocation and calculation of preference points was not correctly done in accordance with the requirements of the PPPF Act and PPR 2017**

**Requirements**

Public Finance Management Act paragraph (PFMA) 38(1)(a)(iii) states that *“The accounting officer for a trading entity must ensure that the trading entity has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective…”*

Public Finance Management Act paragraph 38 (1)(c)(ii) states that *“The accounting officer for a, trading entity must take effective and appropriate steps to prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct…”*

Treasury Regulation 16A6.3 state that “The accounting officer must ensure that the bid documentation include evaluation and adjudication criteria, including the criteria prescribed in terms of the Preferential Procurement Policy Framework Act, 2000.

Preferential Procurement Regulations 2017 paragraph 6.1states that *“The following formula must be used to calculate the points out of 80 for price in respect of a tender with a Rand value equal to or above R30 000 and up to a Rand value of R50 million, inclusive of all applicable taxes...”*

Preferential Procurement Regulation 2017 paragraph 6 (4) states that *“A tenderer failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified, but may only score points out of 80 for price; and scores 0 out of 20 for B-BBEE.”*

**Nature**

**Issue 1**

During the audit of procurement management, we noted that the 90/10 scoring model was used to evaluate the quotations listed below instead of the 80/20 scoring model as stated in the request for quotations. Therefore, this indicates that the evaluation criteria applied in evaluating the quotations are not the same as those indicated in the original request for quotations:

| **Supplier** | **Description of services** | **Amount (R)** |
| --- | --- | --- |
| Wezisizwe Building And Supply (Pty) Ltd | Operation and Maintenance of coal fired boilers | 488 832 |
| Qhamkile Projects (Pty) Ltd | Operation of sewer plant | 398 000 |

**Issue 2**

During the audit of procurement management, we noted that the bidder who tendered the lowest price (Seldicta Trading cc - R318 811,05) was disqualified for not complying with the pre-qualification criteria, however their price was used a base in calculating the points for price. This is in contravention of PPR 2017 as the price submitted by the lowest acceptable tender was not used in calculating the points for price. This would not have changed the outcome of the award as the contract was still awarded to Vusuthobile Trading (R410 646,33) who scored the highest points based on recalculations performed by the auditors:

| **Description** | | | **Points for price** | | | **Total points (Price + BEE)** | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **No** | **Bidder** | **Price tendered** | **Auditors** | **Management** | **Differences** | **Management** | **Auditors** | **Differences** |
| 1 | Impumelelo Yamazilikazi  general | 471 699,90 | 68,11 | 41,64 | 26,47 | 61,64 | 88,11 | 26,47 |
| 2 | Nokwazisbu Trading | 414 955,07 | 79,16 | 55,87 | 23,29 | 75,87 | 99,16 | 23,29 |
| 3 | Seldicta Trading cc | 318 811,05 | - | 80,00 | (80,00) | No points were awarded | | |
| 4 | Macaphuna Kusale Trading | 443 360,00 | 73,63 | 48,75 | 24,88 | 68,75 | 93,63 | 24,88 |
| 5 | Manzini Trading (Pty) Ltd | 439 633,50 | 74,35 | 49,68 | 24,67 | 69,68 | 94,35 | 24,67 |
| 6 | Slungisa Trading (Pty) Ltd | 450 000,00 | 72,33 | 47,08 | 25,25 | 67,08 | 92,33 | 25,25 |
| 7 | Gebelihle (Pty) Ltd | 440 900,00 | 74,11 | 49,36 | 24,75 | 69,36 | 94,11 | 24,75 |
| 9 | Abasegudu (Pty) LTD | 489 274,05 | 64,68 | 37,23 | 27,45 | 57,23 | 84,68 | 27,45 |
| 10 | Thembihlase (Pty) Ltd | 48 000,00 | 72,72 | 47,58 | 25,14 | 67,58 | 92,72 | 25,14 |
| 11 | Vusuthobile Trading | 410 646,33 | 80,00 | 56,96 | 23,04 | 76,96 | 100,00 | 23,04 |

**Issue 3**

During the audit of quotations, we noted that the supplier listed in the table was awarded 20 points for BBBEE however the proof of BBBEE status level of contributor was not provided to support the points awarded. Through further assessment we have noted that this wouldn’t have changed the outcome since the winning bidder did provide their BBEE certificate and points were awarded correctly.

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Description** | **Supplier** | **Amount (R)** |
| 1 | SANDAF Mtubatuba: Replace a burst geyser and repair damaged wall | Cruzzie Projects and Engineering | 115 350 |

**Impact of the finding**

This results in non-compliance with the Preferential Procurement Regulations 2017.

**Internal control deficiency**

*Financial and Performance Management*

Management did not review and monitor compliance with applicable laws and regulations.

Lack of review of the evaluation reports and bid documents to;

* ensure that the scoring model and the price submitted by the lowest acceptable tender used is in accordance with the preference point system
* ensure that the points awarded to bidders are supported by evidence.

**Recommendation**

It is recommended that management review the evaluation records to ensure that the scoring model and the price submitted by the lowest acceptable tender used is in accordance with the preference point system included in the Preferential Procurement Regulations

It is recommended that management perform adequate review of the evaluation reports along with the supporting documents to ensure that the points awarded to bidders are supported by evidence included in the bidding documents.

**Management response**

**Issue No 1**

I am in agreement with the finding for the following reasons.

* That an incorrect scoring model template was used to calculate points which was an error. The advert was sent out with a clear indication that evaluation will be based on the 80/20 principle however and evaluation done as such, however during capturing of points and BBBEE levels an incorrect template was used. It was also proven by the Auditor General that if the 80/20 principle is applied the appointed contractor Wezisizwe Building and Supply Pty Ltd will score a 100 points also it was tested by the Auditor General that if you apply the 80/20 principle Wezisizwe Building and Supply Pty Ltd will still score a 100 points. Furthermore, the Auditor General also indicated that the oversight would not have changed the outcome of the award as the contract was still awarded to Wezisizwe Building and Supply Pty Ltd.

**Issue No 2**

I am in agreement with the finding for the following reasons

* According to the evaluation report Seldicta was disqualified for not submitting a BBBEE certificate and for not meeting the responsiveness criteria, however they were recorded as responsive and allocated BBBEE points which was an error. During the evaluation of quotations received it was discovered that Seldicta did not submit the BBBEE certificate and they were non-responsive. Further to that the evaluation report clearly indicated that Seldicta is non-responsive, however the scoring model was not aligned to the evaluation report to exclude Seldicta from being evaluated further on Price and the BEE. Due to this error Seldicta was listed as the highest point scoring bidder even though the award was correctly made to Vusuthobile Trading. However, this would not have changed the outcome of the award as the contract was still awarded to Vusuthobile Trading.

**Issue No 3**

I am in agreement with the finding for the following reasons

* Cruzzie Projects and Engineering was awarded BBEE points in error since they did not submit a valid BBBEE certificate. However, it must be noted that this service was correctly awarded to Osiphayo Services (Pty) Ltd.

**Auditor’s conclusion**

Management agrees with the all the findings. Therefore, the findings are valid and the non-compliances will be evaluated and reported accordingly.

The implementation of the corrective actions and consequence management will be followed up during the final audit.

**13. Local content procurement not in accordance with the National Treasury Designated Sector Instruction notes**

**Requirements**

Public Finance Management Act section 40(1)(a)(i) state that: *“The accounting officer for a department must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards;*

National Treasury Designated Sector Instruction Notes Paragraph 3.1 and 4.1 for textile, clothing, leather and footwear states the following “*The stipulated minimum threshold percentages for local content and production for the textiles, clothing, leather and footwear sector is 100%.* *Bids in respect of textile, clothing, leather and footwear must contain a specific bidding condition that only locally produced or locally manufactured textile, clothing, leather and footwear from local raw materials or input will be considered.”*

National Treasury Designated Sector Instruction Notes paragraph 7.1 states that *“Once bids are awarded, the DTI must be notified of all the successful bidders and the value of the contracts; and provided with copies of the contracts, the SBD/MBD 6.2 Certificates together with the declaration C submitted by the winning bidder.”*

Preferential Procurement Regulation 2011 paragraph 9(1) states the following state that *“An organ of state must, in the case of designated sectors, where in the award of tenders local production and content is of critical importance, advertise such tenders with a specific tendering condition that only locally produced goods, service or works or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.”*

Preferential Procurement Regulation 2017 paragraph 8 (2) and 8(5) states the following “*An organ of the state must, in case of designated sector, advertise the invitation to tender in a specific condition that only locally produced goods or locally manufactured goods, meeting the stipulated minimum threshold for local production and content will be considered.* *A tender that fails to meet the minimum threshold for local production and content is an unacceptable tender.”*

**Nature**

**Issue 1**

During the audit of procurement management, we noted that the PA36 - Declaration for local content and production did not indicate the percentage of the local content to be supplied by the winning bidder. The form was not correctly completed by the winning bidder. There is no indication of what percentage of local content they will supply.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No** | **Tender/RFQ number** | **Supplier Name** | **Description Of Goods Or Services** | **Amount** |
| 1 | N/A | Danira Enterprise | Protective clothing | 74 960 |

**Issue 2**

During the audit of procurement management, we couldn’t obtain evidence that DTI (Department of Trade and Industry) was notified of the successful bidders and the value of the contract. Furthermore, we could obtain evidence that DTI was provided with copies of the contracts and the bidder's SBD 6.2 certificate. The contracts listed below had the local content as the requirement:

| **No** | **Tender/RFQ number** | **Supplier Name** | **Description Of Goods Or Services** | **Amount (R)** |
| --- | --- | --- | --- | --- |
| 1 | N/A | Danira Enterprise | Protective clothing | 74 960 |
| 2 | N/A | Black Brain Investments | Protective clothing (Conti suits) | 27 010 |
| 3 | DBN144/2019 | Shazinjomane Trading Enterprises (pty) Ltd | Protective clothing | 1 512 000 |
| 4 | DBN977/2019 | Coldpoint Aircon Services cc | Protective clothing | 2 274 345 |
| 5 | DBN 964/2019 | Boiler Engineers Themihlase JV | Protective clothing | 3 900 110 |
| 6 | DBN121/2019 | Mapumulo SM Trading Enterprise | Protective clothing | 6 252 381 |
| 7 | DBN 965/2019 | Cold Point Aircon Services | Protective clothing | 2 558 044 |
| 8 | DBN950/2019 | Umzulu Trading Enterprise cc | Steel Products and Components  Power and telecoms Cabling  Valve Products & Actuators  Fire Protection Installation  Gas Suppression Installation | 39 978 976 |
| 9 | DBN20/11/01 | Musani Trading Enterprise (Pty) Ltd | Protective clothing | 13 815 427 |

**Impact**

* Issue 1: This results in an irregular expenditure of R74 960 as the procurement for item 1 did not comply with the requirements of the National Treasury Designated Sector Instructions
* Issue 2: This also results in a limitation of scope as no evidence was provided that the DTI was notified of the successful bidder and the value of the contract for local content.

**Internal control deficiency**

*Financial and Performance management*

Management did not review and monitor compliance with applicable legislation.

Lack of review of the bidding documents by senior officials before the bidding documents are sent to potential bidders. Furthermore, management didn’t ensure that complete information is available for audit purposes.

**Recommendation**

Bidding documents should be reviewed by senior officials before the bidding documents are sent to potential bidders

Management should ensure that the procurement for local content and production complies with the National Treasury Designated Sector Instruction Notes.

Management should provide evidence within 3 working days that the DTI was notified of the successful bidder and the value of the contract for local content

**Management response**

**Issue 1**

I am not agreement with the finding for the following reasons.

* The omission of stipulating minimum threshold for Local Content and Production on PA 36 paragraph 2 for the textile and clothing industry is oversight.
* However, this oversight does not give rise to irregular expenditure as annexure “C” of the same document, fully completed and signed by the service provider, clearly stipulates the 100% local content in line with the Local content and production for textile and clothing industry. The evaluation was done based on the same requirement, i.e. 100% local content. The award was also reported as such to Department of Trade and Industry see attached proof of email.

**Issue 2**

I am not in agreement with the finding for the following reasons

This service was awarded to on 31 March 2021 to Black Brain Investments and the order was issued on 31 March 2021, however on 08 April 2021 the contractor confirmed in writing that they won’t able to deliver due to unseen circumstances. A letter dated 8 April 2021 is attached.

Danira Enterprises Pty Ltd at an amount of R 74 960.00 was report to the Department of Trade and Industry see attached proof of email.

Proof of reporting to DTI for DBN977/2019, DBN964/2019, DBN144/2019, DBN121/2019, DBN965/2019, DBN950/2019, and DBN20/11/01 has been retrieved from the emails that were sent. See attached supporting documents. This is the first time the department has become aware of this finding as it was never raised and presented by Auditor General at the exit meeting. Had this been raised for the above bids, proof would have been provided to avoid limitation of scope.

**Auditor’s conclusion**

**Issue 1**

Management responses did not address the issue raised that the bidder did not appropriately complete the form and also did not calculate and write the percentage of the local content to be supplied. The impact of the finding is determined at firm level to encourage organ of states to comply with the regulations and instructions notes for local content. Therefore, this finding is considered valid and will be evaluated and reported accordingly.

**Issue 2**

Management responses noted. However, the attachments management is referring to were not attached in the email. Therefore, the finding is considered valid and will be evaluated and reported accordingly.

**14. Requested information not provided .**

**Requirements**

Section 41 of the PFMA requires that *‘An accounting officer for a department, trading entity or constitutional institution must submit to the relevant treasury or the Auditor-General, such information, returns, documents, explanations and motivations as may be prescribed or as* *the relevant treasury or the Auditor-General may require.'*

*The Engagement letter paragraph 68 states that “Requests for information will be submitted via email to the relevant person responsible, as assigned by the Accounting Officer for distribution and a carbon-copy (CC) will be forwarded to the CFO and the Accounting Officer (management):*

* *Management has* ***3 working days*** *to submit the information requested from the date the request was made.*
* *Failure to submit the information requested within the agreed timeframe will result in an audit finding and if material, individually or in aggregate, will impact the audit opinion.”*

**Nature**

During the interim audit of Property Management Trading Entity (PMTE) in the Mthatha region, the following requested information was not submitted to the auditors within the required timeframe and is to date still outstanding:

|  |  |  |  |
| --- | --- | --- | --- |
| **RFI no.** | **RFI issue date** | **RFI due date** | **Information outstanding** |
| PMTE RFI 01 - SCM - Mthatha | 20-Apr-21 | 22-Apr-21 | 1. **Annexure A – Tenders:**  * MTH35/2018 (Bidding documents for New Boss Construction). * MTH68/2018 (Bidding documents of BHS Building Construction and Pearlokuhle JV Bayanda). * CDC/27/20 (Submission file which includes: Invite; evaluation reports; minutes of BSC, BEC and BAC; Budget availability and tender estimate etc.) * CDC/368/19 (Submission file which includes: Invite; evaluation reports; minutes of BSC, BEC and BAC; Budget availability and tender estimate etc.) * CDC/135/19 (Submission file which includes: Invite; evaluation reports; minutes of BSC, BEC and BAC; Budget availability and tender estimate etc.)  1. **Annexure C – Contract management**  * WCS051777 (All information is still outstanding. Only completion certificate was provided). * Total expenditure/Payment reports from contract inception up to 31-Mar-2021 for WCS046703. |

**Impact of the finding**

This results in a limitation of scope.

Furthermore, inefficiencies are noted in the audit due to the fact that additional time has to be spent following up on outstanding information that is overdue, thus impacting on the budget of the audit.

**Internal control deficiency**

*Financial and performance management*

Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

The above is due to:

A lack of appropriate internal controls regarding proper filling and record keeping to ensure that documentation is easily and readily available for audit purposes;

Not all officials understanding the audit process and the importance of submitting the requested documentation within the required timeframe.

**Recommendation**

Management should ensure that:

Appropriate internal controls regarding proper filling and record keeping are in place to ensure that documentation is easily and readily available;

Officials within the department are made aware of the audit process and importance of submitting accurate and complete information to the auditors within the required timeframe;

Procedures are put in place to enforce compliance with internal controls regarding submission of information as requested by the AGSA within the agreed upon timeframe as per the engagement letter;

Priority is given to the outstanding information as indicated above and that such information is submitted without further delay.

**Management response**

No management’s response obtained.

**Auditors conclusion**

Management response not submitted in line with the signed engagement letter. However, management subsequently submitted the information except for the following:

**Annexure A – Tenders:**

* MTH35/2018 (Bidding documents for New Boss Construction).
* MTH68/2018 (Bidding documents of BHS Building Construction and Pearlokuhle JV Bayanda).

**Annexure C – Contract management**

* WCS051777 (All information is still outstanding. Only completion certificate was provided).
* Total expenditure/Payment reports from contract inception up to 31-Mar-2021 for WCS046703.

**14 BBF Safety Group Pty (Ltd) – Supply and delivery of Masks and Gloves**

**Requirements**

Public Finance Management Act paragraph (PFMA) 38(1)(a)(iii) states that *“The accounting officer for a trading entity must ensure that the trading entity has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective…”*

National Treasury Designated Sector Instruction Notes Paragraph 3.1 and 4.1 for textile, clothing, leather and footwear states the following “*The stipulated minimum threshold percentages for local content and production for the textiles, clothing, leather and footwear sector is 100%.* *Bids in respect of textile, clothing, leather and footwear must contain a specific bidding condition that only locally produced or locally manufactured textile, clothing, leather and footwear from local raw materials or input will be considered.”*

National Treasury Designated Sector Instruction Notes paragraph 7.1 states that *“Once bids are awarded, the DTI must be notified of all the successful bidders and the value of the contracts; and provided with copies of the contracts, the SBD/MBD 6.2 Certificates together with the declaration C submitted by the winning bidder.”*

Preferential Procurement Regulation 2017 paragraph 8 (2) and 8(5) states the following “*An organ of the state must, in case of designated sector, advertise the invitation to tender in a specific condition that only locally produced goods or locally manufactured goods, meeting the stipulated minimum threshold for local production and content will be considered.* *A tender that fails to meet the minimum threshold for local production and content is an unacceptable tender.”*

Treasury Regulation 16A6.3 state that “The accounting officer must ensure that the bid documentation include evaluation and adjudication criteria, including the criteria prescribed in terms of the Preferential Procurement Policy Framework Act, 2000.

Preferential Procurement Regulations 2017 paragraph 6.1states that *“The following formula must be used to calculate the points out of 80 for price in respect of a tender with a Rand value equal to or above R30 000 and up to a Rand value of R50 million, inclusive of all applicable taxes...”*

Preferential Procurement Regulations 2017 paragraph 6.8states that “.... the contract must be awarded to the tenderer that scoring the highest points”

1. Section 8.5 in Table 3 of the Standard Operating Procedures for the SCM Acquisition of goods and services states that *“evaluate quote (A minimum of three (3) quotes is required for competitiveness):*

* *If the quote is < R30 000 consider the lowest acceptable offer*
* *If the quote is > R30 000 consider price, preference and award to highest scoring tenderer; and*
* *If less than three (3) quotes received and it is impossible to obtain more quotations, prepare a motivation to the delegated authority to deviate from standard SCM processes”.*

**Nature**

**Issue 01**

During the audit of quotation process, we noted the following issues on the preferential points calculation:

BBF Safety Group Pty (Ltd)

The suppliers were invited to quote for the supply and deliver of masks and gloves for the Mthatha regional office and four (4) quotations were received on 06 November 2020. However, these quotations were not evaluated in term of the preference point system as required by the Preferential Procurement Regulations 2017. Management selected the winning bidder based on the supplier that quoted the lowest price without calculating the points for price and BEE.

Zwelibuzwe Landscaping Pty (Ltd)

The suppliers were invited to quote for the supply and delivery of cleaning material at Mthatha Magistrate Offices and five (5) quotations were received on 15 December 2020. However, these quotations were not evaluated in term of the preference point system as required by the Preferential Procurement Regulations 2017. Management selected the winning bidder based on the supplier that quoted the lowest price without calculating the points for price and BEE.

Based on the auditor’s recalculation of both quotations using the Preferential Procurement Regulations 2017, we noted that the quotation would have still been awarded to BBF Safety Group Pty (Ltd) and Zwelibuzwe Landscaping as both of these suppliers scored the highest point. The non-compliance will however still be reported.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No** | **Tender/RFQ number** | **Supplier Name** | **Description Of Goods Or Services** | **Amount (R)** |
| 1 | N/A | BBF Safety Group Pty (Ltd) | Masks and Gloves | 1. 714 |
| 2 | N/A | Zwelibuzwe Landscaping | Supply and deliver cleaning material for  Mthatha Magistrate Offices | 359 255 |
| **Total** | | | | **461 969** |

**Issue 02**

The quotations documents for the supply and delivery of masks and gloves did not specify the minimum threshold for local production and content required. The winning bidder, BBF Safety Group Pty (Ltd), did not submit the declaration on local production and content (PA-36).

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No** | **Tender/RFQ number** | **Supplier Name** | **Description Of Goods Or Services** | **Amount (R)** |
| 1 | N/A | BBF Safety Group Pty (Ltd) | Masks and Gloves | 1. 714 |

**Impact**

This results in non-compliance with Preferential Procurement Regulations 2017 as the outcome of the evaluation would not have changed the winning bidder.

This results in an irregular expenditure of R102 714 as the procurement did not comply with the requirements of the National Treasury Designated Sector Instructions

**Internal control deficiency**

*Financial and Performance management*

Management did not review and monitor compliance with applicable legislation.

The above is due to;

Lack of review of the bidding documents by senior officials before the bidding documents are sent to potential bidders.

A lack of appropriate internal controls regarding the enforcement of standard operating procedures as per the SCM policy and applicable laws and regulations.

Lack of understanding of SCM regulations and policies by officials involved in the procurement processes.

Lack of consequence management resulting in staff not adhering to SCM regulations and policies as well as strict procurement management procedures.

**Recommendation**

Bidding documents should be reviewed by senior officials before the bidding documents are sent to potential bidders

Management should ensure that the procurement for local content and production complies with the National Treasury Designated Sector Instruction Notes.

Management should ensure that training on the SCM regulations and policies is provided to all officials involved in the procurement processes.

Management should ensure that consequence management processes are instituted against employees for non-adherence to the standard operating procedures.

**Management response**

I am in agreement with the finding for the following reasons

Issue 01

BBF Safety Group Pty (Ltd)

* The SCM processes could not be full followed due to challenges relating to working conditions due to COVID which resulted in requesting quotations but no evaluation committee were formed.
* The SCM and Facilities units will assess the quotations received based on price as all companies were level 01 as per BBEEE.

Issue 02

* PA 36 was not part of documents issued for quotations as most of these were very urgent as to ensure the region is compliant to COVID.

**Auditor’s conclusion**

Management agrees with the all the findings. Therefore, the findings are valid and the non-compliances will be evaluated and reported accordingly.

**Classification of procurement as an emergency is not justifiable**

**Requirements**

Section 38 (1)(a)(iii) of the PFMA requires that ‘The accounting officer for a department, trading entity or constitutional institution must ensure that the department, trading entity or constitutional institution has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective.'

Treasury Regulation 16A6.4 requires that *“If in a specific case it is impractical to invite competitive bids, the accounting officer or accounting authority may procure the required goods or services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the accounting officer or accounting authority.”*

In terms of National Treasury Instruction no. 3, paragraph 8 of 2016/17 *“DEVIATIONS FROM NORMAL BIDDING PROCESS”* “*The Accounting Officer/Accounting Authority must only deviate from inviting competitive bids in cases of emergency and sole supplier status.**An emergency procurement may occur when there is a serious and unexpected situation that poses an immediate risk to health, life, property or environment, which calls an agency to action, and there is insufficient time to invite competitive bids. Sole source procurement may occur when there is evidence that only one supplier possesses the unique and singularly available capacity to meet the requirements of the institution.**The Accounting Officer/Accounting Authority must invite as many suppliers as possible and select the preferred supplier using the competitive bid committee system.**Any other deviation will be allowed in exceptional cases subject to the prior written approval from the relevant treasury.”*

National Treasury regulation 16A3.2 states that “*A supply chain management system must: be fair, equitable, transparent, competitive and cost effective*”

Section 1 of the standard operating procedures for the procurement of goods and services defines ‘*emergency’ as “a serious, unforeseen or unexpected situation defect that poses an immediate risk to health, life, property or environment, which calls for an immediate action to avoid such a dangerous or perilous condition*.”

Section 7.1 of the standard operating procedures for the procurement of goods and services through quotations further states “*Request Approval to obtain the use/nomination of the single source, Prepare SCM bid documentation to the extent applicable, PA32, PA10, PA11, PA29, PA16 (for transactions above R30 000), PA03 and Specification/ TOR, (PA36 if applicable). Single Source quote applies where a specific service provider is approached other than the competitive process for various reasons, which must be justifiable and approved by the delegated authority (RM at the Region or CD: SCM in Head Office).*

**Nature**

**Issue 1**

During the audit of quotation for Daltech Trading (Pty) Ltd for the Repair a generator that is not working at Lusikisiki New SAPS amounting to R55 926, we noted the following:

* The fault of the generator was reported on 04 April 2020
* Isivungu vungu Civils was appointed on 07 April 2020 to repair the generator however the deviation to procure the supplier on an emergency was approved on 21 April 2020. However, the Isivungu vungu Civils declined the appointment as they didn’t have the materials to repair the generator at that time.
* Daltech Trading (Pty) Ltd was only appointed on 26 November 2020 to repair the generator which was 7 months after the deviation was approved.
* The generator was only repaired on 17 December 2020 as indicated on the job cards.
* Therefore, the reasons for the deviation are not justifiable due to the time taken from deviation approval to repairing the generator. This indicate that the repair of the generator was not urgent and there was sufficient time to follow the normal procurement processes.

**Issue 2**

During the audit of quotations at Mthatha region, we noted that Vembani James Construction (Pty) Ltd was appointed on emergency basis to Move the park homes from sever ponds yard to prison at Mqanduli prison for an amount of R31 956, however the reasons this was an emergency were not stated. Therefore, we could not determine whether it was justifiable to deviate from the quotation process.

**Impact of the finding**

Non-compliance with the PFMA section 38 and National treasury instruction note 3 of 2016/2017.

The amount paid of R87 882 (55 926 + 31 956) on the above deviations will result in irregular expenditure.

**Internal control deficiency**

Financial and performance management

Management did not review and monitor compliance with applicable laws and regulations.

The above is due to:

A lack of appropriate internal controls regarding the enforcement of standard operating procedures as per the SCM policy and applicable laws and regulations.

Lack of understanding of SCM regulations by officials involved in the procurement processes.

Lack of consequence management resulting in staff not adhering to SCM regulations and policies as well as strict procurement management procedures.

**Recommendation**

Management should ensure that:

Appropriate internal controls are in place to ensure quotations are evaluated based on applicable laws and regulations ensuring that these transactions do not result in irregular expenditure;

Training on the SCM regulations and policies is provided to all officials involved in the procurement processes.

Consequence management processes are instituted against employees for non-adherence to the standard operating procedures.

**Management response**

I am in agreement with the finding for the following reasons:

Issue 1

* The contractor was appointed on emergency as the client was under pressure for repairing of the generator and the first contractor claim to have been waiting for material they have ordered from other province which was delaying.
* As these are beyond the control of the region the emergency was need as it took time due to lack of planning we should be having service contracts.

Issue 2

* The contract for guarding of these container’s ended and there was high risk of being vandalised where it was situated.
* This was done on emergency as the container was previously damaged and it was far away from the prison.

**Auditor’s response**

Management agrees with the all the findings. Therefore, the findings are valid and the non-compliances will be evaluated and reported accordingly.

For issue 2, it is clear that this is due to poor planning as the region was aware that the contract for guarding was coming to an end however the region only attended to the moving of the containers in last minutes.

**Tender number: MTH68/2018 - Coffee Bay SAPS: Installation of septic tank, generator set and supply electrical upgrade (Purple Pansy 101 CC - R1 763 571,00)**

**Requirements**

Public Finance Management Act paragraph (PFMA) 38(1)(a)(iii) states that *“The accounting officer for a trading entity must ensure that the trading entity has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective…”*

Preferential Procurement Regulations 2017 regulations paragraph 1 states that “Proof of B-BBEE status level of contributor means; (a) the B-BBEE level certificate issued by an authorised body or person, (b) a sworn affidavit as prescribed by the B-BBEE Codes of Good Practice”

Preferential Procurement Regulations 2017 regulations paragraph 6.3 states that “a tenderer must submit proof of its B-BBEE status level of contributor”

Preferential Procurement Regulation 2017 paragraph 6(4) states that *“A tenderer failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified, but may only score points out of 80 for price; and scores 0 out of 20 for B-BBEE.”*

Treasury regulation 16A6.3 (d) states that *“awards are published in the Government Tender Bulletin and other media by which the bids were advertised.”*

National Treasury Instruction No 1 of 2015/16 paragraph 4.1 and 4.2 states that:

* *“4.1 The Accounting Officers of PFMA compliant institutions must through the relevant treasury publish the awards of all advertised competitive bids on the eTender Publication Portal by taking cognisance of the requirements in paragraph 4.2”*

National Treasury Instruction No4A of 2016/17 paragraph 4.3 states that “Proof of registration, certification or accreditation with any industry or board not provided by the CSD must be verified through the submission of physical documentation and verified through manual procedures”

**Nature**

**Issue 1 – Non-responsive tenders not disqualified**

During the audit of tender number: MTH68/2018 at Mthatha region, we noted the following:

* The tender invitation required bidders to submit completed and signed PA 36: Declaration for Local content and production.
* However, none of the bidders submitted the PA36 – Declaration for local content and production.
* Therefore, all the bidders should have been considered non-responsive and disqualified.
* However, management did not disqualify the bidders and instead evaluated the bids further on preference point system.

**Issue 2: Valid proof of BBBEE status levels not submitted by bidders**

During the audit of tenders, we noted that the winning bidder (Purple Pansy 101 CC) was awarded 20 points for BBBEE based on the BBBEE level stated on the CSD report. The BBBEE certificate provided during the audit was issued long after the award was made.

* We inspected the bidding documents submitted by the bidders and noted that Purple Pansy 101 CC did not submit proof of BEE status level however the bidder was awarded points for BBBEE as per the evaluation score card.
* Upon enquiry with management it was not that the points were awarded with reference to the BBBEE level stated in the CSD report submitted by the bidder.
* Upon realising that it was incorrect to award the bidder points for BBBEE with reference to the CSD report, management sourced and submitted a non-certified copy of a BBBEE certificate issued on 02 October 2020 after the award was made on 17 September 2020.
* This is not in compliance with the PPR 2017 as no points should have been awarded to the bidder due to non-submission of valid proof of BBBEE status level.
* This would have changed the outcome of the evaluation as Conquer Business Enterprise would been the second highest scoring bidder to be recommended for technical and commercial risk assessment after BHS Building Construction was eliminated (based on technical and commercial risk assessment conducted.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Details** | | | **Auditors recalculation** | | | **Client calculation** | | | **Difference** |
| **No** | **Bidder** | **Price tendered** | **Points for price** | **B-BBEE** | **Total** | **Points for price** | **B-BBEE** | **Total** |
| 1 | BHS Building Construction | 1 661 740,80 | 80 | 20 | 100 | 80 | 20 | 100 | - |
| 2 | Conquer Business Enterprise | 1 965 551,25 | 65,37 | 20 | 85,37 | 65,37 | 20 | 85,37 | - |
| 3 | Purple Pansy 101 CC | 1 763 571,00 | 75,1 | - | 75,1 | 75,1 | 20 | 95,1 | - 20,00 |
| 4 | Matshathula Agencies | 1 994 340,35 | 63,99 | 20 | 83,99 | 63,99 | 20 | 83,99 | - |
| 5 | Khamina Civils | 2 021 947,25 | 62,66 | 20 | 82,66 | 62,66 | 20 | 82,66 | - |
| 6 | Twizza Civils | 2 201 616,95 | 54,01 | 20 | 74,01 | 54,01 | 20 | 74,01 | - |
| 7 | Zibele Construction | 2 761 232,80 | 27,07 | 20 | 47,07 | 27,07 | 20 | 47,07 | - |
| 8 | AMS Rhudulu Projects | 3 733 840,99 | -19,76 | 20 | 0,24 | -19,76 | 20 | 0,24 | - |

***NB:*** *BHS Building Construction was disqualified on risk assessment which is performed after the preference point system was done.*

**Issue 3 – Award not published on the** **eTender Publication Portal**

During the audit of tenders at Mthatha region, we noted that the award for the tender listed below was not published on the eTender Publication Portal:

| **No** | **Tender number** | **Project Description** | **Supplier Name** | **Award Contract Value** |
| --- | --- | --- | --- | --- |
| 1 | MTH68/2018 | Coffee Bay SAPS: Installation of septic tank, generator set and supply electrical upgrade | Purple Pansy 101 CC | R1 763 571 |

**Impact of the finding**

This results in irregular expenditure.

Expenditure that will be incurred in future for this contract will be recorded as irregular expenditure.

**Internal control deficiency**

*Financial and Performance Management*

Management did not review and monitor compliance with applicable laws and regulations.

This is due to:

* A lack of appropriate internal controls regarding the enforcement of standard operating procedures as per the SCM policy and applicable laws and regulations.
* Lack of understanding of SCM regulations and policies by officials involved in the procurement processes.
* Lack of consequence management resulting in staff not adhering to SCM regulations and policies as well as strict procurement management procedures.
* Lack of review of the bidding documents by senior officials before the bidding documents are sent to potential bidders to ensure that all the relevant documentation is provided to bidders to complete and return.

**Recommendation**

Management should ensure that:

Appropriate internal controls are in place to ensure quotations are evaluated based on applicable laws and regulations ensuring that these transactions do not result in irregular expenditure;

Training on the SCM regulations and policies is provided to all officials involved in the procurement processes.

Consequence management processes are instituted against employees for non-adherence to the standard operating procedures.

Bidding documents should be reviewed by senior officials before the bidding documents are sent to potential bidders to ensure that all the relevant documentation is provided to bidders to complete and return.

**Management response**

**Issue 1 – Non-responsive tenders not disqualified (Agree with finding)**

* PA 36 was part of responsiveness which was not included on tender document when issued to bidders.

**Issue 2: Valid proof of BBBEE status levels not submitted by bidders (Agree with finding)**

* Although we agree with finding as the document is missing from the file while PA13 and BEC first evaluation would have not provided 20 points if the document was not attached.

**Issue 3 – Award not published on the eTender Publication Portal (Agree with finding)**

* The winning bidder was not advertised on e-Tender as required due to access to system but it was advertised on DPW website.

**Auditors response**

Management agrees with the all the findings. Therefore, the findings are valid and the non-compliances will be evaluated and reported accordingly.

**Tender number: MTH35/2018 - Ngcobo Magistrate office: condition based maintenance (Mbokotho investment T/A ZM construction – R25 977 936,9)**

**Requirements**

Public Finance Management Act paragraph (PFMA) 38(1)(a)(iii) states that *“The accounting officer for a trading entity must ensure that the trading entity has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective…”*

Preferential Procurement Regulations 2017 para. 6(5) and 12(3) states that “*A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.* *A person awarded a contract may not subcontract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level of a contributor than the person concerned, unless the contract is subcontracted to an EME that has the capability and ability to execute the subcontract.”*

National Treasury Instruction No 1 of 2015/16 paragraph 3.1 states that *“with effect from 01 May 2015, accounting officers and authorities of PFMA compliant institutions must, through the relevant treasury, advertise all bids of their respective institutions on the e-tender publication Portal”*

**Nature**

**Issue 1: Non-responsive tenders not disqualified**

During the audit of tender number: MTH35/2018 at Mthatha region, we noted the following:

* The tender invitation required bidders to comply with Local Content and production as the tender specifications included local content and production products such as: Firefighting equipment, Valves, Electric cables, Steel, Overalls etc.
* However, none of the bidders submitted the PA36 – Declaration for local content and production.
* Therefore, all the bidders should have been considered non-responsive and disqualified.
* However, management did not disqualify the bidders and instead evaluated the bids further on preference point system.
* Furthermore, the tender invitation did not specify the minimum threshold for local content and production.

**Issue 2: Highest scoring bidder was unfairly disqualified**

During the audit of tender number: MTH35/2018 at Mthatha region, we noted the following:

* The tender invitation included a requirement that the recommended bidder will be evaluated on technical and commercial risk to determine whether the risk posed is acceptable for the department.
* The New Boss Construction was evaluated on technical and commercial risk after being recommended by the BEC for scoring the highest points on preference point system.
* The risk assessment performed found that their price was low (16% lower than tender estimate) and might not be able to carry the project successfully at that price.
* The bidder was contacted by the BEC to confirm how they are going to complete the project successfully at the price and the bidder provided written response that they will obtain discounts for bulk buying materials and this will carter for under-pricing of certain items in the bill of quantities.
* However, the BEC still disqualified the bidder despite the bidder confirming that they will be able to complete the project at the tendered amount.
* Therefore, the bidder was unfairly disqualified and resulted in the contract being awarded to Mbokotho investment T/A ZM construction for an amount of R25 977 936,90 which is R5 212 079,5 more than the amount tendered by New Boss Construction of R20 765 857,40.

**Issue 3: Highest scoring bidder was unfairly disqualified**

During the audit of tender number: MTH35/2018 at Mthatha region, we noted the following:

* The tender invitation included a requirement that the recommended bidder will be evaluated on technical and commercial risk to determine whether the risk posed is acceptable for the department.
* The winning bidder (Mbokotho Investment T/A ZM construction) was evaluated on technical and commercial risk and the risk assessment found that the bidder is behind in one of the projects they are currently working on and one of the two reference contacted did not recommend the bidder for appointment.
* However, the BEC still recommended the bidder for appointment and was approved by the BAC.
* Therefore, the decision to recommend the bidder was not justifiable as there was sufficient reasons to indicate that the bidder pose an unacceptable risk to the department.

**Issue 4: Subcontracting more than 25% of the contract**

During the audit of tender number: MTH35/2018 at Mthatha region, we noted that the following:

* One of the losing bidders (Magubane Plant and Contractors) indicated on the PA16 – Preference claim form that they will subcontract 35% of the contract however they did not indicate the name and the BBBEE level of the subcontractor.
* As per paragraph 12(3) of the PPR, a bidder may not be awarded points for B-BBEE status level of contributor if they intend subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the bidder qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.
* Therefore, we are unable to determine whether the bidder should have been awarded points for BEE as they did not include the BBBEE level of the bidder they intend to subcontract the contract to.

**Issue 5 – Bid not advertised on the eTender Publication Portal**

During the audit of tenders at Mthatha region, we noted that the tender listed below was not advertised on the eTender Publication Portal:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No** | **Tender number** | **Project Description** | **Supplier Name** | **Award Contract Value** |
| 1 | MTH35/2018 | Ngcobo Magistrate office: Condition based maintenance | Mbokotho Investment T/A ZM Construction | R25 977 936 |

**Impact of the finding**

This results in irregular expenditure.

Expenditure that will be incurred in future for this contract will be recorded as irregular expenditure.

**Internal control deficiency**

*Financial and Performance Management*

Management did not review and monitor compliance with applicable laws and regulations.

This is due to:

* A lack of appropriate internal controls regarding the enforcement of standard operating procedures as per the SCM policy and applicable laws and regulations.
* Lack of understanding of SCM regulations and policies by officials involved in the procurement processes.
* Lack of consequence management resulting in staff not adhering to SCM regulations and policies as well as strict procurement management procedures.
* Lack of review of the bidding documents by senior officials before the bidding documents are sent to potential bidders to ensure that all the relevant documentation is provided to bidders to complete and return.

**Recommendation**

Management should ensure that:

Appropriate internal controls are in place to ensure quotations are evaluated based on applicable laws and regulations ensuring that these transactions do not result in irregular expenditure;

Training on the SCM regulations and policies is provided to all officials involved in the procurement processes.

Consequence management processes are instituted against employees for non-adherence to the standard operating procedures.

Bidding documents should be reviewed by senior officials before the bidding documents are sent to potential bidders to ensure that all the relevant documentation is provided to bidders to complete and return.

**Management response**

**Issue 1: Non-responsive tenders not disqualified (Agree with finding)**

* PA 36 was part of responsiveness which was not included on tender document when issued to bidders.

**Issue 2: Highest scoring bidder was unfairly disqualified (Disagree with finding)**

* The highest scoring bidder was 16% below but could not convince the BEC of how they are going to overcome the shortfall and it should be noted you should provide facts or demonstrate clearly the areas noted of concern from the Consultants and BEC.
* The bidder was requested by BEC to mitigate on how they are going to overcome areas where the was under-pricing.

**Issue 3: Highest scoring bidder was unfairly disqualified (Disagree with finding)**

* It should be noted that the project was not of a significant challenge to award the contractor and should be noted of the period when this was adjudicated as it might have been affected by pandemic lockdown (COVID).
* The number of projects in which the contractor has completed will also have impact on his performance.

**Issue 4: Subcontracting more than 25% of the contract (Agree with finding)**

* This was oversight on BEC to award points on contractor subcontracting more than 25%.

**Issue 5 – Bid not advertised on the e-Tender Publication Portal (Agree with finding)**

* The winning bidder was not advertised on e-Tender as required due to access to system but it was advertised on DPW website.

**Auditors response**

**Issue 1**

Management agrees with the all the findings. Therefore, the findings are valid and the non-compliances will be evaluated and reported accordingly.

**Issue 2**

Management response noted. However, based on the written response submitted by the bidder it was clear how the bidder was going to overcome the areas where they under-priced and the bidder gave positive assertion that they will complete the project at that price and management reasons for disqualifying the bidder are not substantiated. Therefore, this finding is considered valid and will be evaluated and reported accordingly.

**Issue 3**

Management response noted. The finding is therefore resolved as the project behind schedule was not significant to the project under evaluation.

**Issue 4**

Management agrees with the all the findings. Therefore, the findings are valid and the non-compliances will be evaluated and reported accordingly.

**Issue 5**

Management agrees with the all the findings. Therefore, the findings are valid and the non-compliances will be evaluated and reported accordingly.

**Awards made to suppliers with non-compliance tax statuses**

**Requirements**

Section 38 (1)(a)(iii) of the PFMA requires that *‘The accounting officer for a department, trading entity or constitutional institution must ensure that the department, trading entity or constitutional institution has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective.'*

Treasury Regulations issued in terms of section 76 of the PFMA updated 15 November 2013 paragraph 16A9.1 (d) states that *“The accounting officer must reject a bid from a supplier who fails to provide written proof from South African Revenue Service that the supplier has no tax obligation or has made arrangement to meet outstanding tax obligation”*

National Treasury Instruction No. 09 of 2017/2018 paragraph 3.4 states that “*Where a bidder does not submit a tax compliance status PIN buy provides a Central Supplier Database Number, the accounting officers must utilise the Central Supplier Database Number via Central Supplier Database website to access the supplier records and to verify the bidders tax compliance status. A printed screen view at the time of verification must be attached to the supplier records for audit purposes.”*

National Treasury Instruction No. 09 of 2017/2018 paragraph 4.1 states that “*Designated employee(s) must verify the bidders tax compliance status prior to the awarding of price quotations or competitive bids.”*

National Treasury Instruction No. 09 of 2017/2018 paragraph 4.2 states that *“Where the recommended bidder is not tax compliant, the bidder must be notified in writing of the non-compliant status and the bidder must be requested to submit written proof from SARS of their tax compliance status or proof that they have made an arrangement to meet their outstanding tax obligations within 7 working days. The bidder should thereafter provide the accounting officer with proof of tax compliance status which should be verified via Central Supplier Database or e-Filing.”*

National Treasury Instruction No. 09 of 2017/2018 paragraph 4.3 states that *“Should the recommended bidder fail to provide written proof of their tax compliance status in terms of paragraph 4.2 above, accounting officers must reject the bid submitted by the bidder.”*

**Nature**

During the audit of quotations at Mthatha region, we noted that the suppliers listed in the table below were non-compliance with tax when awards were made to them:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No** | **Supplier Name** | **Non-compliant period** | **Date of award** | **Amount (R)** |
| 1 | Makabongwe Security Services | From 17 December 2019 to 30 October 2020 | 30 September 2020 | 384 999 |
| 2 | Sikhosonke Trading and Investment (Pty) Ltd | From 05 October 2020 to 25 January 2021 | 11 November 2020 | 170 000 |

**Impact of the finding**

This results in irregular expenditure of R554 999 (R384 999 + R170 000).

**Internal control deficiency**

*Financial and performance management*

Management did not review and monitor compliance with applicable laws and regulations.

The above is due to:

Lack of understanding of SCM regulations and policies by officials involved in the procurement processes.

Management did not verify the tax compliance status of the suppliers prior to awards.

**Recommendation**

Management should ensure that:

Training on the SCM regulations and policies is provided to all officials involved in the procurement processes.

Management should ensure that tax compliance statuses of suppliers are verified on the CSD system prior to awards.

**Management response**

I am in agreement with the finding for the following reasons:

* Makabongwe security was awarded based on quotation the tax was not verified.
* Sikhosonke Trading and Investment (Pty) Ltd: this was done under emergency delegation which normally the tax matters appear on CSD is printed after the contractor is appointed.

**Auditors Conclusion**

Management agrees with the all the findings. Therefore, the findings are valid and the non-compliances will be evaluated and reported accordingly.

**Procurement and Contract Management - Misrepresentation by the winning bidder**

**(false declaration)**

**Requirements**

Public Finance Management Act paragraph (PFMA) 38(1)(a)(iii) states that *“The accounting officer for a trading entity must ensure that the trading entity has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective…”*

Section 38 (1) (c) (ii) of the PFMA states that: *“The accounting officer for a trading entity must take effective and appropriate steps to prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct”*

Treasury Regulation 16A6.3 states, *“The accounting officer must ensure that bid documentation and the general conditions of a contract are in accordance with the instructions of the National Treasury or the prescripts of the Construction Industry Development Board, in the case of a bid relating to the construction industry.”*

Preferential Procurement Regulation 4(2) states: *“A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender*

**Nature**

**Head Office**

During the audit of tender No H20/012A to the value of R63 703 409.75 was won by Winning bidder Zidlaphi Nkomo & Associates CC. The Department on 03/02/2021 accepted this tender. The bidder submitted all required documents for the responsiveness criteria as required by the PA-04(EC) Notice and Invitation to Tender.

One of the responsiveness criteria was submission of PA-11: Declaration of Interest and Tenders Past Supply Chain Management Practices. The winning bidder submitted and completed by the document. Dumaza Nkomo (member) submitted and signed the certificate on the 29/10/2020 declaring independence on behalf of the winning bidder, Zidlaphi Kgomo and Associates cc.

As per paragraph 3.11 of the PA11 Declaration of Interest and Bidder's Past Supply Chain Management Practices which states

"*Do you or any of the bidder/ directors /trustees /shareholder/ members of the company have any interest in any other related companies whether or not they are bidding for this contract.”*

The winning bidder declared when they completed PA11 declaration indicated that they or any of the above-mentioned parties do not have any interest in any other related companies whether or not they are bidding for this contract

Through search performed on CIPC noted that the director of Zidlaphi Kgomo is also a director in the following companies

* Malanda Investments
* ZKA investments
* Malanda Advisory services
* Locitrim

Additionally. This indicates false declaration of interest and the supplier had other companies as noted by CSD reports

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No** | **Service provider:** | **Description of contract:** | **Tender No** | **Tender Value** |
| 1 | Zidlaphi Kgomo and Associates CC | Dolomite Risk Management Strategy (DRMS):  Thaba Tshwane Personell School  Upgrading of Civil Engineering Wet Services | H20/012A | R63 703 409.75 |

**Impact**

* Non- compliance with PFMA Section 38
* Non- compliance with Treasury Regulation 16A6.3
* Preferential Procurement Regulation 4(2) as the bidder did not meet pre-qualifying criteria.
* Understatement of irregular expenditure by an amount of R4 856 987, 15.

**Internal control deficiency**

Financial and performance management: Review and monitor compliance with applicable laws and regulations.

Leadership: Exercise oversight responsibility regarding financial, performance reporting, compliance, and related internal controls.

* Management did not implement adequate control processes to ensure compliance to applicable SCM processes, particularly as it relates to compliance to pre-qualification criteria.

**Recommendation**

It is recommended that management should consider the following:

* To improve the control environment to enhance the prevention and detection of non-compliance with PPR Regulations during evaluation of bids.
* Management should enhance the SCM compliance checklist by ensuring that the pre-qualifying checklist is reviewed to ensure that the reviewer will detect any matters, which the compiler might have missed.

**Management response**

I am/ am not in agreement with the finding above due to the following reasons

**Auditor’s conclusion**

**DETAILED AUDIT FINDING**

**Requirements**

*Public Finance Management Act section 40(1)(a)(i) state that: “The accounting officer for a department must keep full and proper records of the financial affairs of the department, trading entity or constitutional institution in accordance with any prescribed norms and standards;*

*National Treasury Designated Sector Instruction Notes paragraph 7.1 states that “Once bids are awarded, the DTI must be notified of all the successful bidders and the value of the contracts; and provided with copies of the contracts, the SBD/MBD 6.2 Certificates together with the declaration C submitted by the winning bidder.”*

*Preferential Procurement Regulation 2011 paragraph 9(1) states the following state that “An organ of state must, in the case of designated sectors, where in the award of tenders local production and content is of critical importance, advertise such tenders with a specific tendering condition that only locally produced goods, service or works or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.”*

*Preferential Procurement Regulation 2017 paragraph 8 (2) and 8(5) states the following “An organ of the state must, in case of designated sector, advertise the invitation to tender in a specific condition that only locally produced goods or locally manufactured goods, meeting the stipulated minimum threshold for local production and content will be considered. A tender that fails to meet the minimum threshold for local production and content is an unacceptable tender.”*

*“National Treasury Instruction No.1 of 2015/16 on eTender Publication Portal par. 3.1: With effect from 1 May 2015, accounting officers and accounting authorities of PFMA compliant institutions must, through the relevant treasury, advertise all bids of their respective institutions on the eTender Publication Portal.”*

*“National Treasury Instruction No.1 of 2015/16 par 4.1 & 4.2: With effect from 1 May 2015, accounting officers and accounting authorities of PFMA compliant institutions must, through the relevant treasury, publish the awards of all advertised competitive bids on the eTender Publication Portal. PFMA compliant institutions must submit the following information on successful bids to the relevant treasury’s eTender Publication Portal within 7 working days of awarding the bids*

**Nature**

**Issue 1**

During the audit of procurement management, we noted that the PA36 - Declaration for local content and production did not indicate the percentage of the local content to be supplied by the winning bidder.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **NO** | **Tender/RFQ number** | **Supplier Name** | **Description Of Goods Or Services** | **Amount** |
| 1 | MMB 2019/098 EC | Nzwalo Investments t/a Lumacon Airconditioning | Replacement of Kitchen equipment and upgrading of the kitchen | R 3 247 274.63 |

**Issue 2**

During the audit of procurement management, we could not obtain evidence that DTI (Department of Trade and Industry) was notified of the successful bidder and the value of the contract. Furthermore, we could not obtain evidence that DTI was provided with copies of the contracts and the bidder's SBD 6.2 certificate. The contract listed below had the local content as the requirement as was not disclosed to the DTI:

| **No** | **Tender/RFQ number** | **Supplier Name** | **Description Of Goods Or Services** | **Amount (R)** |
| --- | --- | --- | --- | --- |
| 1 | MMB 2019/098 EC | Nzwalo Investments t/a Lumacon Airconditioning | Replacement of Kitchen equipment and upgrading of the kitchen | R 3 247 274.63 |

**Issue 3**

During the audit of competitive bidding, we noted that for the bids listed below; the bid was not advertised on the eTender Publication Portal and the award was not published on the eTender Publication Portal and Government Tender Bulletin

|  |  |  |  |
| --- | --- | --- | --- |
| **Bid no.** | **Description** | **Supplier** | **Amount** |
| MMA2019/063 GS | Maintenance of plumbing and civil service work for 24 months | Wiser Trading CC | R 2 664 423,50 |
| MMB2019/098 EC | Replacement of kitchen equipment and kitchen upgrade: Brits Prison | Nzwalo Investments | R3 247 274.63 |



**Impact**

* Issue 1: This results in an irregular expenditure of R105 663.85
* Issue 2: This also results in a limitation of scope as no evidence was provided that the DTI was notified of the successful bidder and the value of the contract for local content.
* Issue 3: Internal control deficiency

**Internal control deficiency**

*Financial and Performance management*

Management did not review and monitor compliance with applicable legislation.

Lack of review of the bidding documents by senior officials before the bidding documents are sent to potential bidders.

**Recommendation**

Management should ensure that the invitation to bid specified the minimum threshold for local production and content which is not less than the threshold prescribed in the relevant NT Instruction Notes.

Management should provide evidence within 3 working days that the DTI was notified of the successful bidder and the value of the contract for local content

Management should ensure that the bid and award is advertised on etender portal and government tender bulletin.

**Management response:**

I am/not in agreement with the finding for the following reasons [and supply the following/attached information in support of this]:

**Auditor’s conclusion**

**DETAILED AUDIT FINDING**

Procurement and Contract Management

**Requirements**

*Public Finance Management Act paragraph (PFMA) 38(1)(a)(iii) states that “The accounting officer for a trading entity must ensure that the trading entity has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective…”*

*Section 41 of the PFMA requires that ‘An accounting officer for a department, trading entity or constitutional institution must submit to the relevant treasury or the Auditor-General, such information, returns, documents, explanations and motivations as may be prescribed or as the relevant treasury or the Auditor-General* may *require’’*

National Treasury Designated Sector Instruction Notes paragraph 7.1 states that *“Once bids are awarded, the DTI must be notified of all the successful bidders and the value of the contracts; and provided with copies of the contracts, the SBD/MBD 6.2 Certificates together with the declaration C submitted by the winning bidder.”*

**Nature**

During the audit of procurement management, we could not obtain evidence that DTI (Department of Trade and Industry) was notified of the successful bidders and the value of the contract. Furthermore, we could not obtain evidence that DTI was provided with copies of the contracts and the bidder's SBD 6.2 certificate. The contracts listed below had the local content as the requirement:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **No** | **Region** | **Quotation Number/ Tender number** | **Project Description** | **Supplier Name** | **Award Contract Value** |
| 1 | Johannesburg | JHB 19/43 | Repair and Maintenance of Electrical and Mechanical Installations excluding boilers, clarifiers and steam pipes | Inkwali Fabrication and Maintenance (Pty) Ltd | R102 000 000,00 |
| 2 | Johannesburg | JHB 19/33 | CLEVELAND POLICE STATION: REPAIRS AND MAINTENANCE | Musan Trading Enterprise | R101 030 801,70 |
| 3 | Johannesburg | JHB19/32 | Vereening Police Station : repairs and repair and renovation | Musan Trading Enterprise | R 96 834 927,98 |
| 4 | Cape Town | RFQ9916 | Supply and delivery of Office Furniture | Belinda Creative Interior Décor | R279 000,00 |
| 5 | Port Elizabeth | PE12/2019 | Hankey Police complex: Construction of police station and demolishing of existing structures | GVK Siya Zama Building Contractors(Cape)(Pty) Ltd | R101 906 735,00 |
| 6 | Port Elizabeth | PE18/2019 | Bulembu SAPS Air Wing :Repairs & maintenance of electrical ,civil, mechanical,& structural elements of the complex | Sinclair Gersahn Troskie Construction CC | R66 179 257,40 |
| 7 | Port Elizabeth | PET15/2019 | Queenstown and surrounding areas : Term contract : Electrical repairs for the period of 24 Months | RGA electrical project management & contracting | R5 650 000,00 |
| 8 | Port Elizabeth | PE19/2019 | Port Elizabeth: Department of labour employment factory complete repairs &renovations for contract 3 | Homeless Build Construction (HBC) | R39 812 018,00 |
| 9 | Bloemfontein | BL20/031 | Correction on Completion for retention contract | Shikmiya Building Construction | R30 590 780,00 |
| 10 | Polokwane | PLK19/13 | Thohoyandou Magistrate office: Repair and Renovations | Bongekile Contractors CC | R23 983 000,00 |
| 11 | Polokwane | PLKQ 20/Covid 19/03 | Decontamination of facilities- Department of Justice Magistrate court | Servest (Pty) ltd | - |
| 12 | Head Office | H20/012A | Dolomite Risk Management Strategy (DRMS): Thaba Tshwane Personell School Upgrading of Civil Engineering Wet Services | Zidlaphi Kgomo and Associates CC | R63 703 409,75 |
| 15 | Head Office | H19/024AI | Land Ports of Entry - Boesmansnek, Ongeluksnek and Ramatseliso - Appointment of Service Provider for Maintenance & Repairs of Buidling, Civil, Mechanical, Electrical Infrastructure and Installations for 36 Months | Magwa Construction | R16 466 905,20 |
| 16 | Head Office | H19/023AL | Groblesrsbridge and stockpoort land ports of entry : Appointment of a service provider for the maintenance and repairs of buildings, civil, mechnical and electrical infrastructure and installations for a period of 36 month | BMK Electro Mechanical(PTY) LTD | R29 740 094 |
| 17 | Head Office | H20/008AI | Contract Supplier: ASCUL CONSTRUCTION CC  Description: Ramatlabama, Bray, Makgobistad & Skipadsnek Land Ports of entry 36 Months repair and maintenance | ASCUL Construction CC | R61 131 972,91 |
| 18 | Head Office | RFQ4275 | Supply of hand sanitiser, and foot operated pumps | Rebaone Excellent Trading | R85 700 |
| 19 | Nelspruit | NST 20/024 | Witbank Prison: Boiler operation and scheduled maintenance for 12 Months | Khado Zondo JV Inkamberni Trading | R1 705 000,00 |
| 19 | Mthatha | MTH68/2018 | Coffee Bay SAPS: Installation of septic tank, generator set and supply electrical upgrade | Purple Pansy 101 CC | R1 763 571,00 |
| 20 | Mmabatho | MMB 2019/084 EC | Rooigrond Prison: Condition based maintenance of electrical and mechanical | Lindokuhle & FV Trading JV | R24 323 342,34 |
| 21 | Mmabatho | MMB 2019/084 EC | Rooigrond prison repair maintenance and operation of water sewer Supplier: FV trading enterprise (PTY) LTD | FV trading enterprise (PTY) LTD | R36 457 188,78 |

**Impact of the finding**

This also results in a limitation of scope as no evidence was provided that the DTI was notified of the successful bidder and the value of the contract for local content.

**Internal control deficiency**

*Financial and Performance Management*

Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

**Recommendation**

Management should**:**

* Ensure that appropriate internal controls regarding proper filling and record keeping are in place to ensure that documentation is easily and readily available.
* provide evidence that the DTI was notified of the successful bidder and the value of the contract for local content

**Management response:**

I am/not in agreement with the finding for the following reasons [and supply the following/attached information in support of this]:

**Auditor’s conclusion**

**DETAILED AUDIT FINDING: Winning bidder did not comply with the stipulated qualifying criteria in terms of Local Content requirements.**

**Audit finding**

**Laws, rules and Regulations:**

*Public Finance Management Act paragraph 38(1)(a)(i) and 38(1)(a)(iii) states that “The accounting officer for a trading entity must ensure that the trading entity has and maintains*

1. *Effective, efficient and transparent systems of financial and risk management and internal control;*
2. *(iii)  An appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective;”*

*Public Finance Management Act paragraph 38 (1)(c)(ii) states that “The accounting officer for a trading entity must take effective and appropriate steps to prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct”*

*Preferential Procurement Regulation 4(2) states that “A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender.”*

*National treasury instruction note 15 of 2016/2017 paragraph 4.3 states that: The local content (LC) expressed, as percentage of bid price must be calculated in accordance with the following formula, which must be disclosed in the bid documentation:*

*Guidance Document for the calculation of Local Content states that:*

* *LC = (1-x/y)\*100.*
* *X is the imported contend in rand*
* *Y is the bid price in rand excluding value added tax(VAT)*

*National Treasury Designated Sectors Instruction Number 15 of 2016-2017 in paragraph 4.5, for purposes of complying with paragraph 4.1, 4.2 and 4.3 of the instruction notice, “The local production and content SBD 6.2 must form part of the bid documentation. The SBD 6.2 is for use by all National, provincial departments, constitutional institutions and public entities listed in schedules 2, 3, 3A, 3B, 3C and 3D of the Public Finance Management Act.”*

*National Treasury Designated Sector Instruction Notes paragraph 7.1 states that “Once bids are awarded, the DTI must be notified of all the successful bidders and the value of the contracts; and provided with copies of the contracts, the SBD/MBD 6.2 Certificates together with the declaration C submitted by the winning bidder.”*

**Nature**

**Issue 1:**

During the audit of tender no BL20/031 for Correction on Completion for retention contract we noted that the winning bidder did not comply one of the pre-qualifying criteria’s, as the bidder did not complete correctly the bid price in PA 36 Local production and content for designated sectors). Furthermore, the amount captured in PA36 did not agree to the total on Annexure C .There were also errors identified on the calculations of Annexure C).

We also noted that the Bid Evaluation Committee listed the winning bidder Shikwinya building construction as non- responsive but was evaluated further even though it was listed as non-responsive.

The detail of the award are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No** | **Tender number** | **Project Description** | **Supplier Name** | **Total amount incurred** |
| 1 | BL20/031 | Correction on Completion for retention contract. | Shikmiya Building Construction | R30 590 780.00 |

**Issue 2:**

* During the audit of supply chain management for competitive bids, we noted that Shikwinya building construction was awarded the tender with the tender amount of R30 590 780.00, tender number of BL20/031, Local content was part of responsive criterion however DTI was not notified of the all the successful bidder and estimated value of the contract. See table below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No** | **Tender number** | **Project Description** | **Supplier Name** | **Total amount incurred** |
| 1 | BL20/031 | Correction on Completion for retention contract. | Shikmiya Building Construction | R30 590 780.00 |

**Impact of the finding**

* The department did not comply with the Preferential Procurement Regulation 4(2).
* Irregular Expenditure of limited to the amount paid to date.
* Non Compliance with National Treasury Designated Sector Instruction Notes

**Internal control deficiency**

Financial and Performance Management

Management did not adequately review and monitor compliance with applicable laws and regulations relating to supply chain management policy.

During the competitive bidding evaluation, management did not compile a checklist to assist with identifying that the specification is not fully complete.

**Recommendation**

* It is recommended that management should enhance compliance procedures to ensure compliance with all prescribed laws and regulations and ensure consistency in how all bidders are assessed.
* Management should enhance the SCM compliance checklist by ensuring that the pre-qualifying checklist is reviewed to ensure that the reviewer will detect any matters, which the compiler might have missed.
* Management to check and ensure that the various bid committees do not exceed their scope of their

Powers.

* Management should disclose the Irregular Expenditure of limited to the amount paid

**Management response**

Issue 1

Management is in agreement that the PA36 and Annexures C contained errors. We do however not agree that this results in irregular expenditure, but is an administrative matter. The stipulated minimum threshold was indicated as 70%, 90% and 100% depending on the commodity. Although the amounts is incorrect the bidder indicated on all commodities that the percentage local content is 100% which exceeds and complies to the minimum thresholds and 100% remains 100% no matter the amount. PPPFA regulations of 2017 paragraph 8 (5) states that “a Tender that fails to meet the minimum stipulated threshold for local production and content is an unacceptable tender”. The minimum threshold was complied with and therefore the bid is acceptable. The award amount on which local content was calculated can change during the construction period as well due to VO’s, CPA, etc. and therefore is the important factor the percentage.

The Regional Bid Adjudication Committee also confirms that The general requirement of PA 36 state that a bid may be disqualified if the Declaration Certificate and the Annexure C, are not submitted as part of the bid documentation ,it does not state that the disqualification of the bid is based on inaccurate information. The management noted that the winning bidder’s imported content was 0%, therefore the local content was to remain at 100% no matter the bid price.

Management does not agree that the BEC listed the winning bidder as non-responsive as on the last meeting of the BEC held on 22 January 2021 the bidder was listed as responsive and therefore evaluated further.

Issue 2

The submission of information to DTI is done by HO and the regional office can therefore not confirm or deny whether HO submitted the name of the successful bidder and estimated value of contract to DTI as per the query above. We can however confirm that this information was submitted to HO. We do however confirm that copies of the contracts, the PA36 Certificates together with the annexure C submitted by the winning bidder was not submitted to HO for submission to DTI as we were still awaiting feedback from HO as to who the responsible official is to whom we should submit. We did however submit it to HO now on 14 July 2021.

Action Plan: SCM to ensure compliance by submitting the PA36 documentation to Head Office, within 5 days after award.

Responsible Official: DD: SCM

Date: Immediately

**Auditor’s conclusion**

**Background**

During the audit of Deviation to appoint Hiroworx (Pty) Ltd for Office accommodation for the National Department of Health the department followed the following process:

|  |  |
| --- | --- |
| **Event No.** | **Details** |
| 1 | **Department of Cooperative Governance and Traditional Affairs tender – PT18/086**  On 4 April 2019, DPWI invited prospective bidders to tender for the procurement of office accommodation for the Department of Cooperative Governance and Traditional Affairs (COGTA) – **Tender PT18/086**.  The requirements as per the advert, which closed on 30 April 2019 on the Government Tender Bulletin were as follows:   * Leasing of office accommodation of 21 248 m2 * 705 parking bays; * For a period of 7 years; and * In Arcadia, Brooklyn, Hatfield or Thaba Tshwane. |
| 2 | **Tenders particulars**   * Advertisement date : 04 April 2019 * Closing date : 30 April 2019 * Number of tenders received : 03 |
| 2 | **Pre- qualifying criteria**  Tender no: PT18/086 had the following as part **pre-qualification criteria** stipulated:   * **Category A** – refers to a segment where a property is owned by an enterprise(s) individual(s) which are not less than: * 51% Black ownership; * 51% Black management; * 51% Black controlled; and * With a BBB-EE certificate status level 4 or above assessed in terms of the Property Sector Code.   The bid was evaluated according to the 90/10 preference points scoring system. |
| 3 | **Tenders received**   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **No** | **Entity** | **Building** | **Area** | **Bid Price** | | 1 | SKG (PTY) LTD | De Bruyn Building | Pretoria CBD | R177 609 941.48 | | 2 | LICIAFIAN (PTY) LTD | Metro Park Building | Pretoria CBD | R324 781 765.05 | | 3 | HIROWORX (PTY) LTD | Exxaro Building | Thaba Tshwane | R426 062 790.45 |   According to the Bid Evaluation Committee (BEC) meeting that took place on 30 May 2019, SKG and Liciafian were both disqualified because they were not in the preferred geographical area. Hiroworx was the only company that proceeded for further evaluation. |
| Summary of key events that took place during the evaluation and prior to the awarding of the tender: | |
|  | **11 June 2019**  Regional Bid Adjudication Committee (BAC) sat and issues were raised about ownership of the Exxaro building. A Legal Opinion was requested on the matter. At the time Hiroworx submitted the bid, the Exxaro building was owned by GRT Bloekom (a subsidiary of Growthpoint). Hiroworx submitted a sale of shares agreement which indicated that they were in the process of buying 100% of the share capital of GRT Bloekom. |
|  | **10 July 2019**  The Legal Opinion stated that it would be too risky to continue with the approval of Hiroworx as it stands. Legal then requested for more information about ownership of the building. |
|  | **12 July 2019**  Regional BEC sat and discussed the Legal Opinion. It was agreed that they would engage Hiroworx. |
|  | **18 September 2019**  A supplementary Legal Opinion also raised questions around the ownership and said it appears that Hiroworx is being used to increase the BEE rating of the actual owners. |
|  | **10 October 2019**  Regional BEC meeting held and recommended the award to Hiroworx on condition that the building be transferred to Hiroworx. |
|  | **17 October 2019**  Request for Regional BAC to recommend appointment of Hiroworx to National BAC. |
|  | **25 October 2019**  National BAC approves the award to Hiroworx on condition that ownership of the Exxaro building transfers to Hiroworx before occupation by COGTA. |
|  | **1 November 2019**  Hiroworx was appointed as the successful bidder on 1 November 2019 for PT18/086 and the lease agreement was signed on 6 December 2019. Commencement date on the agreement was noted as the date on which the lease commences, which date may not be earlier than the date of occupation or a month after the lessor has completed the agreed tenant installations. |
|  | **31 January 2020**  COGTA sent a letter to DPWI requesting the department to acquire alternative office accommodation due to the fact that they would not be able to move to the building due to its proximity to a quarry/ mine.  Subsequent to the request from COGTA an internal memorandum, dated 21 February 2020, was sent to the National BAC informing them of the request by COGTA. Included in the memorandum was the request that COGTA be substituted with the Department of Health (DoH) as that would save the DPWI from incurring wasteful expenditure and possible litigation. The memorandum also stated that DoH had expressed interest in the Exxaro building. |
|  | **12 February 2020**  The Exxaro building transferred ownership to Hiroworx only on 12 February 2020 |

Below is background to another process that was initiated for the DoH requirements for office accommodation, prior to the suggestion for them to substitute COGTA.

| **Event No.** | **Details** |
| --- | --- |
| 1 | **Department of Health (DoH) Tender:**  On 5 July 2019, DPWI advertised Tender Number **PT19/008** which invited prospective tenderers for the supply and letting of office accommodation to DoH.  The advert which closed on 6 August 2019 indicated the following requirements:   * The office accommodation required comprised of 28 397.09 m2 and 474 parking bays; * The first preference was a single tenant building; * The second preference was a multitenant/separate building in Acardia, Hatfield, Menlyn, Lynwood, Perseqour Park, Centurion or Pretoria CBD; and * The office accommodation was required for a period of 5 years. |
|  | **Tenders particulars**   * Advertisement date : 05 July 2019 * Closing date : 06 August 2019   Number of tenders received : 04 |
| 2 | **Tenders received**   |  |  |  |  | | --- | --- | --- | --- | |  | **Entity** | **Building** | **Area** | | 1 | SKG | De Bruyn Building | Pretoria CBD | | 2 | SKG | Metro Park Building | Pretoria CBD | | 3 | HIROWORX | Exxaro Building | Thaba Tshwane | | 4 | ABLAND | Irene Link Building | Centurion | |
| 3 | **22 October 2019**  DoH wrote a letter to DPWI, it is indicated that DoH has requested to participate in the COGTA contract. The letter further states that DoH would like to submit their revised and reduced requirements of 12 000m2 instead of the initially required 28 397.09m2.  Due to the change in requirements by DoH a Legal Opinion was sought and the opinion indicated that this is a change of scope and if the process continues it will be prejudicial to those who did not tender based on the fact that the advert requested 28 397.09m2 instead of 12 000m2. Subsequent to that, AGSA inspected an internal memorandum dated 7 November 2019 wherein the BEC indicated that Supply Chain Management (SCM) advised that the tender be cancelled and go out on open tender process due to the change in scope. The BEC recommended that the tender be cancelled and a new procurement be approached through shopping procedure due to the urgency.  AGSA understands that after several meetings and deliberations and the fact that COGTA had requested for alternative accommodation than the Exxaro building, a request was made to the National BAC for COGTA to be substituted with DoH. |
|  | **06 March 2020**  A submission was made to National Treasury dated 6 March 2020 and titled “*Request National Treasury to* approve*/support substitution of COGTA as a tenant at Exxaro Building by Department of Health”.* In the submission various reasons were made for the replacement with the primary reasons given as to avert wasteful expenditure and possible litigation. |
|  | **24 March 2020**  National Treasury stated that that they **support the deviation** on condition that the following concerns are addressed by DPWI:   * Whether DPWI has conducted an environmental assessment to ensure the Department of Health's health and safety; * Whether the cost to lease is market related; * Whether COGTA incurred any fruitless, wasteful on tenant installations; and * Whether DPWI included any fruitless, wasteful and or irregular expenditure incurred by COGTA in the cost of leasing and or the period of the lease.   The audit team reviewed information provided for audit purpose and found no proof to show that PMTE did provide clarification and information requested by the National Treasury and also that final approval was granted by National Treasury, therefore the whole process is irregular. |
|  | **Letter to DoH dated 9 April 2020**  PMTE informed DoH on 9 April 2020 that NT has approved the deviation, though based on the aforementioned it was a conditional approval. |
|  | **21 September 2020**  The addendum to the lease agreement was signed on 21 September 2020, by Hiroworx and DPWI. COGTA was then replaced by the DoH as the tenant to the Exxaro Building. |

**DETAILED AUDIT FINDING**

Procurement and Contract Management

**Issue 1- Pre- qualifying criteria not met**

**Requirements**:

Section 38(1)(a)(i) of the Public Finance Management Act states that: *“The accounting officer for a department, trading entity or constitutional institution must maintain –effective, efficient and transparent systems of financial and risk management and internal control...”*

Section 38(1)(a)(iii) of the Public Finance Management Act states that: *“The accounting officer for a trading entity has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective…”*

Preferential Procurement Regulation 4(2) states: *“A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender.”*

Section 38 (1) (c) (ii) of the PFMA states that: *“The accounting officer for a trading entity must take effective and appropriate steps to prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct”*

Treasury Regulation 8.1.1 state that*: “The accounting officer of the institution must ensure that internal procedures and internal control measures were in place for the approval and processing of payments. These controls provided reasonable assurance that all expenditure is necessary, is appropriate, is paid promptly and is adequately recorded and reported on...”*

Treasury Regulation 8.2.2 states that*: “Before approving expenditure or incurring a commitment to spend, the delegated or authorised official must ensure compliance with any limitations or condition attached to the delegation or authorisation.”*

**Nature**

The pre- qualifying criteria in the bidding documents states that **Category A** – refers to a segment where an enterprise individual owns a property which are not less than:

* 51% Black ownership;
* 51% Black management;
* 51% Black controlled; and
* With a BBB-EE certificate status level 4 or above assessed in terms of the Property Sector Code.

Inspected the tender document of the winning bidder (Hiroworx) and noted that during the evaluation and adjudication stage Hiroworx did not own the Exxaro building and this was evaluated further instead of being assessed as unresponsive as it did not meet the pre- qualifying criteria. Through inspection of title deed, it was confirmed that the ownership of the building was transferred to Hiroworx only in February 2020 whereas the BAC made the award to Hixoworx on 29 October 2019.

We also noted that PA-04: Notice and Invitation to tender for tender number PT18/086 stipulated amongst others, the following responsiveness criteria:

“1. “Submission of (PA-11): Declaration of interest and Tender’s Past Supply Chain Management Practices”

We inspected PA-11 signed by the supplier and noted the following issues

* Hiroworx did not disclose Ms Lindokuhle Nonkanyiso Mkhize, who is a Director of the company. According to CSD report for Hiroworx she was appointed as a Director on 17 January 2019 and the bid for Hiroworx was submitted on 30 April 2019. However, they only disclosed Mr Yahya Karolia as a Director and he was appointed on 14 January 2019.
* Ms Mkhize is also a sole Director of Nonkanyiso Investments, a company that owns 5% of Hiroworx, however, Nonkanyiso Investments is not listed as a shareholder on the declaration of interest forms.
* The CSD Registration report of Hiroworx further shows that the company has two other shareholders, and we confirmed that those directors were not listed in PA-11.

Hiroworx did not meet 2 of the pre-qualifying criteria’s therefore they should have been disqualified at pre-qualifying stage, as legally they did not own the building and they did not complete PA-11 in full.

**Impact**

* The impact of the finding is irregular award of the contract to Hiroworx (Pty) Ltd.
* Non- compliance with Preferential Procurement Regulation 4(2) as the winning bidder did not meet the pre-qualifying criteria

**Internal control deficiency**

Financial and performance management: Review and monitor compliance with applicable laws and regulations.

Leadership: Exercise oversight responsibility regarding financial, performance reporting, compliance, and related internal controls.

* Management did not implement adequate control processes to ensure compliance to applicable SCM processes, particularly as it relates to compliance to pre-qualification criteria.

**Recommendation**

It is recommended that management should consider the following:

* To improve the control environment to enhance the prevention and detection of non-compliance with PPPFA Regulations during evaluation of bids. This is to ensure that all evaluation criterion documented in the bid document are used and applied consistently throughout the evaluation and adjudication of all bids. Also to ensure that any non-compliances are pro-actively identified.
* Ensure that training is provided on the implementation of internal controls and processes in place for reviewing of declaration of interest forms during evaluation of bids.
* Bidders who do not meet the pre-qualifying criteria are regarded as unacceptable as per the regulation.
* Reporting the appointment of Hiroworx as irregular and all payments made to be regarded as irregular expenditure and should be disclosed as such in the annual financial statements due to the non-compliance with the PPR and PFMA requirements.
* Conducting an investigation to determine the facts surrounding the irregular appointment of Hiroworx as outlined in the findings above.
* As part of the investigation, identifying any responsible people and instituting appropriate consequence management.

**Management response:**

I am/not in agreement with the finding for the following reasons [and supply the following/attached information in support of this]:

**Auditor’s conclusion**

**Issue 2- Deviation not approved**

**Requirements**:

*Section 38(1)(a)(iii) of the Public Finance Management Act states that: “The accounting officer for a trading entity has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective…”*

National Treasury SCM Instruction No 3 of 2016/17 paragraph 8.5 states that: *“8.5 Any other deviation will be allowed in exceptional cases subject to the prior written approval from the relevant national treasury.”*

*Treasury Regulation 16A6.4**states that “If in a specific case it is impractical to invite competitive, the accounting officer or accounting authority may procure the required goods and services by other means provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the accounting officer or accounting*

**Nature**

During the audit we noted that the department requested approval from national treasury to substitute *COGTA as a tenant at Exxaro Building by Department of Health*. Inspected a letter from National Treasury responding in a letter dated 24 March 2020 stating that they support the deviation to substitute COGTA with DoH on condition that the following concerns are addressed by PMTE :

* Whether DPWI has conducted an environmental assessment to ensure the Department of Health's health and safety;
* Whether the cost to lease is market related;
* Whether COGTA incurred any fruitless, wasteful on tenant installations; and
* Whether DPWI included any fruitless, wasteful and or irregular expenditure incurred by COGTA in the cost of leasing and or the period of the lease.

The National Treasury also requested DPWI to provide the following additional information:

* The scope of work for the previous renovations into the Civitas Building where DoH was housed the cost incurred to bring the building to OHSA standards;
* The assessment report concluded by the professional service providers on the building prior to renovations/ re-construction; and
* System generated payments made to all contractors that worked on the Civitas Building and the close out report/s.

Inspected the documents that was submitted by PMTE for audit and we could not find proof to prove that the DPWI did provide clarification and information requested by the National Treasury and that National Treasury granted that final approval. On the National Treasury website the deviation status is still indicated as “conditional support”. However, we noted that DPWI informed DoH on 9 April 2020 that NT has approved the deviation, which we cannot confirm because the approval was not submitted to the auditors.

Inspected and audited the initial tender process that was followed by DPWI to appoint Hiroworx (Pty) Ltd, and the initial lease agreement that was signed by DPWI and Hirroworx and confirmed that the award was made irregularly refer to issue 1 for details. It was further noted that the initial lease contract signed by DPWI and the addendum the amounts are not the same which means DPWI did not meet the conditions raised by treasury.

**Impact**

* The proper procurement process were not followed in awarding Hiroworx (Pty) Ltd the award based on issue 1 above therefore the deviation to substitute COGTA with DoH is also considered an irregular award.
* Non-compliance with paragraph 8.5 of National Treasury Instruction Note no 3 of 2016/17 as the deviation was not approved by treasury
* Understatement of Irregular expenditure by R12 224 279,7 in the current year

**Internal control deficiency**

**Financial and performance management**

*Review and monitor compliance with applicable legislation*

* Management did not implement adequate control processes to ensure compliance to the procurement legislative prescripts. Particularly as it relates to the approval of deviations to the normal procurement process.
* The principle of proper record- keeping was not implemented promptly to ensure that complete, relevant and accurate information is accessible and available for audit purposes that is if the final approval of the deviation was obtained.

Leadership: Exercise oversight responsibility regarding financial, performance reporting, compliance, and related internal controls.

* The department did not ensure that the deviation is approved and they did not ensure that they meet all the conditions made by treasury

**Recommendation**

We recommend that management should consider the following:

* Ensure that deviations from normal procurement process are adequately approved prior to proceeding with procurement processes as required by the regulations.
* Review and consider if indeed all the conditions as set out by National Treasury in their conditional approval were implemented and submitted to National Treasury, if not take appropriate corrective action.

**Management response:**

I am/not in agreement with the finding for the following reasons [and supply the following/attached information in support of this]:

**Auditor’s conclusion**

**Issue 3- Deviations with Supply Chain Management Prescripts**

**Requirements:**

*Section 1 of the PFMA states that:* ***“irregular expenditure”*** *means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including this Act; or The State Tender Board Act, 1968 (*[*Act No. 86 of 1968*](http://inmagicserver/nxt/gateway.dll/jilc/kilc/u4sg/ngtg/ogtg?f=templates$fn=document-frameset.htm#0)*), or any regulations made in terms of that Act; or...”*

*Section 38 (1)(c)(ii) of the PFMA states that "The accounting officer for a department, trading entity or constitutional institution, must take effective and appropriate steps to prevent unauthorised, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct..."*

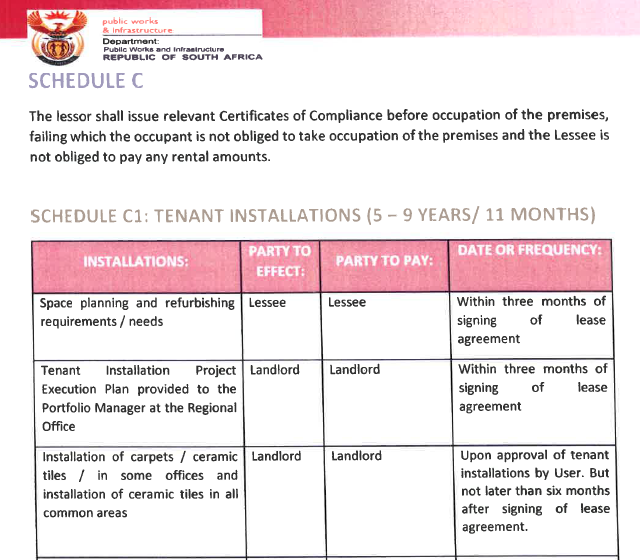
*National Treasury Practice note 8 of 2007/2008 paragraph 3.4.1 states that, “Accounting officers / authorities should invite competitive bids for all procurement above R 500 000.”*

*National Treasury Practice Note 6 of 2007/08, par. 2.3 states that: “It is, however, recognized that there will be instances when it would be impractical to invite competitive bids. In this regard, Treasury Regulation 16A6.4 provides for such instances where accounting officers or accounting authorities are allowed to dispense with competitive bidding processes to procure goods and services by other means. This provision is intended for cases of emergency where immediate action is necessary or if the goods and services required are produced or available from sole service providers. The reasons for such action must be recorded and approved by the accounting officer or accounting authority”.*

**Nature**

Inspected invoice no NT401002/2021TI01 and NT401002/2021TI02 with an amount totaling R8 886 977, 68 charged by the landlord (Hixoworx) for installation cost and confirmed that these costs were paid by the department instead of a landlord. Further inspected the lease agreement between PMTE and Hiroworx schedule C1 and confirmed that the installation costs were sorely the responsibility of the tenant to effect and pay, therefore the department was in contravention of the lease agreement. Also noted that the department did not follow a competitive bidding process to appoint a service provider to effect the necessary installations that are necessary in the building before DoH moved into the building.

**Figure 1: Tenant installation (Extracted from the lease annexure)**



**Impact**

There was non-compliance with the applicable laws, rules, regulations and practice notes which resulted in irregular expenditure amounting to R8 886 977.68. In addition, the installation is still in progress and costs may be more than what was currently paid.

**Internal control deficiency**

Financial and performance management: Implement controls over daily and monthly processing and reconciling transactions

* The department did not ensure that the applicable SCM processes were followed prior to processing the payment for the tenant installation cost.
* The department did not ensure that invoices were verified against the terms and conditions on the lease agreements before payments were approved and processed.

**Recommendations**

It is recommended that

Management should ensure that they adhere to the lease agreement when they are making payments on the lease also the installation cost.

Management should ensure that the proper procurement processes are followed to appoint a service provider to make necessary installations before the client department moves into the building.

**Management response:**

I am/not in agreement with the finding for the following reasons [and supply the following/attached information in support of this]:

**Auditor’s conclusion**

**DETAILED AUDIT FINDING**

**Limitation of scope**

**Requirements**

Public Finance Management Act (PFMA) section 40 (1) (a) states that “T*he accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standards…”*

Furthermore, Section 41 states that *“An accounting officer of a trading entity must submit to the relevant Treasury or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as the relevant Treasury or the Auditor-General may require…”*

Paragraph 15 of the Public Auditing Act states that the Auditor-General has at all reasonable times full-unrestricted access to *-*

*“(a) Any document, book or written or electronic record or information of the auditee or which reflects or may elucidate the business, financial results, financial position or performance of the auditee;*

*(b) Any of the assets of or under the control of the auditee; or*

*(c) Any staff member or representative of the auditee…”*

**Nature**

During the audit of supply chain management, request for information numbers 35 and 36 were issued on 16 and 17 March 2021 respectively requesting for the provision of all the contract and all bid documentation for as well as all the unsuccessful bidders’ documentation. Information for SKG (PTY) LTD who was an unsuccessful bidder for tender no PT18/086 was not submitted by management.

**Impact**

The above may result in the following:

* Non-compliance with section and 40(1) (a) (i) of the PFMA.
* Non-compliance with the PFMA section 41.
* Limitation of scope as we were unable to obtain sufficient and appropriate audit evidence to complete the audit and this can lead in unfavorable audit outcomes.
* Increased time spent to request and collect audit documentation may result in delays in finalising the audit and increase in the audit fee.

**Internal control deficiency**

## Financial and performance management

Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.

Management did not prepare accurate and complete financial reports that are supported and evidenced by reliable information.

**Recommendation**

It is recommended that:

* Management submit reliable information requested and be provided to the AGSA within three days from the date of this request.
* Officials within the entity are made aware of the audit process and importance of submitting accurate and complete information to the auditors within the required timeframe;

**Management response**

I am in not agreement with the finding for the following reasons [and supply the following/attached information in support of this]:

The region revisited the Registry and Regional SCM. Tender Number PT18/086 was advertised under Pretoria Regional Office in 2018. Our recollection is that tender documents for PT18/086 were stolen with many tender documents that used to be stolen around 2017/2018/2019. And most tender/ bid document with SKG always get stolen.

During the tender processes procurement documents were stolen and some given to the landlord who is currently accommodating COGTA (Maponya). The landlord confessed to Department that this tender documents made its way to his offices. This matter was reported to then DDG REMS and DG and we were advised that the investigation is underway by SSA.

This procurement was led by Ms Seleka, she indicated that she is of the view that this document was stolen or lost from her office, as they were in her office since around that period. Due to Covid 19 lockdown she was working from home and later she was on maternity leave. Perhaps an investigation report might guide as to the whereabouts of this document.

**Auditor’s conclusion**

**Bidders not awarded the correct functionality points**

**Audit finding**

Laws, rules and Regulations:

Public Finance Management Act paragraph 38(1)(a)(i) and 38(1)(a)(iii) states that “*The accounting officer for a trading entity must ensure that the trading entity has and maintains*

1. *Effective, efficient and transparent systems of financial and risk management and internal control;*
2. *(iii)  An appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective;*”

Public Finance Management Act paragraph 38 (1)(c)(ii) states that “*The accounting officer for a trading entity must take effective and appropriate steps to prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct*”

Preferential Procurement Regulation, 2017 paragraph 5 statesthat:

*“(6) A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender documents is not an acceptable tender*

*(7) Each tender that obtained the minimum qualifying score for functionality must be evaluated further in terms of price and the preference system”*

**Nature**

During the audit of competitive bids for tender number H19/019AI, we noted that functionality criteria’s stipulated that the points would be awarded in the following manner:

The service provider to provide list of comparative projects with contactable references for repair and maintenance type projects currently engaged in and or completed during the past 5 years

* 5 Repair & maintenance Projects or more = 5 points
* 4 Repair & maintenance Projects = 4 points
* 3 Repair & maintenance Projects = 3 points
* 2 Repair & maintenance Projects = 2 points
* 1 Repair & maintenance Project = 1 point
* No information submitted = 0 points

The service provider to provide and submit bank rating from institution to justify credit risk

* "A" Bank rating = 5 points
* "B" Bank rating = 4 points
* "C" Bank rating = 3 points
* "D" Bank rating = 2 points
* "E" Bank rating = 1 point
* No information or incorrect submitted = 0 points

The service provider to provide list of key personnel (Civil Engineer, Mechanical Engineer, Electrical Engineer and the Construction Health and Safety Agent) including CV's, qualifications, experience & relevant certificates

* Key personnel with at least:
* Information submitted for all items listed above = 5 points
* Information submitted for four (4) items listed above = 4 points
* Information submitted for three (3) items listed above = 3 points
* Information submitted for two (2) items listed above = 2 points
* Information submitted for one (1) items above = 1 point
* No information submitted = 0 points

***Issue:***

It was noted that the following losing bidders were disqualified unfairly on functionality as they met the minimum functionality score of 50% as required by the entity

* Delta Built Environment consultants (Pty) Ltd
* Profream CC

Delta Build Environment Consultants (Pty) Ltd had provided a list of comparable projects with contactable references, which were in line with the functionality contained in the bid documentation, but they were scored zero. Furthermore noted that Delta Build Environment Consultants (Pty) Ltd provided two of the three relevant information for the key personnel who will be working on the tender, which was the Civil Engineer, Mechanical Engineer, Electrical Engineer and the Construction Health and Safety Agent. However the bidder was scored 1 point instead of 3 points as per the bid documentation

Profteam CC provided two of the three relevant information for the key personnel who will be working on the tender which were the Civil Engineer, Mechanical Engineer, Electrical Engineer and the Construction Health and Safety Agent. However, the bidder was scored 0 points, instead of 3 points as per the bid documentation.

Furthermore, noted that Bvi Consulting Engineers Central, Delta Built environment Consultants and IX Engineers had all provided a bank letter with bank ratings and were not rated a full score, the bidders were rather rated based on the ratings whereas the bidding documentation only specifies that a letter from the bank will receive 10 points. No breakdown of points is stipulated in the invitation to tender; therefore, the BEC has deviated from the adjudicating criteria as per the bid documentation

Therefore not all bids were evaluated and adjudicated as per the bid documents

**The detail of the functionality calculation are as follows: *(Minimum functionality score required= 50%)***

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Delta Build Environment Consultants** | | | Members of the Bid evaluation committee | | | | |  | Auditors evaluation | | |
| **No.** | **Evaluation Criteria** | Weighting factor(%) | Dumizani Mabunda | Hazel Ratombo | Duduzile Maseko | Kamogelo Tshabalala | Goodwill Lukhelo | Average score | Scoring | Weighed score | Difference |
| 1 | Work force | 30 | 1 | 1 | 1 | 1 | 1 | 6,0 | 3 | 18,00 | -12 |
| 2 | Work experience | 30 | 0 | 0 | 0 | 0 | 0 | 0,0 | 5 | 30,00 | -30 |
| 3 | Location and distance of the office/s to the boarder post | 30 | 1 | 1 | 1 | 1 | 1 | 6,0 | 1 | 6,00 | 0 |
| 4 | Financial Credibility | 10 | 0 | 0 | 0 | 0 | 0 | 0,0 | 0 | - | 0 |
|  | Total | 100 | 2 | 2 | 2 | 2 | 2 | 12 |  | 54,00 | -42 |
|  | Functionality score |  |  |  |  |  |  | 12 |  | 54 | -42 |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Profteam CC** | | | Members of the Bid evaluation committee | | | | | Auditors evaluation | | | |
| **No.** | **Evaluation Criteria** | Weighting factor(%) | Dumizani Mabunda | Hazel Ratombo | Duduzile Maseko | Kamogelo Tshabalala | Goodwill Lukhelo | Average score | Scoring | Weighed score | Difference |
| 1 | Work force | 30 | 0 | 0 | 0 | 0 | 0 | 0,0 | 3 | 18,00 | -18 |
| 2 | Work experience | 30 | 5 | 5 | 5 | 5 | 5 | 30,0 | 5 | 30,00 | 0 |
| 3 | Location and distance of the office/s to the boarder post | 30 | 1 | 1 | 1 | 1 | 1 | 6,0 | 1 | 6,00 | 0 |
| 4 | Financial Credibility | 10 | 4 | 4 | 4 | 4 | 4 | 8,0 | 5 | 10,00 | -2 |
|  | Total | 100 | 10 | 10 | 10 | 10 | 10 | 44,0 |  | 64,00 | -20 |
|  | Functionality score |  |  |  |  |  |  | 44 |  | 64,00 | -20 |

**Impact of the finding**

* The trading entity did not comply with the Preferential Procurement Regulation of 2017 which will result in irregular expenditure
* The expenditure to date (R 915 563.92) on the contract is irregular expenditure.
* Possible financial loss of R606 465.48

**Internal control deficiency**

***Financial and Performance Management***

Management did not adequately review and monitor compliance with applicable laws and regulations relating to supply chain management policy.

The evaluation committee did not adequately award points for functionality criteria according to the specification

**Recommendation**

It is recommended that management should enhance compliance procedures to ensure compliance with all prescribed laws and regulations.

Management should disclose the Irregular Expenditure of R 915 563.92.

Management should perform further investigation to determine the extent of the non-compliance as well as the other instances where this non-compliance may have occurred.

**Management response:**

I am not in agreement with the finding for the following reasons and supply the following information in support of this]:

**Prof-team:**

•We note that the civil, electrical and mechanical engineer and the CHSA has submitted their professional registrations. However upon scrutiny the construction health and safety agent personnel is not included in the organogram and further did not submit the ID, CV & Qualification of Construction Health and Safety Agent.

The scoring of the workforce is as follows hence it was scored zero:

The service provider to provide proof of work force to execute the project (Company organogram with ID's and CV's for confirmation of employed work force). Professional registrations for Civil Engineers, Electrical Engineers, Mechanical Engineers/Technologists and CHSA.

1. Submission of company organogram indicating the Civil Engineer, Mechanical Engineer, Electrical Engineer/Technologists and CHSA workforce for key persons who will be involved on this specific project

2. Submission of an original certified copies of ID's and qualifications for confirmation of employment for Civil Engineer, Mechanical Engineer, Electrical Engineer/Technologists and CHSA for the key persons who will be involved on this specific project

3. Submission of CV's and proof of Professional registrations for key persons (Civil Engineer, Mechanical Engineer , Electrical Engineer / Technologists) and CHSA who will be involved on this specific project

Information submitted including all three (3) items listed above = 5

Information submitted including any two (2) items listed above = 3

Information submitted including any one (1) of the above = 1

No information submitted = 0

**Delta:**

•The bidder did not submit company organogram and Construction Health and Safety Agent ID copy and was scored one based on the above scoring points.

•The list of comparable projects by Delta are 3, it was an oversight that there were scored zero however the overall score is 30% below the minimum functional score. This does not change the fact that the service provider would still not have qualified for the minimum score for functionality

Banking Rating letter.

The service provider to submit adequate financial resources. Original letter from the bank indicating the bank rating within 6months from issued date. By submitting only one part of the requirement, does not constitute a score as the requirements needs to be met as per the prequalification criteria. Please refer to PA 01 on the tender file.

**Auditor’s conclusion**

Procurement and Contract Management-PTA region

**Audit finding**

**Requirements**

Section 217 of the Constitution of South Africa states *that: “ when an organ of state in the national, provincial and local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective...”*

Public Finance Management Act paragraph 38(1)(a)(i) and 38(1)(a)(ii) states that *: “The accounting officer for a trading entity must ensure that the trading entity has and maintains effective,efficient and transparent systems of financial and risk management and internal control and an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective ”*

Treasury reg.16A3.2a states that*: “a supply chain management must be fair, equitable, transparent, competitive…”*

National Treasury Practice Note No 8 of 2007/2008 par. 3.4.1,2: states that*: “ Accounting officers / authorities should invite competitive bids for all procurement above R 500 000….”*

Treasury Regulation 16A6.4states that*: “If in a specific case it is impractical to invite competitive, the accounting officer or accounting authority may procure the required goods and services by other means provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the accounting officer or accounting authority….”*

National Treasury Instruction 3 of 2016/17 paragraph 9.1 and 9.2 state that*: “The accounting officer or accounting authority must ensure that contracts are varied by no more than 20% or R20 million (including VAT) for construction related goods, works and or services and 15% or R15 million (including VAT) for all goods and or services of the original contract values. Any deviation in excess of the prescribed thresholds will be allowed in exceptional cases subject to prior written approval from the relevant treasury….”*

Section 38 (1) (c) (ii) of the PFMA states that: *“The accounting officer for a trading entity must take effective and appropriate steps to prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct…”*

Section 38 (1) (b) of the PFMA states that: “*The accounting officer for a trading entity is responsible for the effective, efficient, economical and transparent use of the resources of the trading entity…”*

Treasury Regulation 8.2.1 states that*: “an official of an institution may not spend or commit public money except with the approval (either in writing or by duly authorised electronic means) of the accounting officer or a properly delegated or authorised officer…”*

Treasury Regulation 8.2.2 states that*: “ before approving expenditure or incurring a commitment to spend, the delegated or authorised official must ensure compliance with any limitations or conditions attached to the delegation or authorization….”*

**Nature**

During the audit of the contract management, we noted the following:

National treasury wrote a letter to Property Management Trading Entity on the 19th of May 2021 in response of letter from PMTE requesting approval of variation order with JFE Group Empowerment (Pty) Ltd amounting to the total of R15 399 073.09. The original contract value was R157 995 881.50, and previous variation orders approved by PMTE amount to R17 494 045.10. Variation of 20.82%, the following facts were stated by treasury:

| **Event No.** | **Process followed** |
| --- | --- |
| 1 | December 2020 Property Management Trading Entity (PMTE) sent a letter to treasury requesting approval of a variation order for an amount of R15 399 073.09. The original contract value was R157 995 881.50, and previous variation orders approved by the entity amounted to R17 494 045.10. The total variation orders amount to R32 893 118.9 which represented 20.82% of the original contract. |
| 2 | On the 30th of December 2020 national treasury sent a response to PMTE rejecting the variation order and the following facts were stated in the letter by treasury in paragraph 3  National Treasury concerns as follows;   1. Concern on numerous variation orders on the project and that the reasons provided for the variation demonstrates poor planning, execution/delivery of the project and contract management, as well as elements of fruitless and wasteful expenditure and abuse of SCM system 2. The supporting documents indicated original completion date of 11 April 2020 and extended completion date of 11 October 2020, which National Treasury viewed as that the contract expired 3. It is not clear which prescript was used to assign the contract originally awarded to Sebushi Somo Construction and Projects (SSCP) Pty Ltd to JFE Group Empowerment (Pty) Ltd 4. It is also not clear how the contractors were approached to bid initially |
| 3 | In paragraph 4 of the letter from treasury it is stated that, the response provided by PMTE in paragraph 3 above, are not justifiable grounds for variation of the contract for the following reasons;   * These continuous variations demonstrate poor execution of the project and contract management, as well as fruitless and wasteful expenditure. Although the entity retained R5 997,261.00, there is no indication of how the variation orders where offset against the amount retained. If an amount of R5 997,261.00 was retained, that amount should have been used for any rework required on the project (in terms of the initial contractor), in other words the retained amount would have offset the cost of variations. * The contract extension was approved after the contract expired; therefore, there is no contract to vary. * The appointment JFE Group was not done in terms of the SCM legislative framework and hence the procurement process must be regarded as flawed. The competitive bidding process must be followed when selecting a supplier unless it is impractical to follow the competitive bidding process. In case where it is impractical paragraph 8 and 9 of SCM Instruction note 3 of 2016/17 must be adhered to. * It is still not clear how JFE Group Empowerment was identified, and whether no potential service providers were disadvantaged |
| As part of the audit process auditors decided to go back and confirm how JFE Group Empowerment (Pty) Ltd was appointed by PMTE and the details below are the process followed by the entity | |
| 1 | **Tenders particulars**   * Advertisement date : 09 December 2016 * Closing date : 24 January 2017 * Pre-tender estimate : R153 115 716.12 * Number of tenders received : 09 |
| 2 | **Tenders received**   1. Tokologo R171 107 062.68 2. Goos and Balfe (PTY) LTD R185 452 201.21 3. Fastmove electrical CC R 135 875 465,65 4. Sebushi Somo Construction and Projects (Pty) Ltd R157 995 881,50 5. Musan Trading Enterprise CC R148 714 923,87 6. Goos and Balfe (PTY) LTD R185 452 201,21 7. Coeng Consulting and Construction engineering (PTY)LTD R167 688 456,06 8. TAD Consultancy and services and consortium R148 949 464,58 9. UNIQ Holdings (PTY) (LTD) R164 133 296,80 |
| 3 | **Tender disqualified as per Pre-qualification criteria PA-04 (EC) : Notice and invitation to tender**   * TAD Consultancy and services and consortium - R148 949 464,58   The supplier was disqualified on a basic that PA-11 Declaration of interest and bidders past supply chain management practices was not properly filled by the parties in a JV. |
| 4 | **Tenders were disqualified on basis of reasons provided in the PA-21 form by bid evaluation committee**  The following bidder were disqualified on a basis that they submitted a PSIRA (Private security industry regulation authority) registration certificate of another company instead of the company’s itself, where no form of agreement between the parties was presented/attached   1. Tokologo Technical Assignment CC : 2. Goos and Balfe (PTY) LTD 3. Coeng Consulting and Construction engineering (PTY)LTD 4. Toopvar investment (PTY) LTD   However, RBAC instructed the BEC to consider evaluating the bidders who attached PSIRA certificate of sub-contractor. Thus, BEC agreed to consider. |
| 5 | **BID Evaluation committee than evaluated the following Eight bidders to score them for functionality criterion from the approved procurement strategy**   1. Coeng Consulting and Construction engineering (PTY)LTD - R167 688 456,06 2. Tokologo - R171 107 062.68 3. Goos and Balfe (PTY) LTD - R185 452 201.21 4. Sebushi Somo Construction and Projects (Pty) Ltd - R157 995 881,50 5. Fastmove electrical CC - R 135 875 465,65 6. Toopvar Investment Pty Ltd - R211 127 371,23 7. Musan Trading Enterprise CC - R148 714 923,87 8. UNIQ Holdings (PTY) (LTD) - R 164 133 296,80 |
| 6 | **The following Five bidders disqualified as a results of posing an unacceptable risk to employer (Failure to meet the minimum functionality score requirement – Minimum functionality score 50%)**  1. Fastmove electrical CC - R 135 875 465,65  2. Musan Trading Enterprise CC - R148 714 923,87   1. Goos and Balfe (PTY) LTD - R185 452 201.21 2. Coeng Consulting and Construction engineering (PTY)LTD - R167 688 456,06 3. UNIQ Holdings (PTY) (LTD) - R 164 133 296,80 |
| 7 | **The following three bidders were evaluated further**  **Price BBBEE level Tot score**   1. Sebushi Somo Construction and projects - R157 995 881,50 - 1 - 100 2. Toopvar Investment Pty Ltd - R211 127 371,23 - 2 - 68,73 3. Tokologo - R171 107 062.68 - 2 -91,53   Sebushi Somo Construction and Projects (Pty) Ltd scored a highest points |
| 8 | **Minutes of meetings by the Bid Evaluation Committee**  **Bid Evaluation Committee members**   * Isaac Moholane - Chairperson: CPM * Gary Hainsworth - Mechanical Engineer * Ashwin Ramborosa - Mechanical Engineer * Hannes Stroebel - Supply Chain Management * Dikeledi Malongane - CCPM * Cebo Ndlovu - CCPM * Ramunenyiwa Nyamudinda - OHS * Wessel Wessels - Chief Architect * Shaheed Mohamed - QC * Regothabetse Mashishi - Candidate CPM(Observer)   **Date : 07 March 2017**  The following was noted from the minutes:   * Nine tenders were received, one was considered non-responsive, while 8 were scrutinized by the evaluation committee. * 4 tenders were disqualified on basis of reasons provided in the PA-21 form but they were reconsidered to be evaluated as instructed by RBAC, Thus Eight bidders were evaluated * Eight bidders were evaluated on functionality and three bidders were evaluated further and the highest score on points level was Sebushi Somo Construction and Projects (Pty) Ltd with a tender amount of R157 995 881.50. * The risk assessment of the supplier was performed.   **Recommendation**  The BEC concluded that the supplier - Sebushi Somo Construction and Projects (Pty) Ltd does not pose a risk and should be considered for appointment.    **Date : 11 August 2017**  **Recommendation**  In light of the above information, it was concluded by the BEC that the Project Manager can finalise all the required documents for submission to the RBAC to grant an approval for submission to the NBAC for appointing the highest scoring bidder Sebushi Somo Construction and Projects (Pty) Ltd with an amount of R157 995 881.50 |
| 9 | **Regional Bid Adjudication meeting minutes**  **Bid Adjudication Committee members**   * Mr D Sewada - D:Project Management * Mr M Maluleke - D: Finance * Mr N Mathivha - Act – D property management * Ms E Van Deventer - DD: KAM * Ms B Kutumane - D: EPWP * Mr A Tsati - D: Prestige   **Date - 22/08/2017**  Motivations for recommending the Tenderer - Sebushi Somo Construction and Projects (Pty) Ltd   * The tender price of the bidder is in line with the tender estimate, which is not considered to be risk * The bidder sufficient resources for additional projects, the contract is also considered to be good in time management and obedient when it comes to regulations(as per the risk assessment) * The CIDB grading of the bidder is 8ME PE which complies with the specification. Inspected the CIDB report for winning bidder and noted they had a grading of 8MEPE. * They have required experience and resources. |
| 10 | **National Bid Adjudication meeting minutes**  **Bid Adjudication Committee members**   * Juanita Prinsloo – Chair person * Raymond Naidoo – Member * Ppai Mekwa - Member * Malusi Ganiso - Member * Andries de kerk - Member * Malusi Hadebe - Member * Bassie Kgasoane - Member   Date – 30 August 2017    **Points discussed were as follows** :  NBAC not in agreement with RBAC’s decision to include bidders that did not include PSIRA certificates. However this has no impact on the final outcome  **Recommendation**  NBAC recommended the appointment of Sebushi Somo construction and Projects (Pty) Ltd for an amount of R157 995 881, 50. |
| 11 | **Appointment letter**   * Through inspection of appointment letter of for project PT16/052 and confirmed that the bid was awarded to Sebushi Somo Construction and Projects (Pty) Ltd at the amount of R157 995 881,50 for 30 months and was signed by Geoffrey Nonyane – Legal services on 12/10/2017. * Further inspected the form of offer and acceptance and confirmed that it was signed by Sebushi Somo – Representative of Sebushi on 17/01/2017 and the Geoffrey Nonyane (Rep PMTE) on 12/10/2017 * The project was for 30 months from November 2017 ending 09 April 2020. |
| 12 | **Site hand over**   * Through the inspection of the bid documents confirmed that the tender was awarded to Sebushi Somo Construction and Projects (Pty) Ltd on the 12 October 2017 and the site was handed over on 29 November 2017. |
| 13 | * Inspected the letter dated 28 August 2018 fromSebushi Somo Construction and Projects (Pty) Ltd to PMTE applying for a cession/direct payment for a sum of R39 498 970,38 to JFE Group Empowerment (Pty) Ltd. The letter further stated that JFE Group Empowerment (Pty) Ltd is a sub-contractor to carry certain portion of the security and integrated system. * Inspected the bids documents for tender PT16/052 and noted that there were no documents relating to JFE Group Empowerment (Pty) Ltd. * Further inspected the minutes of meetings of NBAC dated 05 September and noted that the objective of the meeting was to approve the direct payment to the JFE Group Empowerment (Pty) Ltd, confirmed that the NBAC approved the direct payment on the 05 September 2018 * We inspected the tender document of Sebushi Somo Construction and Projects (Pty) Ltd and noted that theres no indication in the bid that the bidder intended to subcontract to JFE Group Empowerment (Pty) Ltd |
|  | * Inspected the cession agreement between Sebushi Somo Construction and Projects (Pty) Ltd and JFE Group Empowerment (Pty) Ltd and confirmed that it was signed by Sebushi Somo representative of Sebushi Somo construction and projects and C.B Von Ess representative of JFE Group Empowerment (Pty) Ltd on 10 June 2019 * Inspected the letter to JFE Group Empowerment (Pty) Ltd for the approval of the assignment agreement between JFE Group Empowerment (Pty) Ltd and Sebushi Somo Construction and Projects (Pty) Ltd and confirmed that the agreement was approved by Director General on the 17 July 2019 * Further inspected the memorandum from the project manager – Isaac Moholane to the National Bid adjudication committee and confirmed that the objective of the memorandum was to request for the approval of the assignment between JFE Group Empowerment (Pty) Ltd and Sebushi Somo Construction and Projects (Pty) Ltd. * Sebushi Somo Construction and Projects (Pty) Ltd was informed by the engineer that is appointed by JH system Engineers (Mr Lourens Bekker) that JFE Group Empowerment (Pty) Ltd was best suited to be a subcontractor to do the ISS installations due to their expertise and extensive experience. Thus, the contractor Sebushi Somo Construction and Projects (Pty) Ltd subsequently appointed JFE Group Empowerment (Pty) Ltd.   Auditors noted that the ceding agreement between JFE Group Empowerment (Pty) Ltd, Sebushi Somo Construction, and Projects (Pty) Ltd was signed in June 2019 but on the 28th of August 2018 Sebushi sent a letter to PMTE instructing them to make a direct payment to JFE group.  It is of concern to AGSA that the Project Management Delegation Manual par 5.15 used to approve the assignment of contract is not in line with the treasury processes as National Treasury questioned the approval of the assignment of contract. |
| 14 | * The site was handed over to the new contractor - JFE group empowerment (Pty) Ltd on 23/08/2019 * In 2019, Soshumi Somo Construction and Projects (Pty) Ltd started lacking behind the schedule and there was little progress that was happening on site and the letter of default for poor performance was issued by the entity to the contractor on the 21 May 2019. * Inspected the request for the approval of the assignment agreement and confirmed that in the letter Soshumi Somo Construction and Projects (Pty) Ltd requested that the project to be assigned to JFE Group Empowerment (Pty) Ltd to complete the remaining scope of work. * On the 09/07/2019, the RBAC recommended the application for the approval of the assignment of the contract for approval by the NBAC and on the 10/07/2019; the NBAC approved the assignment of contract of Sebushi Somo Construction and Projects (Pty) Ltd to JFE Group Empowerment (Pty) Ltd. * “Assignment agreement is when the current contractor identify in the market another contractor to assign an assignment agreement with them that they are willing to take the contract over as it is. This means the new contractor takes over the contract and complete the project as it is currently on site. This assignment agreement must be approved by the entity according to their policies and guidelines and with the input from national treasury before this new contractor can commence on site”. * There is no proof showing that National treasury approved the assignment agreement also there is no proof that PMTE informed treasury of the assignment agreement before the site was handed over to the new contractor - JFE Group Empowerment (Pty) Ltd. * On the letter dated 19 May 2019, from treasury in response to a request made by PMTE to national treasury for approval of variation of order in excess of 15%. Confirmed that national treasury was questioning the prescript that was used to assign the contract originally awarded to Sebushi Somo Construction and Project (Pty) Ltd to JFE Group Empowerment (Pty) Ltd.   It is of concern to AGSA that the project was assigned to the sub-contractor, and there was no risk assessment that was done by the entity of whether the contractor will be able to deliver on the project. Furthermore, there was no valid reason provided by the entity as to why this contract was assigned to JFE Group Empowerment (Pty) Ltd. It also appears that JFE Group Empowerment (Pty) Ltd was a subcontractor of Sebushi Somo Construction and project (Pty) Ltd, however there was no indication in the bid document of Sebushi that they will subcontract to JFE Group which also gives concern on how a sub-contractor can take over the project due to the magnitude of the contract  We have further noted that on the date of handover of the project to JFT group empowerment (Pty) Ltd 23 August 2019, the entity did not have any of the following documents from a supplier   * Tax clearance to confirm that the supplier was tax compliant * Declaration of interest (SBD4 and SBD9) to confirm if the suppliers past experience and if the any director of the supplier is an employee of the state or has a relationship with a person employed by the state and who may be involved with the evaluation and or adjudication of this bid * Whether the supplier is registered on CSD * Where the supplier has the required CIDB grading for the project - 9ME or 9SF and 8ME PE or 8 SF PE * Whether the supplier has a PSIRA certificate |
| Variation orders approved by the entity and reasons | |
| 1. | **Variation order 1** : was approved by the Chairperson of the VO committee S Mohamed on the 30/04/2019 at amount of -R2 484 000  **Reason for Variation order**   * Initial tests indicated a presence of asbestos on the site and therefore an allowance was included in the bill of Quantities to properly remove the material off site. A subsequent post tender re-testing for asbestos resulted in negative results. * The allowance in the Bill of Quantities for the removal of hazardous material, which includes lead paint, will therefore be removed (partially omitted). Allowances will be kept for other hazardous material i.e. PPE for lead content paint removal and other hazardous waste such as fluorescent light tubes disposal. 90% of the allowance was removed and 10% was left as an estimated allowance for disposal of fluorescent light tubes etc.   However it was pointed out that this Variation Order was Omitted Work  **Auditors assessment**  The variation order relates to additional scope of work that was not included in the Bill of Quantity this demonstrate poor planning by the entity. The entity should have went to the market and advertised a tender according to Treasury regulation 16A3.2. This is irregular as a fair process was not followed also the appointment of JFE Group Empowerment (Pty) Ltd was awarded irregularly. Therefore, this variation order is irregular. |
| 2. | **Variation order 2** : was approved by the Chairperson of the VO committee S Mohamed on the 30/04/2019 at amount of R 1 763 755,41  **Reason for Variation order**  Design Change:   * Demolition and subsequent removal of existing windows indicated that current installation method of the cell windows were found to be non-compliant with the required DCS and PMTE prison standards, resulting in additional demolition of walls to remove windows. * Currently three window bars extended into the walls instead of five (approved design), resulting in additional scope/work. * New windows have to be fitted by using in-situ concrete sills and lintels, as required by PMTE and DCS.   Specification Change:  1. Control room glazing upgraded to thicker glass due to incorrect existing specifications. The consultants were not aware of this incorrect specification at tender stage and no allowance was made for control room glazing.  Additional work:   * Clerestory window level security mesh to be installed at high level to prevent offenders from breaking out as has recently started to happen as per DCS and PMTE requirements   **Auditors assessment**  The variation order relates to additional scope of work that was not included in the Bill of Quantity this demonstrate poor planning by the entity. The entity should have went to the market and advertised a tender according to Treasury regulation 16A3.2. This is irregular as a fair process was not followed also the appointment of JFE Group Empowerment (Pty) Ltd was awarded irregularly. Therefore, this variation order is irregular. |
| 3. | **Variation order 3** : was approved by the Chairperson of the VO committee S Mohamed on the 22/10/2019 at amount of R 2 013 910,85  **Reason for Variation order**   * Additional damage has been sustained to the existing epoxy flooring since the inception of the project. This is due to continuous leaking wet services in cellblocks during status quo and deterioration during long time period between original assessment and construction period. The epoxy flooring is flaking and cracking in all blocks floors and requires repair/upgrade.   The tender specification allowed for localized patch and repair with new epoxy, but this is no longer practically achievable due to proportion of area needing replacement and rapier vs intact area guaranteed lifespan. A quality product will no longer be achieved by patch repair and replacement. The floor will not be under guarantee and will not be aesthetically pleasing, as the colour between the old and new epoxy will not match.  **Auditors assessment**  The variation order relates to additional scope of work that was not included in the Bill of Quantity this demonstrate poor planning by the entity. The entity should have went to the market and advertised a tender according to Treasury regulation 16A3.2. This is irregular as a fair process was not followed also the appointment of JFE Group Empowerment (Pty) Ltd was awarded irregularly. Therefore, this variation order is irregular. |
| 4. | **Variation order 4** : was approved by the Chairperson of the VO committee S Mohamed on the 30/04/2019 at amount of R 5 259 667,83  Reason for Variation order   * The existing piping was installed inside the security fences at low level and below ground level inside trenches. The condensate created its own problem with regard to maintenance and repair work. Steam traps are too near to the ground and when debris are removed from the steam pipes, the steam blows holes in the ground casing causing harm to the security fence and security system pertaining to the security fence. This installation was not done according to normal practice and is causing problems to the surrounding areas and can create a security risk. Condensate tanks overflowed and as condensate is aggressive, it caused severe rusting of the steam and condensate piping within the trenches. These underground lines were never installed to recommended practice and create difficult maintenance procedures. Hence, maintenance was done very rarely, and this caused the installation to deteriorate into a state of disrepair and the recommendation is to remove the piping from the trenches and install them above ground level on pole supports as per normal practice. * The steam supply pipes and condensate returns to and from some of the calorifier rooms are cut off and disconnected at both sides and the plant did not operate at all. Block C is the only block where warm water is still available. Emergency repairs to calorifiers to Block D was done in order to alleviate the hot water situation in the bathrooms but these calorifiers are on borrowed time as they are leaking. Limited maintenance was done over the last three years, and the system deteriorated even further. As large parts of the system were shut off, the installation became rusted over the past three years and needs to be replaced.   The original scope and bill of quantity that was done in July 2016 was based on the instruction from the entity that the existing installation must be repaired and maintained. The tender was aseda on the condition of the steam line and hot water installation at that point in time. The tender went out in January 2017. There was no maintenance done on the steam line since July 2016. As no maintenance, very little remedial work was done as per tender specification in the past three years, since July 2016, the deterioration of the steam and condensate pipes are now at such point that repairs will no longer be sufficient or possible.  A new elevated steam line will be installed on the inside of the perimeter road and will branch off to the calorifier rooms. Where the distance between the road and the building is small, the piping will be supported by means of wall brackets against the outside wall of the building. The existing pipe bridge from the boiler house will then be extended to connect to the new line on the inside of the road. Two valves, one on each branch will be supplied for ease of maintenance purposes.  As new pressure equipment regulations are in place, the existing steam line on the perimeter of the Youth Centre will be pressure tested. Piping program is independent of the main program provided that steam will be available when the building is ready for occupation  **Auditors Assessment**  This demonstrate poor planning by the entity as the entity should have done the assessment before the Sebushi Somo Construction and Projects (Pty) Ltd was appointed in 2017 as maintenance was last done by the entity on the pipes in 2016 and this should have been added on the scope of work that needed to be done on the project. In addition, since the entity is demonstrating that this was necessary they should have went to the market and advertised a tender according to Treasury regulation 16A3.2. This is irregular as a fair process was not followed also the appointment of JFE Group Empowerment (Pty) Ltd was awarded irregularly. Therefore, this variation order is irregular. |
| 5. | **Variation order 5** : was approved by the Chairperson of the VO committee S Mohamed on the 12/12/2019 at amount of R 97 893,8  **Reason for Variation order**   * As the installation was still serviceable in 2015 when the status quo report was compiled, the allowance in the bill of quantities was for service and maintenance of the door pneumatic cylinder units. The original units that were installed were decommissioned and did not operate for a long period of time and it was now found that due to corrosion inside these units, the rubber seals disintegrated, allowing the ingress of water causing rust and corrosion rendering the units unusable. * The existing units were imported units and if replaced with the same, will have to be imported. * As the units are sealed units and corroded to such an extent that it is unusable, it is required to replace these units. * With the current exchange rate between Rand and Pound, it is more cost effective to replace these existing units with locally manufactured units. This will also have the added benefit that the future maintenance of these units will be cost effective   **Auditors Assessment**  The variation order relates to additional scope of work that was not included in the Bill of Quantity this demonstrate poor planning by the entity. The entity should have went to the market and advertised a tender according to Treasury regulation 16A3.2. This is irregular as a fair process was not followed also the appointment of JFE Group Empowerment (Pty) Ltd was awarded irregularly. Therefore, this variation order is irregular. |
| 6. | **Variation order 6** : was approved by the Chairperson of the VO committee S Mohamed on the 11/02/2020 at amount of R 6 582 856,92  **Reason for Variation order**   * The existing wire ways are blocked, corroded and totally unusable, to the extent that the existing and redundant wires cannot be removed from the conduit, therefore rendering the conduit unusable. The wire ways are situated below the ground and in the walls. When the inspection was done to compile the status quo report in 2015, underground wire ways were checked and was found to be satisfactory. * Leaking plumbing in the service ducts caused water to penetrate the steel electrical conduits and resulted in a system that cannot be used. * This created the need for installation of purpose made tamperproof surface mounted wire ways to provide a way for service is such as pneumatic pipes, electrical wires and control wires to reach the existing service shafts. * A further change in designs necessary to accommodate the utilization of these wire ways for pneumatic pipes, electrical wires and control wires. At each service shaft a control station needs to be installed to control, operate and monitor each door, with an introduction of a purpose made electronic bus system, power suppliers compete with pneumatic pipes, connectors, wiring and small distribution boards. * The existing design of guard tour cell light switches is also influenced by the system and had to be incorporated into this new design to conform to the original requires of the project. * These locks can only be refurbished by a specific accredited PMTE supplier. They will therefore be removed and reinstalled by the contractor. These items explain the labour content in both items 1.6 and 1.7. * Similarly, there are no specific suppliers of these specific components available. Take note that this supplier is an accredited PMTE supplier.   **Auditors assessment**  This demonstrate poor planning by the entity as the entity should have done the assessment before the Sebushi Somo Construction and Projects (Pty) Ltd was appointed in 2017 and this should have been added on the scope of work that needed to be done on the project. In addition, since the entity is demonstrating that this was necessary they should have went to the market and advertised a tender according to Treasury regulation 16A3.2. This is irregular as a fair process was not followed also the appointment of JFE Group Empowerment (Pty) Ltd was awarded irregularly. Therefore, this variation order is irregular. |
| 7. | **Variation order 7** : was approved by the Chairperson of the VO committee S Mohamed on the 12/12/2019 at amount of R 50 033,84  **Reason for Variation order**   * Recently changed intelligence regulations require that the ISS security equipment (recording equipment and main servers) must be installed in a secure and access controlled stand-alone environment, separated from the Operator Control Rooms. These necessitated changes to the rooms.   **Auditors Assessment**  It is not clear when the new regulation was changed and when the changes came into effect therefore we also cannot determine what regulation was used prior in order to assess the importance of the variation order and also to determine if this was not supposed to be included in the initial BOQ . The appointment of JFE Group Empowerment (Pty) Ltd was awarded irregularly. Therefore the variation order is regarded as irregular expenditure |
| 8. | **Variation order 8** : was approved by the Chairperson of the VO committee S Mohamed on the 12/12/2019 at amount of R 3 626 531,54  **Reason for Variation order**   * The status quo report that was created in 2015 states that, the existing lightning protection system needs to be repaired and serviced to the then SANS codes standards. In 2018 the SANS code pertaining to lightning protection changed significantly and resulted in non-compliance. * A substantial amount of existing installations has been stolen resulting in walkways and all structures no longer protected. * The current applicable SANS codes are:   1. SANS 10313 - deals with physical damage to structures and life hazards and South African requirements.  2. SANS 62305-2 - Pertaining to risk assessment.  3. SANS 62305-03 - deals with physical damage to structures and life hazards.  4. EN50164 - deals with surge protection measures electrical and electronically systems within a structure.   * The main items that are no longer compliant since the change in the codes are as follows:   1. Use of down pipes (gutters) as down conductors is no longer compliant  2. Connection to earth spikes must be chemically welded  3. The installation methods of earth spikes must be two meters from the building  4. Boxes housing test points are required  5. Pacing and locations of down conductors are incorrect as are installation methods  **Auditors assessment**  The variation order relates to additional scope of work that was not included in the Bill of Quantity this demonstrate poor planning by the entity. The entity should have went to the market and advertised a tender according to Treasury regulation 16A3.2. This is irregular as a fair process was not followed also the appointment of JFE Group Empowerment (Pty) Ltd was awarded irregularly. Therefore, this variation order is irregular. |
| 9. | **Variation order 9** : was approved by the Chairperson of the VO committee S Mohamed on the 12/12/2019 at amount of R 104 749,03  **Reason for Variation order**   * The 2015 status quo report states that the existing power factor protection system needs to be repaired to its original status. Since then the equipment became obsolete and the supplier of these units cannot repair these units as originally planned, as no spares are available. * The existing oil insulated capacitors is now not in line with Occupational Health and Safety requirements. These controllers are no longer available and need to be replaced. The new capacitor technology does not contain oil and therefore does not pose these risks. * Power factor correction is required to ensure compliance to National Energy Regulatory requirements and energy savings.   **Auditors Assessment**  The variation order relates to additional scope of work that was not included in the Bill of Quantity this demonstrate poor planning by the entity. The entity should have went to the market and advertised a tender according to Treasury regulation 16A3.2. This is irregular as a fair process was not followed also the appointment of JFE Group Empowerment (Pty) Ltd was awarded irregularly. Therefore, this variation order is irregular |
| 10 | December 2020 Variation totaling to R15 399 073.09 was rejected by national treasury siting that this demonstrates poor planning, execution/delivery of the project and contract management, as well as elements of fruitless and wasteful expenditure and abuse of SCM system |

**Overall assessment by auditors**

A procurement process was followed in 2017 for tender no. PT16/052 emthonjeni youth centre for repair and upgrade to security installation, electrical installation, building, steam installation and wet services for a period of 30 months for an amount of R157 995 881.50. Sebushi Somo Construction and Projects was awarded the contract on the 12 October 2017. This contract was subsequently handed over to JFE Group Empowerment (Pty) Ltd by Sebushi Somo Construction and Projects on the 23rd of August 2019. PMTE approved the assignment agreement on the 17th of July 2019.

According to the work performed above, it shows that the entity approved assignment of a contract that was awarded to Sebushi Somo Construction and Projects (SSCP) Pty Ltd to JFE Group Empowerment (Pty) Ltd. As per Treasury Regulation, 16A6.4 approval from national treasury had to be obtained before the contract was assigned to JFE Group Empowerment (Pty) Ltd. There is no evidence that such approval was obtained by management prior to the reassignment of the work to JFE Group Empowerment (Pty) Ltd. This was also confirmed through the inspection of the letter from national treasury dated 19 May 2021 as treasury was questioning the prescript that was used to assign the contract originally awarded to Sebushi Somo Construction and Projects (Pty) Ltd to JFE Group Empowerment (Pty) Ltd.

PMTE did not follow proper procurement process to appoint JFE Group Empowerment (Pty) Ltd, when the contract that was initially assigned to Sebushi Somo Construction (Pty) Ltd was now assigned to JFE Group Empowerment (Pty) Ltd which is not in line with Treasury reg.16A3.2a and Paragraph 38(1)(a)(i) and 38(1)(a)(ii) of the PFMA act.

PMTE only relied on the engineer’s motivation that JFE Group Empowerment (Pty) Ltd was best suited to be a subcontractor to do the ISS installations due to their expertise and extensive experience; however, there are no documents that supports that JFE have a required expertise and experience. Therefore appropriateprocurement and provisioning system, which is fair, equitable, transparent, competitive and cost effective, was not followed by PMTE to appoint JFE group.

When Sebushi Somo Construction and Projects (Pty) Ltd was not performing and requested the approval of the project to be assigned to JFE Group Empowerment (Pty) Ltd, the entity should have started a new procurement process. Starting a new procurement process is to give an opportunity to other service provider to bid for the tender and to ensure that a process that is fair, equitable, transparent, competitive and cost efficient is followed. Furthermore, PMTE was aware that Sebushi Somo Construction was behind with the project schedule as several letters were sent to Sebushi Somo Construction to speed up the project that was indication that the contractor was no longer performing.

As per letter from National treasury dated 19 May 2021, responding to a request made by PMTE for approval of variation orders in excess of 15% of the original contract value of R157 995 881.50. Treasury was also concerned on how JFE group empowerment (Pty) Ltd was appointed as the entity did not consult NT and the conclusion made by treasury is the procurement process of this contract was flared.

Further PMTE requested approval from National treasury for variation orders in excess of 15% of the original contract value of R157 995 881.50 as prescribed in National Treasury Instruction 3 of 2016/17 paragraph 9.1 and 9.2. National treasury rejected the request and concluded that the deviation is not approved as the reasons provided for the variation were not justifiable as this demonstrate poor execution of the project and contract management, by PMTE. In addition, treasury indicated that the contract extension was approved after the contract expired; therefore, there is no contract to vary.

Based on the above the appointment of JFE Group Empowerment (Pty) Ltd was not based on the SCM prescript as this appointment was not in accordance with Treasury reg.16A3.2a and Paragraph 38(1)(a)(i) and 38(1)(a)(ii) of the PFMA act. The variation orders made on the contract are not valid they should be regarded as irregular

**Impact**

* Non – compliance with Treasury Regulation paragraph 8.2.1 and 8.2.2 resulting in irregular expenditure
* Non- Compliance with Treasury reg.16A3 resulting in irregular expenditure
* Non- compliance with PFMA Act paragraph 38(1)(a)(i) and 38(1)(a)(ii) resulting in irregular expenditure
* Non - compliance with Treasury Regulation 16A6.4 resulting in irregular expenditure
* Non- Compliance with National Treasury Instruction 3 of 2016/17 paragraph 9 resulting in irregular expenditure
* The contract was irregularly awarded to JFE Group Empowerment (Pty) Ltd
* Understatement of irregular expenditure by an amount of R134 894 847.54 total amount paid on the contract as at year end

**Internal control deficiency**

*Leadership*

Management did not exercise oversight responsibility regarding financial, performance reporting, compliance, and related internal controls.

Management did not follow proper procurement process to appoint the contractor

Management approved multiple variation orders as a result of additional scope of work that should have been included in the BOQ

Management did not properly plan for this project as a result they approved 16 variation orders for work that should have been added in the BOQ of the appointed supplier also in the specification of the project

*Financial and Performance Management*

Reviewing and monitoring of compliance with applicable laws and regulations is insufficient and not properly monitored.

**Recommendation**

It is recommended that:

* Management should disclose irregular expenditure of total amount of R134 894 847.54 that is paid to date on the contract
* Management should ensure that proper planning of the project is done to avoid unnecessary variation orders.
* Management should ensure that before the project is assigned from one supplier to another supplier they request approval from treasury
* Management should ensure that in a case where the is additional repairs that are necessary and could not be avoided they follow a process that is fair, equitable, transparent, competitive and cost effective as per treasury regulation 16A.3.2

**Management response:**

Management does not agree with the finding for the following reasons:

1. Assignment of Contract:

1.1. The assignment of a contract is provided for in the Departmental Project Management Delegations and it is solely delegated to the National Bid Adjudication Committee (NBAC). A submission to the NBAC which extensively motivated the reasons why the Department could not go out on an open tender is hereto attached. (See Annexure A)

12. The due processes were followed in securing the approval from NBAC of the assignment of contract from Sebushi Somo Construction and Projects to JFE Industries (PTY) LTD as per Departmental Project Management Delegations (See item 5.15 page 33) as approved by the Departmental Accounting Officer on 20/12/2017. (See Annexure B)

* 1. The assignment was also done as per the provisions of Clause 2.5 of the General Conditions of Contract (GCC), 2nd Edition of 2010. This is a contractual matter and it had to be dealt with in terms of the contract between the Department and the main contractor.

Please refer to the letter from the contractor i.e. Sebushi Somo Construction and Projects requesting assignment of contract to JFE Industries (PTY) LTD. (See Annexure C).

* 1. Our understanding is in conflict with AGSA in respect of the use of Regulation 16A6.4 in this instance. A deviation is applicable where you have a situation in which you want to deviate from a competitive bidding process. The project had already gone through a competitive bidding process in 2017 and had been awarded to the competitive bidder. In this instance, there is no deviation, which requires the approval of the National Treasury. We are of the view that a wrong Regulation is being applied by AGSA.

1.4. What happened here is that the main contractor assigned his contract to the subcontractor who was familiar with the project and who was supposed to continue with the contract at the same terms and conditions.

## 2. Project Planning

2.1. Subsequent to the response received from National Treasury regarding request to approve Variation Orders 11- 18, with comments alleging that there was poor planning by the project team resulting in numerous variation orders issued on the project, the Project Manager requested that the Principal Agent give a report to that effect. (See Annexure D).

2.2. The Principal Agent submitted a report indicating extensive reasons why numerous Variation Orders were issued which was interpreted as Poor Planning by National Treasury. Amongst other reasons, the Principal Agent indicated that there was limited to no access to some portions of the facility during the planning stage therefore the exact condition could not be established. These reasons are dealt with in his report. (See Annexure E)

## 3. Variation Orders

3.1 All Variations orders on this contract were submitted to the Variation Order Committee and they were considered and approved as per Clause 6.3 and 6.4 of the GCC

(2010), 2nd Edition and Item 5.2 of the Project Management Delegations as approved by the Accounting officer.

## 4. Contract validity

4.1. We do not agree that this project had expired and are of the view that NT is wrong to have come to the conclusion that this projects had ended. Variation orders are part and parcel of construction project management and are included in the forms of contract that the Department is using and are also catered for in our Delegation of Authority.

At the time a request was made to NT to approve the variation orders, an intension to make a claim to extend the contract period, had already been made by the contractor as per the signed contract. The actual claim could only be submitted for consideration when the delay has ended, hence it becomes an ongoing process.

4.2. Extension on contract period is in accordance with Clause 5.12 of the GCC (201 0), which stipulates the circumstance under which the contractor is entitled to claim.

4.3. All claim for extension of contract period were done in terms of Clause 10 of the GCC contract. Clause 10.1.1. 2.2 which provides that the contractor can submit an intension to make the claim for extension of time by notifying the Engineer within 28 days after the circumstance or event if they cannot comply with Clause 10.1.1.1.1. This essentially mean that the contract is valid as the actual claim for extension of contract period can only be submitted and considered after the event or delay have ended ( Clause 10.1.1.3 ).

4.4. The contract period can only be extended on approval of the actual claim by the contractor considering provisions of 5.12 and Clause 10.1 of the GCC (2010) 2nd Edition.

## 5. Irregular expenditure

The variation orders made on this contract are valid and cannot be regarded as irregular as: 5.1 . They have been dealt with in terms of GCC form of contract and the approved Delegation of Authority.

5.2. These are contractual matters and have been dealt with in terms of the contract between the Department and the contractor.

5.3. They have been considered and approved by the Variation Order Committee. A Committee that has been appointed by the Accounting Officer.

**Auditor’s conclusion**

**DETAILED AUDIT FINDING**

**Lease payments not in line with the deviation approved by National Treasury for DoH office accommodation**

**Requirements**

Section 38(1) (a) (i) of the Public Finance Management Act states that: *“The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control…”*

Section 38 (1) (b) of the PFMA states that “*The accounting officer for a trading entity is responsible for the effective, efficient, economical and transparent use of the resources of the trading entity…”*

Section 38 (1) (c) (ii) of the PFMA states that: *“The accounting officer for a trading entity must take effective and appropriate steps to prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct”*

Treasury Regulation 8.1.1 state that *“The accounting officer of the institution must ensure that internal procedures and internal control measures were in place for the approval and processing of payments. These controls provided reasonable assurance that all expenditure is necessary, is appropriate, is paid promptly and is adequately recorded and reported on...”*

Treasury Regulation 8.2.2 states that *“Before approving expenditure or incurring a commitment to spend, the delegated or authorised official must ensure compliance with any limitations or condition attached to the delegation or authorisation.”*

National Treasury SCM Instruction No 3 of 2016/17 paragraph 8 states that “*8.5 any other deviation will be allowed in exceptional cases subject to the prior written approval from the relevant national treasury…”*

*GRAP 13, paragraph 40 states that “Lease payments under an operating lease shall be recognised as an expense in the statement of financial performance on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user’s benefit…”*

GRAP 13, paragraph 42 states *“Lessees shall, in addition to meeting the requirements of GRAP 104, make the following disclosures for operating leases:*

*(a) the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:*

*(i) not later than one year;*

*(ii) later than one year and not later than five years; and*

*(iii) later than five years;*

GRAP 13, paragraph 60 states that “*Lease revenue from operating leases shall be recognised as revenue on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished…”*

The PMTE accounting policy on operating leases note 1.4 to the financial statements states that*“Operating lease payments are recognised as an expense on a straight-line basis over the lease term where the lease term exceeds one month; except where the terms and conditions have not been determined or are in the process of being renegotiated. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability…”*

**Background**

**Department of Cooperative Governance and Traditional Affairs tender – PT10/086**

On 4 April 2019, DPWI invited prospective bidders to tender for the procurement of office accommodation for the Department of Cooperative Governance and Traditional Affairs (COGTA) – **Tender PT10/086**.

The requirements as per the advert, which closed on 30 April 2019 on the Government Tender Bulletin were as follows:

* Leasing of office accommodation of 21 248 m2
* 705 parking bays;
* For a period of 7 years; and
* In Arcadia, Brooklyn, Hatfield or Thaba Tshwane.

|  |  |
| --- | --- |
| **Event No.** | **Details** |
| 1 | **Procurement process 17 June – 25 October 2019**  The procurement process unfolded from the regional office in line with the SCM delegation. Evaluation was undertaken by the Regional Bid Adjudication Committee (BAC) and award was approved by the National BAC Leasing on the 25 October 2019. |
| 2 | **Appointment letter and signed agreement**  Hiroworx was appointed as the successful bidder on 1 November 2019 for PT10/086 and the lease agreement was signed on 6 December 2019. Commencement date on the agreement was noted as the date on which the lease commences, which date may not be earlier than the date of occupation or a month after the lessor has completed the agreed tenant installations. |
| 3 | **Details as per schedule A and B of the signed contract and appointment letter** |
| 4 | **Letter from COGTA dated 31 January 2020**  COGTA requested PMTE to acquire alternative office accommodation due to the fact that they would not be able to move to the building due to its proximity to a quarry/ mine. |
|  | |

Below is background to another process that was initiated for the DoH requirements for office accommodation, prior to the suggestion for them to substitute COGTA.

**Department of Health (DoH) Tender:**

On 5 July 2019, DPWI advertised Tender Number **PT19/008** which invited prospective tenderers for the supply and letting of office accommodation to DoH.

The advert which closed on 6 August 2019 indicated the following requirements:

* The office accommodation required comprised of 28 397.09 m2 and 474 parking bays;
* The first preference was a single tenant building;
* The second preference was a multitenant/separate building in Acardia, Hatfield, Menlyn, Lynwood, Perseqour Park, Centurion or Pretoria CBD; and
* The office accommodation was required for a period of 5 years.

| **Event No.** | **Details** |
| --- | --- |
| 1 | **Procurement process**  The procurement process unfolded from the regional office in line with the delegation. Evaluation was undertaken by the Regional Bid Adjudication Committee (BAC). |
| 2 | **Request from DoH to participate in the COGTA contract 22 October 2019**  DoH has requested to participate in the COGTA contract and would like to submit their revised and reduced requirements of 12 000 m2 instead of the initially required 28 397.09 m2 |
| 3 | **Legal opinion and Bid Evaluation Committee (BEC) dated 7 November 2019 as a result of change in scope**  Due to the change in requirements by DoH a Legal Opinion was sought and the opinion indicated that this is a change of scope and if the process continues it will be prejudicial to those who did not tender based on the fact that the advert requested 28 397.09 m2  instead of 12 000 m2. Subsequent to that, AGSA inspected an internal memorandum dated 7 November 2019 wherein the BEC indicated that Supply Chain Management (SCM) advised that the tender be cancelled and go out on open tender process due to the change in scope. The BEC recommended that the tender be cancelled and a new procurement be approached through shopping procedure due to the urgency. |

An internal memorandum, dated 21 February 2020, was sent to the National BAC and Included in the memorandum was the request that COGTA be substituted with DoH as that would save the PMTE from incurring wasteful expenditure and possible litigation. The memorandum also stated that DoH had previously expressed interest in the Exxaro building.

A letter dated 22 November 2019 was also received from the acting director general of DoH indicating / reaffirming the required space accommodation. The audit team noted that the accommodation confirmed by the ADG of DoH is the same as the initial one / as per advertised tender information.

**National Treasury submission and approval:**

| **Event No.** | **Details** |
| --- | --- |
| 1 | **A submission was made to National Treasury (NT) dated 6 March 2020**  A submission was made to National Treasury dated 6 March 2020 and titled “*Request National Treasury to approve/support substitution of COGTA as a tenant at Exxaro Building by Department of Health*”. In the submission various reasons were made for the replacement with the primary reasons given as to avert wasteful expenditure and possible litigation.  Included in the submission was the financial implications of **DoH** which PMTE wanted **NT** to approve. Refer below.  Financial implications of the **DoH** lease as per **PMTE** submission to **NT**    In arriving to the financial implications stated above, the audit team noted that this was based on the same terms and conditions (Costing per m2 ) as per the COGTA appointment letter and signed lease agreement dated 1 November 2019 and 6 December 2019 respectively. For detailed calculations please refer to *Annexure A.* |
| 2 | **National Treasury response dated 24 March 2020**  National Treasury stated that that they **support the deviation** on condition that the following concerns are addressed by DPWI:   * Whether DPWI has conducted an environmental assessment to ensure the Department of Health's health and safety; * Whether the cost to lease is market related; * Whether COGTA incurred any fruitless, wasteful on tenant installations; and * Whether DPWI included any fruitless, wasteful and or irregular expenditure incurred by COGTA in the cost of leasing and or the period of the lease.   The audit team reviewed information provided for audit purpose and found no proof to show that PMTE did provide clarification and information requested by the National Treasury and also that final approval was granted by National Treasury, therefore the whole process is irregular. |
| 3 | **Letter to DoH dated 9 April 2020**  PMTE informed DoH on 9 April 2020 that NT has approved the deviation, though based on the aforementioned it was a conditional approval. |

**Addendum to the lease agreement**

| **Event No.** |  |
| --- | --- |
| 1 | **Addendum to the lease agreement dated 21 September 2020**  The addendum to the lease agreement was signed on 21 September 2020, by Hiroworx and DPWI.  Details of the lease agreement (Schedule A)    Details of the lease agreement (Schedule B) |
| 2 |
|  |  |

**Auditor’s findings**

*Issue 1*

Based on the detailed background, Hiroworx was appointed after following a tender process and a lease agreement signed on 6 December 2019. When COGTA requested for alternative accommodation a request was made to National Treasury to approve the substitution of COGTA with DoH.

In the request that PMTE presented to National Treasury it included financial implications mentioned that the terms of the lease would remain the same. In arriving to the financial implications stated above, the audit team noted that this was based on the same terms and conditions as per the COGTA appointment letter and signed lease agreement dated 1 November 2019 and 6 December 2019 respectively. For detailed calculations please refer to *Annexure A.*

As per inspection of the addendum to the initial lease agreement signed on 21 September 2020 for substitution of COGTA with DoH, we noted that the rental per m2 and escalation rate were maintained the same as R116 per m2 and 7% respectively. However we noted some discrepancies in the rate charged for parking bays and operational cost.

The differences are stated in the table below

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **CoGTA Signed Lease Agreement terms** | **DoH Signed Lease Addendum Terms** | **Difference** |
| Covered parking rate per bay | R750 | R950 | R200 |
| Operating cost rate per sqm | R15 | R19 | R4 |

*Refer to schedule B of the attached respective lease agreements*

Through physical verification conducted by the audit team, it was noted that occupation of the building by DoH was only in March 2021. To date of this communication of audit finding, only three invoices have been paid covering rent, parking bays and operating costs for the month of March, April and May. These payments confirmed that PMTE is paying based on the DoH Signed Lease Addendum terms. The excess amount per month is as follows:

|  |  |  |
| --- | --- | --- |
| No | Month | Amount |
| 1 | March 2021 | 162 341 |
| 2 | April 2021 | 239 647 |
| 3 | May 2021 | 239 647 |
| **Total to date** | | **641 635** |

The excess amount over the lease term [seven (7) years] is **R24 357 681, 85**. The amount paid as at 31 March 2021 should be considered as irregular expenditure and disclosed as such.

From the above, it is evident that when management approved the DoH Lease Addendum, they did comply with the National Treasury pre-conditions which stated that the terms and conditions of the DoH lease should be the same as those of COGTA and other limitations that were included in the letter from National Treasury.

*Issue 2*

During the audit of the aforementioned lease agreement, differences were noted between auditor’s recalculations and amounts on the annual financial statement (AFS) (Supporting schedules) submitted for audit. Differences are highlighted in tables below.

Operating lease expenditure

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Item No.** | **Archibus Asset** | **Straight-line amount per AFS** | **Recalculated Amount** | **Difference** |
| 1 | 167625 | R 8 886 977,68 | R 13 150 375,31 | R (4 263 397,63) |

Lease asset/liability

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Item No.** | **Archibus Asset** | **Lease liability / asset balance as per AFS** | **Recalculated Amount** | **Difference** |
| 1 | 167625 | R - | R (814 852,37) | R 814 852,37 |

Lease commitment

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Item No.** | **Archibus Asset** | **Total amount disclosed in AFS** | **Total auditors recalculated Amount** | **Total differences** |
| 1 | 167625 | R 440 710 153 | 442 866 306,77 | R (2 156 153,77) |

**Impact**

* Non – compliance with Treasury Regulation 8.2.2 as management did not adhere to National Treasury approved rental payments
* Non – compliance with Treasury Regulation 8.1.1 as management did not ensure that internal procedures and internal control measures were in place for the approval and processing of rental payments.
* Non – compliance with Section 38(1) (b) of the PFMA as management did not use funds economically which could have been reprioritised in the furtherance of service delivery.
* Excess amount over the lease term [seven (7) years] of **R24 357 682**
* Understatement of irregular expenditure by **R162 341**
* Understatement of operating lease expenditure and revenue from exchange transaction by **R4 263 397**
* Understatement of lease liability / asset by **R814 852**
* Understatement of lease commitment by **R2 156 154**

**Internal control deficiency**

**Financial and performance management**

* Management did not implement adequate control processes to ensure that the terms of the lease as per the initial lease agreement remained unchanged
* Lack of controls to ensure review and monitoring of compliance with applicable laws and regulations as the rates on the addendum to the lease were not approved by National Treasury

**Recommendation**

We recommend that:

* The accounting officer should investigate the reasons for the change in contractual terms without the required approval.
* The expenditure should be included in the irregular expenditure register.
* Initiating processes to recover the excess payments from the implicated officials and Hiroworx.

**Management response:**

I am/not in agreement with the finding for the following reasons [and supply the following/attached information in support of this]:

**Auditor’s conclusion**

Irregular expenditure disclosure not complete

***Requirements***:

The Public Finance Management Act (PFMA) section 40(1)(b) states that “The accounting officer for a department, trading entity or constitutional institution must prepare financial statements for each financial year in accordance with generally recognized accounting practice;”

The Public Finance Management Act (PFMA) section 38 (1) (c) (ii) states that: *“The accounting officer for a trading entity must take effective and appropriate steps to prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct…”*

*The* Public Finance Management Act (PFMA) section *38(1)(h)(iii) states that “must take effective and appropriate disciplinary steps against any official in the service of the department, trading entity or constitutional institution who makes or permits an unauthorised expenditure, irregular expenditure or fruitless and wasteful expenditure”.*

Treasury regulations paragraph 8.1.1 states that “The accounting officer of an institution must ensure that internal procedures and internal control measures are in place for payment approval and processing. These internal controls should provide reasonable assurance that all expenditure s necessary, appropriate, paid promptly and is adequately recorded and reported.”

**Nature**

**Issue 1**

During the audit, we noted that investigations were conducted by the Anti-Corruption and Fraud Awareness Unit and concluded by the end of the 2020/2021 financial year and in some were conducted in the prior financial years. The investigations reports confirmed the allegations regarding irregular expenditure based on the assessments made by management, however the transactions are not included in the irregular expenditure register.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **No** | **Investigation ref #** | **Description of the report** | **Suppliers name** | **Amount** | **AG assessment** |
| 1 | JHB FAI/02/2018-2019 | Tempering with tender documents after the closing date of the bid | Vhakula Trading and Projects | R300 000,00 | The service provider should have been disqualified therefore the entire amount of the contract is irregular expenditure |
| 2 | HOFA1/04/2010/2020 | Investigation into allegation of Maladministration and possible financial misconduct | Hlabioa | R852 852,00 | Subsequent event - adjusting event the report was finalised on the 14/04/2021. Recommendation was to recover the losses from Mr Hlabioa for irregular expenditure incurred of R852 852 and fruitless expenditure of R139 409. Irregular expenditure is understated |
| 3 | HO/FAI/05/2017-18 | Investigation into allegations of procurement irregularities and corruption between a service provider and officials of the department | K MAB Trading Enterprise CC (K MAB) | Not included in the report | The entity indicated that the award was cancelled but the cancellation letter was not provided for audit |

**Issue 2**

We followed up on audit issues of irregular expenditure that were communicated to management during the 2019/20 audit year, we identified that the irregular expenditure schedule and disclosure note were not updated to include the irregular expenditure transaction (s). Management did not conduct and finalise the assessment of these transactions despite there being sufficient time. Consequently, in instances where management is still not agreeing that the transaction is irregular, they should have followed the dispute process.

An amendment to irregular National Treasury Instruction No. 2 of 2019/2020 Irregular Expenditure Framework was made effectively from the 31 May 2021 which states that management have 30 days to conduct an assessment to confirm the alleged irregular expenditure meets the definition of irregular expenditure. If there are disputes regarding whether the alleged irregular expenditure meets the definition of irregular expenditure, the assessment process must be completed within a period of 3 months from the date the alleged irregular expenditure was reported to the accounting officer.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No** | **COFF ref #** | **Details of finding** | **Supplier’s names** | **Amount per finding** |
| 1 | **CPT COFF 06** | Incorrect procurement process followed - Award to supplier that was supposed to be disqualified as bidder didn’t submit references listed on the DPW-09EC to be used to obtain the quality of work. Bidder didnt provide contactable references with the person’s name and contact details/ Bidders must forward the standard template (attached in tender document) to the referees to complete and must attached to the document when submitting on closing date. | Superfecta Trading | R6 443 046.00 |
| 2 | **COFF 02 JHB COFF 02 DBN** | Deviations reasons not justifiable | 1.Lebato Development Projects  R 184 968.00  2.Immaculate Cleaning & Hygiene Services (PTY) Ltd  R 714 864.00  3. Immaculate Cleaning & Hygiene Services (PTY) Ltd  R 475 754.00  4.Dinnys Business Enterprise  R 483 700.00  5. Servicing and repair of seven (7) air conditioning  R 494 407,02 | R2 263 693.00 |
| 3 | **HO COFF 37** | Deviated from normal procurement processes in purchasing the Lindela Repatriation Centre “Lindela” from Leading Prospect Trading 111 (Pty) Ltd. The DGs and minister’s approvals were obtained before the auction process took place and the actual payment deviated from what was approved by the accounting officer. This approval was in line with the MVR value of R23 million, however the actual purchase of the property amounted to R60 million excluding auctioneer fees and value added tax without any clear basis. | Prospect Trading 111 (Pty) Ltd | R 37 000 000.00 |
| 4 | **HO COFF 42** | Operating lease payments – Variation above 15% was not approved by National Treasury resulting in irregular expenditure on the Armaments Corporation of South Africa (ARMSCOR), the lease has been running on a month-to-month basis since the contract expired on 31 July 2004. | ARMSCOR | R 343 594 676.00 |
| 5 | **JHB COFF 09** | We have noted that the professional team was appointed using a Nomination for a Routine Assignment (Rooster Appointments) for WCS 047918 Replacement and maintenance of boilers for a period of 24 months.  An amount of R6 283 562 (Above the 20% threshold) was approved by the PMTE without the required approval by the relevant delegation, in this case being National Treasury in line with the practice note. | 1.Tsepa Consulting CC  R 4 061 928.00  2.B & L Quantity Surveyors  R 1 145 682.00  3.DNMZ Consulting Engineers  R 1 075 952.00 | R 6 283 562.00 |
| 6 | **HO COFF 59** | We have noted that the entity has a huge number of leases that are running on a month-to-month basis. There are leases that have been on a month to month for a period of more than five years, some even longer. Consequently, this has resulted in the trading entity spending amounts that exceed the set limit for extensions of contracts as required by Treasury Instruction note 3 of 2016 paragraph 9. | None | R 800 994 315.62 |
| 7 | **PTA COFF 01** | During the audit of the supply chain management processes, we identified three request for quotations (RFQs) relating to the service of the same nature being procurement from different suppliers through the quotation process. Both RFQs had the same description: Security services at old Telkom towers. | 1.Roshen Holdings  R 499 675.00  2.Security24 Investment R 498 805.00  3.Nkarabe Protection Service R 498 990.00 | R1 497 470.00 |

**Issue 3**

During the interim audit several audit findings were raised and management agreed to auditors findings but these transactions are not included in the irregular expenditure

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **No** | **Region** | **Supplier name** | **Component identified** | **COFF #** | **Amount per finding** |
| 1 | Mthatha | Sikhosonke Trading and Investment (Pty) Ltd | SCM | MTH COFF 02 | R170 000 |
|
| 2 | Mthatha | Mbokotho Investment T/A ZM Construction | SCM | MTH COFF 02 | R25 977 836,00 |
|
|
| 3 | Mthatha | 1.Purple Pansy 101 CC | SCM | MTH COFF 02 | R1 763 571,00 |
| 4. | Mthatha | 1.BBF Safety Group Pty (Ltd) | SCM | MTH COFF 02 | R103 714,00 |
| 5. | Mmabatho | Lindokuhle & FV Trading JV | SCM | MMB COFF 02 | R24 323 342,34 |
| 6. | Mmabatho | FV trading enterprise (PTY) LTD | SCM | MMB COFF 02 | R36 457 188,78 |
| 7 | Mmabatho | 1,Electricivil Trading 2. Letlotlo Gardening Cleaning and Construction 3. Active Boiler Energy | SCM | MMB COFF 01 | R1 290 900,22 |

**Issue 4**

During interim audit a number of audit findings were raised by Auditor General where management disagreed with the findings and auditors also disagreed with management and those transactions are not included in the irregular expenditure register as either being transactions that were still under assessment by management or confirmed transactions

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No** | **Region** | **Supplier name** | **COFF #** | **Amount per finding** |
| 1 | Polokwane | Mahlodi Lerato General Trading and Projects(Pty) Ltd | PLK COFF 01 | R532 684.36 |
| 2 | Capetown | Invested Property Fund PTY (LTD | CPT COFF 01 | R33 603 777,94 |
| 3 | Capetown | MUDZUSI WAVHUTALI CIVILS | CPT COFF 02 | R25 605 321.76 |
| 4 | Capetown | Various suppliers | CPT COFF 013 | 938461,62 |
| 5 | PE | 4RGA electrical | GQB COFF 01 | R5 650 000 |
| 6 | PE | HBC | GQB COFF 02 | R44 438 423,43 |
| 7 | DBN | Danira Enterprise | DBN COFF 02 | 74 960 |

**Issue 5**

During the year SIU issued R27 of 2015 to the entity, a follow up was made on the recommendations made by SIU and the transactions that were concluded as irregular expenditure were not disclosed in the irregular expenditure register by the entity

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **No** | **Name of the supplier** | **Description** | **Amount as per the report** | **Management comment** | **AG assessment** |
| 1 | Felix Novela | Cover quoting | R2 363 436,66 | Nothing disclosed. The Accounting Officer could not have prevented cover quoting as the quotes are received as normal and procurement processes followed through as normal. So there is no flaw in the tender process from the Department's side. | This is non- compliance with treasury regulation 16A.9.1 the entity should disclose the transaction as irregular expenditure |
| 2 | Mbikiza | Irregularities on term contrats | Not included in the report | Not disclosed | Not disclosed - Management need to quantify the amount of Irregular expenditure |
| 3 | Amamp | Irregularities on term contrats | Not included in the report | Not disclosed | Not disclosed - Management need to quantify the amount of Irregular expenditure |
| 4 | Vereening/ Heldenberg prison tenders | EPWP | Not included in the report | Not disclosed Unable to verify which transactions relate to this as no company name has been indicated. | Not disclosed - Management need to quantify the amount of Irregular expenditure |
| 5 | Sebushi Somo for work | Cover quoting | R2 609 647,68 | Nothing disclosed. The Accounting Officer could not have prevented cover quoting as the quotes are received as normal and procurement processes followed through as normal. So there is no flaw in the tender process from the Department's side. | This is non- compliance with treasury regulation 16A.9.1 the entity should disclose the transaction as irregular expenditure |
| 6 | Nevondo | Cover quoting | R358 000,00 | Nothing disclosed. The Accounting Officer could not have prevented cover quoting as the quotes are received as normal and procurement processes followed through as normal. So there is no flaw in the tender process from the Department's side. | This is non- compliance with treasury regulation 16A.9.1 the entity should disclose the transaction as irregular expenditure |
| 7 | Zwashu Trading | Allegations on EPWP | Not included in the report | None was disclosed as per conclusions made in 2018. refer to SIU Register. | SIU register not provided |
| 8 | Ibiyeni | Cover quoting | R1 005 357,10 | Nothing disclosed. The Accounting Officer could not have prevented cover quoting as the quotes are received as normal and procurement processes followed through as normal. So there is no flaw in the tender process from the Department's side. | This is non- compliance with treasury regulation 16A.9.1 the entity should disclose the transaction as irregular expenditure |
| 9 | Several suppliers | Fraudulent invoices supplied by service providers- Fruitless | Different amounts as per report | An amount of R112, 594.94 is disclosed in the irregular expenditure register for Rb82 Heights Trading and Projects.  An amount of R216, 373.51 has been disclosed as irregular expenditure for Keletsoyame Trading And Projects. | This is non- compliance with treasury regulation the entity should disclose the transaction as irregular expenditure |

**Issue 6**

During the audit, we noted that investigations were conducted by the Anti-Corruption and Fraud Awareness Unit and concluded by the end of the 2020/2021 financial year and in some were conducted in the prior financial years. It was noted that an award was made to a bidder who did not score the highest point. The recommendation in the report was that the department incurred irregular expenditure of R490 419, 47 and this whole amount is disclosed in the irregular expenditure register. The entity appointed a service provider who did not score the highest points therefore the whole amount of the contract R2 244 774.00 is irregular not only the difference of R490 419.47.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **No** | **Investigation ref #** | **Description of the report** | **Suppliers name** | **Amount** | **AG assessment** |
| 1 | HOFAI/03/2019/20 | Investigations into allegations of irregular appointment of service provider | Nathoo Mbenyane Engineers | R2 244 774.00 | The award was made to a bidder who did not score the highest point. The recommendation in the report was that the department incurred irregular expenditure of R490 419,47 and this whole amount is disclosed in the irregular expenditure register. The entity appointed a service provider who did not score the highest points therefore the whole amount of the contract R4 342 603.71 is irregular not only the R490 419,73 |

**Impact of the finding**

**Issue 1 and 5**

* Non-compliance with the Public Finance Management Act
* Non-compliance with Treasury Regulations
* Understatement of irregular expenditure by an unquantifiable amount as some of the transactions we do not have a value of the irregular expenditure.

**Issue 2**

* Non-compliance with the Public Finance Management Act
* Non-compliance with Treasury Regulations
* Understatement of irregular expenditure by an R 1 198 076 762 plus any expenditure incurred on the transactions

**Issue 3 and 4**

* Non-compliance with the Public Finance Management Act
* Non-compliance with Treasury Regulations
* Understatement of irregular expenditure by total expenditure amount incurred on the transactions during the year

**Issue 5**

* Non-compliance with the Public Finance Management Act
* Non-compliance with Treasury Regulations
* Understatement of irregular expenditure by an R 1 754 354.53

**Internal control deficiency**

**Financial and performance management**

Management did not implement a proper financial and reporting system to enable proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

Lack of proper review of financial statements submitted for audit to ensure that they are accurate and complete. As the did not quantify the full extent of irregular expenditure for each instance of irregular expenditure identified through the audit process in both current and prior year to ensure that there are no further instances of irregular expenditure in the population that should be included in the irregular expenditure register

**Recommendation**

Management should conduct reviews on completed investigations and determined non-compliance resulting to irregular, fruitless and wasteful expenditure to ensure that the annual financial statements and supporting schedules (Irregular, fruitless and wasteful expenditure register) are updated with accurate and complete amounts.

Management must develop or enhance compliance procedures to ensure compliance with all prescribed laws and regulations. In addition, such procedures include enhancement of compliance checklists already developed.

Management should revisit the entire population to quantify the full extent of irregular expenditure register and adjust the financial statements

**Management response:**

**Auditor’s conclusion**

**Requirements**

*The Public Finance Management Act (PFMA) section 38 (1) (c) (ii) states that: “The accounting officer for a trading entity must take effective and appropriate steps to prevent unauthorized, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct…”*

*The Treasury Regulation par 4.1.1 states the following:-*

*“If an official is alleged to have committed financial misconduct, the accounting officer of the institution must ensure that disciplinary proceedings are carried out in accordance with the relevant prescripts”*

**Nature:**

**Issue 1**

During the audit of consequence management, management indicated that some of the investigations were completed in prior year(s) and submitted to the office of the DDG GRC, however, these reports were not provided to the auditor’s and therefore we could not confirm the assertions made by management.

Or

Some of the allegations were said to be referred to the SIU for investigation in the prior years but no evidence was provided to confirm if SIU is conducting the investigation and the status of the investigations and therefore, we could not conclude if the allegations were/ are being investigated.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No.** | **Allegation** | **Management’s Response** | **Investigations were conducted into allegations of financial misconduct committed by officials.** | **Impact** |
| 1 | Allegation of Allegation of possible collusion and tender fraud by service providers at Bloemfontein Regional Office: (BLM/FAI/01/2019-2020) | Investigation Completed. Report submitted to Office of the DDG GRC for QAR on 05 February 2020. | Report not submitted to the auditors and therefore could not confirm factual accuracy of the assertion made by management and could evaluate the adequacy of the investigation. | Limitation |
| 2 | Allegation of irregularities found during the evaluation of bids at Johannesburg Regional Office: (JHB/FAI/08/2019- 2020) | Report Attached (Tag A) | Inspected an internal memorandum written dated 14/04/2021 that in summary indicated that the investigation concluded that the allegations were unfounded and that the tender was not awarded because the validity period lapsed.   **However the investigation report was not attached.** | Limitation |
| 3 | Allegations of receiving bribes from services providers appointed for cleaning services by DPWI official situated at Durban Regional Office: (DRB/FAI/02/2019-2020) | Investigation finalised report submitted to DDG GRC for QAR on 06 December 2019. | Report not submitted to the auditors and therefore could not confirm factual accuracy of the assertion made by management and could evaluate the adequacy of the investigation. | Limitation |
| 4 | Allegation of possible corruption and preferential treatment in the awarding of day-to-day maintenance and irregular appointment of a services providers by DPWI official in the appointment at the Polokwane regional office: (POL/FAI/01/2019-2020) | Investigation finalised. Report submitted to DDG GRC for QAR on 28 October 2019. | Report not submitted to the auditors and therefore could not confirm factual accuracy of the assertion made by management and could evaluate the adequacy of the investigation. | Limitation |
| 5 | Allegations into possible irregularities of awarding of tender for repairs and replacement of perimeter fencing ref. JHB 18/03: (JHB/FAI/02/2019-2020) | Investigation finalised report submitted to DDG GRC for QAR on 11 November 2019. | Report not submitted to the auditors and therefore could not confirm factual accuracy of the assertion made by management and could evaluate the adequacy of the investigation. | Limitation |
| 6 | Allegation of irregular disposal of a state-Owned Property: (JHB/FAI/03/2019-2020) | Referred to SIU for investigation on 18 July 2019. | Management did not indicate whether a proclamation was gazetted declaring that SIU should investigate these allegations and therefore, we could not confirm if the investigation was conducted or not. Management also did not provide the status of the referral supported by appropriate audit documentation. | Limitation |
| 7 | Allegations of fruitless and wasteful expenditure incurred due to payments made to unoccupied building: (JHB/FAI/04/2019-2020) | Referred to SIU for investigation on 18 July 2019. | Management did not indicate whether a proclamation was gazetted declaring that SIU should investigate these allegations and therefore, we could not confirm if the investigation was conducted or not. Management also did not provide the status of the referral supported by appropriate audit documentation. | Limitation |
| 8 | Allegation of project mismanagement, corruption , fruitless & wasteful expenditure in respect of a project awarded within the Department: (JHB/FAI/01/2019/2020) | Referred to SIU for investigation on 18 July 2019. | Management did not indicate whether a proclamation was gazetted declaring that SIU should investigate these allegations and therefore, we could not confirm if the investigation was conducted or not. Management also did not provide the status of the referral supported by appropriate audit documentation. | Limitation |
| 9 | Allegation of misuse of state vehicle and corruption by DPWI officials at Pretoria Regional Office: (PTA/FAI/02/2019-2020) | Investigation finalised report submitted to ADDG GRC for QAR on 11 December 2020. | Report not submitted to the auditors and therefore could not confirm factual accuracy of the assertion made by management and could evaluate the adequacy of the investigation. | Limitation |
| 22 | Allegation of illegal allocation of State house by DPW official to his family member at Durban Regional Office. (DRB/FAI/01/2018-19) | Investigation finalised report submitted to ADDG GRC for QAR on 10 February 2020. | Report not submitted to the auditors and therefore could not confirm factual accuracy of the assertion made by management and could evaluate the adequacy of the investigation. | Limitation |
| 23 | Allegation of illegal and unauthorised collecting of rental from State residential properties by DPW official at Mthatha Regional Office: (MTH/FAI/01/2018-19) | Investigation finalised report submitted to ADDG GRC for QAR on 10 February 2020. | Report not submitted to the auditors and therefore could not confirm factual accuracy of the assertion made by management and could evaluate the adequacy of the investigation. | Limitation |
| 24 | Allegation of illegal transfer of State property to a private company: (JHB/FAI/03/2018-19 | Closing Memorandum submitted to the DG for approval on 21 January 2020. | Report not submitted to the auditors and therefore could not confirm factual accuracy of the assertion made by management and could evaluate the adequacy of the investigation. | Limitation |

**Issue 2**

During the audit we followed on allegations that were reported in the prior years and noted that the following allegations were not investigated as 31 March 2021

|  |  |  |
| --- | --- | --- |
| **Allegation** | **Management’s Response** | **Investigations were conducted into allegations of financial misconduct committed by officials.** |
| Allegations of project mismanagement leading to Department incurring fruitless & wasteful expenditure incurred by Department: (PTA//FAI/01/2019-2020) | Referred to SIU on 18 July 2019 and subsequently returned to the department. The matter was re-submitted to the SIU on 24 June 2021. | The matter was not yet investigated as at 31 March 2021, |
| Allegations of project mismanagement leading to Department incurring fruitless & wasteful expenditure incurred by Department: (POL/FAI/02/2019-2020) | Referred to SIU on 18 July 2019 and subsequently returned to the department. The matter was re-submitted to the SIU on 24 June 2021. | The matter was not yet investigated as at 31 March 2021, |
| Allegations of project mismanagement leading to Department incurring fruitless & wasteful expenditure incurred by Department: (NEL/FAI/01/2019-2020) | Referred to SIU on 18 July 2019 and subsequently returned to the department. The matter was re-submitted to the SIU on 24 June 2021. | The matter was not yet investigated as at 31 March 2021, |
| Allegations of project mismanagement leading to Department incurring fruitless & wasteful expenditure incurred by Department: (DRB/FAI/03/2019-2020) | Referred to SIU on 18 July 2019 and subsequently returned to the department. The matter was re-submitted to the SIU on 24 June 2021. | The matter was not yet investigated as at 31 March 2021, |

**Impact**

Non-compliance with PFMA and the treasury regulations.

**Management response**

**Auditor’s conclusions**

Cash flow not accurately calculated

**Requirements:**

*Public Finance Management Act (PFMA) section 38(1)(a)(i) state that “The accounting officer for a trading entity must ensure that the trading entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control”*

*Public Finance Management Act (PFMA) section 40(1)(a)(i) state that “The accounting officer for a trading entity must keep full and proper records of the financial affairs of the trading entity in accordance with any prescribed norms and standard”*

*Section 40 (1) (b) of the PFMA states that: “The accounting officer for a department, trading entity or constitutional institution must prepare financial statements for each financial year in accordance with generally recognized accounting practice;”*

*Standard of Generally Recognised Accounting Practice (GRAP 1), paragraph 17 state that “Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation”*

*Standard of Generally Recognised Accounting Practice (GRAP 2), paragraph 17(a) state that “The separate disclosure of cash flows arising from investing activities is important because the cash flows represent the extent to which cash outflows have been made for resources which are intended to contribute to the entity’s future service delivery. Only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities. Examples of cash flows arising from investing activities are:*

*(a) cash payments to acquire property, plant and equipment, intangibles and other long-term assets. These payments include those relating to capitalised development costs and self-constructed property, plant and equipment;*

**Nature of finding**

During the audit of Cash flow statement, it was noted that the following line items were not accurately presented:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Amount per Cash flow statement** | **Recalculated amount** | **Difference** | **Impact** |
| Additions to PPE | 2 593 011,00 | 2 508 417,47 | 84 593,53 | Overstatement |
| Acquisition of Intangible Assets | 1 989,00 | 2 009,00 | 20,00 | Understatement |
| Maintenance | 1 647 625,00 | 1 762 564,00 | 114 939,00 | Understatement |
| Interest, fines, recoveries and other receipts | 24 880 | 25 575,35 | 695,35 | Understatement |
| Deferred revenue from implementing agent (Note 28) | 67 689,00 | 543 617,85 | 475 928,85 | Understatement |
| Retention Liabilities (Note 28) | 291 421 | 28 690 | 320 111 | Understatement |
| Provisions  (Note 28) | 617 370,00 | 142 493,00 | 474 877,00 | Overstatement |

**Impact**

* Overstatement of cash paid for additions of PPE
* Understatement of cash paid for the acquisition of Intangible assets
* Understatement of cash paid for maintenance
* Understatement of cash received from interest, fines recoveries and other receipts
* Incorrect amounts used in the reconciliation of cash from operation

**Internal control deficiency**

*Financial and performance management*

Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information

**Recommendation**

Management is recommended to adjust the Financial Statements to reflect the correct amounts

Management should implement controls to ensure that complete and accurate cash flow statement is prepared

**Management response**

**Auditor’s conclusion**