

part C governance

Annual Report

2017 | 2018



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rural development
& land reform

Department:
Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA



1. Introduction

The department continued to be committed in managing risks; maintaining effective, efficient and transparent systems of risk management and internal controls. Furthermore, efforts were made to promote good ethical conduct necessarily to combat and prevent fraud and corruption, implementing risk management strategies, promoting occupational health and safety measures, proper delegation of authority, proper management of information, communication, technology and other mechanisms required to entrench good governance.

2. Risk Management

The department acknowledges that it does not operate in a risk free environment; therefore it is imperative for management to ensure that effective internal controls are put in place to mitigate the risks. The Risk Management function resides with the Office of the Director-General to ensure that it is properly positioned to influence the leadership and decision-making at the highest level; advise management on the materialisation of the high risks, as well as, to optimise opportunities presented by identified risks.

The department continued to implement Risk Management processes as per the approved Risk Management Policy and Strategy. A comprehensive risk assessment was conducted. The assessment focused on risks at strategic, operational, process and project level. The risk profile also includes corruption, business continuity, information technology and financial risks and forms the basis for the department's internal audit plans. The assessment was aligned to the operational and annual performance plans in order to ensure that efficient management of risk contributes to improved performance. The continuous identification of emerging risks was done as part of risk management monitoring thus transmitted into improvement in the department's performance.

The department has established governance committees to assist the Accounting Officer in discharging duties and responsibilities for the effective administration of the department. The Risk and Compliance Committee chaired by an independent chairperson drives the implementation of the Risk Management Policy and Strategy. The committee met quarterly in line with its approved charter to consider and review the risk management policies and provide oversight on the effectiveness of risk management within the department. The policies approved included the Risk Management Policy, Risk Management Strategy, Fraud Prevention Policy, Fraud Prevention Plan, Compliance Management Policy, Compliance Management Framework and Business Continuity Policy and Framework. The committee continued to oversee the management of key enterprise-wide and compliance risks.

Business Continuity Plans were reviewed to ensure its completeness; and should be able to guide the organisation in recovery from a significant loss or event in case of disaster.

The Audit Committee and Internal Audit respectively operated in accordance with the approved Audit Committee Charter and Internal Audit Charter. The Risk and Compliance Committee Chairperson is also a member of Audit Committee. The Chairperson presents the Risk Management report to the Audit Committee to appraise them on Risk Management activities and also to afford them an opportunity to advise where necessary. The activities of the Audit Committee are reported separately in the Annual Report.

3. Fraud and Corruption

The department has an approved Fraud Prevention Policy and Plan as well as the Whistle-blowing Policy, that provide mechanisms for the implementation of fraud prevention. A fraud risk assessment was conducted. Education and awareness programmes were also conducted to encourage whistle blowing. The National Anti-Corruption hotline number was also communicated to staff members in order to ensure that they know how and where to report suspected fraud and corruption cases anonymously.

The department also receives and administers formal, informal and anonymous matters from various communication mediums.

As part of implementing the Fraud Prevention Policy, the department also implemented the ethics governance training programme for newly appointed officials, including interns. This programme included personal and organisational values, ethical decision-making; codes and policies of the department. Furthermore, as part of raising awareness on fraud prevention, the department celebrated international anti-corruption day in partnership with the Department of Correctional services.

4. Minimising Conflict of Interest

The objective of Chapter 2 of the Public Service Regulations, 2016 is to identify any conflict of interests in order to promote just and fair administrative actions of officials in senior positions and thereby to protect the public service from actions that may be detrimental to its functioning and that may constitute unlawful administrative actions as a result of ulterior motives. In general, it aims to promote open and accountable government and the lawful use of taxpayers' money and therefore the principles and values in section 195(1) of the Constitution. Senior Management Service (SMS) members are obliged to disclose their financial interests, and thereby placing a responsibility on the employer (i.e. executing authority) to determine whether the employees' financial interests will not negatively impact on the execution of their duties. This was conducted through an on-line process. Of the 286 SMS' financial disclosures targeted for submission to the Public Service Commission, 286 were submitted during the year under review making the department 100 % compliant. No conflict of interest was identified during the year under review.

5. Code of Conduct

The Code of Conduct for the Public Service is a set of rules regulating standards of conduct for all public servants to ensure that their conduct conforms to the basic values and principles governing public administration. It outlines what is expected of employees in the following manner:

- **The relationship with the legislature and the Executive:**
An employee is faithful to the Republic and honours the Constitution and abides thereby in the execution of his or her daily tasks.
- **Relationship with the public:**
An employee promotes the unity and well-being of the South African nation in performing his or her official duties.
- **Relationship among employees:**
An employee co-operates fully with other employees to advance the public interest.
- **Performance**
An employee, during official duties, dresses and behaves in a manner that enhances the reputation of the Public Service.

Training initiative on the Code of Conduct was identified as a measure to promote honesty and integrity in the workplace and inspire even greater efforts from all the public servants to achieve a culture of zero tolerance of corruption in South Africa.

6. Health Safety and Environmental Issues

The following activities were achieved during the 2017/18 financial year:

The following Occupational Health and Safety (OHS) Audits and inspections were conducted in the offices of the department to determine the level of compliance. Recommendations outlining all corrective measures were forwarded to the heads of offices and Facilities Management to be implemented and ensure compliance with the Occupational Health and Safety (OHS) Act, Act No. 85 of 1993 and its Regulations.

PROVINCE	OFFICE/BUILDING	DATE CONDUCTED
Eastern Cape	Port Elizabeth District Office	06 April 2017; 17 November 2017
	SG Office	18 May 2017
	Mthatha Deeds Office	20 June 2017; 13 December 2017
	Queenstown District Office	30 June 2017
	PSSC – Block F	10 July 2017; 01 March 2018
	PSSC – Block H	24 August 2017; 25 January 2018
	King Williams Town Deeds Office	20 September 2017
	Amathole District Office	01 February 2018
Gauteng/National office	RLCC	13 March 2018
	National Office (Old Building) – KZN Practitioner	05 July 2017
	South Block, 13th floor	13 July 2017
	Johannesburg Deeds	14 July 2018; 16 October 2018
North West	Megacity (SPLUM & SG) – KZN Practitioner	06 July 2017
	Vryburg Deeds Office	09 November 2017
Mpumalanga	RLCC Office	25 May 2017
	Piet Retief Office	16 May 2017; 16 March 2018
	SG Office	06 July 2017
	Deeds Office	23 August 2017
	PSSC Office	17 July 2017
	Ermelo Lodgement Office	17 October 2017
	SPLUM Office	07 November 2017
Free State	Ermelo Office	15 March 2018
	Lakewood hotel, Naval Hill hotel and Manor guest houses (NARYSEC accommodation)	08 May 2017
	Thaba Nchu College	14 August 2017; 29 August 2017; 13 October 2017; 07 March 2018; 18 March 2018; 28 March 2018
	PSSC Office	27 June 2017; 20 October 2017; 28 November 2017; 28 November 2017
	Deeds Office	28 November 2017; February 2018
	RLCC Office	13 June 2017; 23 August 2017; February 2018
	SG Office	28 June 2017; 21 November 2017
	SPLUM Office	20 November 2017
KwaZulu-Natal	Lejweleputswa District Office	26 June 2017; 13 March 2018
	RLCC: 200 Church Street Office	27 March 2018

PROVINCE	OFFICE/BUILDING	DATE CONDUCTED
Limpopo	Deeds and SG Offices	13 April 2017
	Sekhukhune District Office	31 May 2017
	Deeds fire equipment Office	13 June 2017
	SPLUM Office	21 July 2017
	RLCC: Biccard Office	16 August 2017; 28 Sep 2017
	PSSC (ABSA Building)	28 September 2017
	RLCC: Schoeman Office	08 November 2017; 29 Sep 2017
	SG Office	29 September 2017
	RLCC: Biccard Office	18 August 2017
	RLCC: Schoeman Office	12 September 2017
PSSC Office	13 September 2017	
SG Office	17 November 2017	
SPLUM Office	17 November 2017	
These five inspections/audits were conducted by Department of Public Works (DPW)		
Western Cape	Bredasdorp Office	17 May 2017
	PSSC Office	02 June 2017
	Ceres Abattoir	21 June 2017
	Deeds Office	28 August 2017
	RLCC Lodgement Office, George	02 November 2017
	RLCC Lodgement Office, Mowbray	16 November 2017
	Bredasdorp Office	17 May 2017
	Mowbray Office	15 November 2017
George Office	16 November 2017	

OHS assessments conducted at NARYSEC facilities

PROVINCE	OFFICE/BUILDING	DATE CONDUCTED
Free State	Thaba Nchu College	17 July 2017
KwaZulu-Natal	African Enterprise Conference Centre	01 August 2017

Rural Infrastructure Development (RID) projects were monitored to ensure compliance with the Construction Regulations 2014 and technical advice was provided to the provincial directors of RID on the areas that must be complied with in terms of OHS Act and its Regulations

PROVINCE	OFFICE/BUILDING	DATE CONDUCTED
KwaZulu-Natal	Clanso Irrigation Scheme at Ngwelezane	17 August 2017
Western Cape	Prince Albert RID Project	04 April 2017
		09 May 2017
		18 July 2017
		23 August 2017

OHS assessments conducted during ministerial events to ensure that health and safety standards are adhered to

PROVINCE	OFFICE/BUILDING	DATE CONDUCTED
KwaZulu-Natal	Youth Celebration Imbizo	27 June 2017
	NARYSEC Graduation Ceremony	04 October 2017
	Launch of CFI Bank for Women in Arts and Craft	03 November 2017
	Presidential visit to the Westonaria Agri-Park in Bekkersdal	10 April 2017
Gauteng	International Women's Day Celebration held at Birchwood hotel	08 March 2018
Eastern Cape	Minister visit the Ghalla Water farm in Whittle sea	24 November 2017
	Minister visit cheese factory in Keiskammahoek	01 December 2017
	Minister hand over 11 tractors in Butterworth	26 January 2018
Western Cape	Cape Sun Hotel	18 May 2017
	Stellenbosch City Hall	19 June 2017
	Lawaaikamp Community Hall	20 May 2017
	Arniston event planning meeting	12 April 2017
	Women's Month Dialogue, Gugulethu	19 August 2017
	Ndabeni Claimants Meeting with Deputy Minister at Langa Sport Complex	25 September 2017
	CPA nomination and elections in Atlantis	22 October 2017
	House hand over in Gugulethu	07 November 2017

OHS Committee meetings held

Province	Office	Date of the meeting
Gauteng/National office	PSSC: Gauteng	11 August 2017
	ICD Building	13 October 2017
	National Office (Old Building)	February 2018
KwaZulu-Natal	Deeds Office	June 2017
	SG Office	June 2017
Limpopo	SG, SPLUM, RLCC Schoeman, RLCC Biccand and PSSC)	16 May 2017
	PSSC Office	21 July 2017
	RLSS: Biccand & Schoeman Offices	10 August 2017
	SG, SPLUM and Deeds	10 August 2017; 13 November 2017
Mpumalanga	Ermelo Office	15 March 2018
	Piet Retief Office	16 March 2018

Evacuation drill conducted at these offices:

PROVINCE	OFFICE	DATE OF THE MEETING
KwaZulu-Natal	RLCC Umhlaba House	18 May 2017
	SPLUM	08 September 2017
	Midlands Metro	21 September 2017
	Vryheid	Everything was coordinated through emails & telephonic due to budgetary constraints and was finalized on the day of the fire drill on 27 September 2017
Gauteng/National office	South Block	09 March 2018
Mpumalanga	Deeds Office	13 November 2017
	Ermelo Office	15 March 2018
	Piet Retief Office	16 March 2018
	RLCC Office	22 March 2018
Western Cape	Worcester Office	01 September 2017
	14 Long Street Office	05 September 2017
	90 Plein Street Office (SG & Deeds)	31 January 2018
	NGI and RLCC Lodgement	27 February 2018
Eastern Cape	Queenstown Office	30 June 2017
	King Williams Town	20 September 2017
	Mthatha District Office	13 December 2017
	PSSC Office	09 February 2018
Free State	RLCC Office	28 September 2017
	Fezile Dabi District Office	15 March 2018
	Thabo Mofutsanyane District	08 March 2018
Limpopo	SPLUM Office	17 May 2017; 16 November 2017
	Deeds and SG Office	18 May 2017
	RLCC Schoeman	19 May 2017; 10 November 2017
	RLCC: Biccard	11 August 2017
	PSSC Office	17 August 2017
North West & Northern Cape	No OHS practitioner	No OHS practitioner

Evacuation drill conducted at these offices:

PROVINCE	OFFICE/BUILDING	DATE CONDCUTED
Gauteng	OHS induction conducted to cleaners at National Office	July 2017
	OHS awareness conducted to cleaners at Johannesburg Deeds Office	October 2017
North West	Rustenburg District Office	06 November 2017
	Megacity office (SPLUM & SG)	07 November 2017
	Ngaka Modiri Office	08 November 2017
	Dr RS Mompoti District Office	09 November 2017
	Vryburg Deeds Office	09 November 2017
	Dr Kenneth Kaunda District Office	10 November 2017
Limpopo	PSSC (Finance)	26 February 2018
	PSSC (Supply Chain)	26 February 2018
	RLCC: Schoeman	27 February 2018
	SPLUM	28 February 2018
	OHS induction conducted to RLCC Schoeman cleaners	29 September 2017

7. Portfolio Committees

No	Date	Committee/ Institution	Purpose	Resolutions
1.	02 May 2017: 10:00, G-26 First Floor, New Wing	Portfolio Committee on Rural Development and Land Reform	Commission on Restitution of Land Rights and Ingonyama Trust Board: Annual Performance and Strategic Plans: 2017/18.	Follow-up meeting with ITB and Commission to discuss their implementation plans to be convened
2.	03 May 2017: 10:00, G-26 First Floor, New Wing	Portfolio Committee on Rural Development and Land Reform	DRDLR Annual Performance and Strategic Plans for 2017/18	DRDLR to submit the following reports to Port-Com: 50/50 policy including copy of the policy Status Report on investigations and suspensions of DRDLR officials. One household, One hectare programme including copy of the policy.
3.	09/05/2017: 10:00, G-26 First Floor, New Wing	Portfolio Committee on Rural Development and Land Reform	DRDLR and Ingonyama Trust Board: Operational Plans against the Annual Performance and Strategic Plans for 2017/18	- ITB to submit roadmap agreed to with Auditor-General with regard to the two legal entities: Ingonyama Trust and Ingonyama Trust Board DRDLR to finalise costed implementation plan and submit to Committee by 7 June 2017
4.	10 May 2017: 10:00, G-26 First Floor, New Wing	Portfolio Committee on Rural Development and Land Reform	Consideration: Draft Committee Report on Budget Vote 32: Department of Rural Development and Land Reform and its entities.	To continue on 16 May
5.	17 May 2017: 10:00, G-26 First Floor, New Wing	Portfolio Committee on Rural Development and Land Reform	Consideration: Draft Committee Report on Budget Vote 32: Department of Rural Development and Land Reform and its entities.	Report adopted by the Portfolio Committee and tabled for formal adoption in the National Assembly
6.	19 May 2017: 10:00-12:00 NA Chamber	PLENARY: National Assembly	Debate on Vote 39: Rural Development and Land Reform: National Assembly Chamber	Budget Vote presented
7.	24 May 2017	Portfolio Committee on Rural Development and Land Reform	SPLUMA transfer to Presidency; Communal Property Associations Amendment Bill	None for DRDLR
8.	30 May 2017	Select Committee on Land and Environmental Affairs	Department of Rural Development and Land Reform on Annual Performance Plan	None for DRDLR
9.	2 June 2017	Standing Committee on Appropriations	Department of Rural Development and Land Reform on the 2017 Appropriation Bill	Reports requested by the Standing Committee on Appropriations
10.	7 June 2017	Portfolio Committee on Rural Development and Land Reform	Strengthening of Relative Rights for people working land (50/50 Policy) & One Household One hectare Policies: briefing	- Organogram of the Senior Management (report of posts that are not permanently occupied + acting letters of senior managers who are acting). - A list of Agri-Parks sites - Breakdown of 1hh1h and 1h2DC sites headed by women and people with disability 1hh1h and 1h2DC sites breakdown per district
11.	13 June 2017	PLENARY: National Assembly	Questions for Oral Reply	-
12.	13 June 2017	PLENARY: National Council of Provinces	NCOP Budget Vote 39 of the DRDLR	-
13.	14 June 2017	Portfolio Committee on Rural Development and Land Reform	Transfer of RADP function from DRDLR to DAFF and SRR Policy	The Committee requested DRDLR to revise the SRR presentation and submit to the Committee.
14.	20 June 2017	Portfolio Committee on Rural Development and Land Reform	Progress report on the claims by Land and Traditional Leadership Movement of SA and Cindi family.	None for DRDLR

No	Date	Committee/ Institution	Purpose	Resolutions
15.	1-2/8/2017 7/8/2017	Portfolio Committee on Rural Development and Land Reform	Public Hearings on CPAs Amendment Bill [B12 – 2017] in the Western Cape Province (Clan William, oversight on the Middelpos farm in Malmesbury and George)	Report on Middelpos farm by 16 August 2017; Report on Elandsdooft CPA by 16 August 2017; Copies of the signed contract and business plan (to be submitted by 9 August 2017). Detailed report on all issues raised in the public hearing at George.
16.	3-4/8/2017	Portfolio Committee on Rural Development and Land Reform	Public Hearings on CPAs Amendment Bill [B12 – 2017] in Queenstown and Port Elizabeth Eastern Cape	1.2.1 Report on investigation into the affairs of some CPAs including issues raised by different CPAs' representatives.
17.	10-11/8/2017	Portfolio Committee on Rural Development and Land Reform	Public Hearings on CPAs Amendment Bill [B12 – 2017] in Tzaneen and Mokopane in Limpopo	A detailed report on all issues raised in Limpopo province.
18.	14-15/8/2017	Portfolio Committee on Rural Development and Land Reform	Public Hearings on CPAs Amendment Bill [B12 – 2017] in Rustenburg and Klerksdorp in North West	A detailed report on all issues raised in North West province.
19.	16/8/2017	Portfolio Committee on Rural Development and Land Reform	Public Hearings on CPAs Amendment Bill [B12 – 2017] in Vryheid, New Castle and oversight at Westcliffe farm in KwaZulu-Natal	A detailed report on all issues raised in the KZN province.
20.	6/9/2017	Portfolio Committee on Rural Development and Land Reform	Briefing by the department and Commission on the 2017/2018 first quarter Expenditure and actual Performance Reports	- A catch up plan per programme given department's poor performance in the first quarter [DDG:CSS and CFO] - Detailed report on the Bazia project in the Eastern Cape: why the programme has not yet been finalised/paid; when will the programme be finalised? [CLCC]; - What amount has been spent to buy land for land reform purposes since 1994 and which part of the land reform is the most expensive? [CLCC, A-DDGs: LRD and LTA] - Detailed report on NARYSEC: the report to cover expenditure for the first quarter, number of youth paid and the amount and number of student paid, amount paid to TVET colleges and the number of students involved [A-DDG RID] - Skills Audit Report [DDG CSS] - Progress report of the OVG for the first quarter, Organogram and capacitation plan [VG]
21.	11-12/9/2017	Portfolio Committee on Rural Development and Land Reform (Kuruman and Kimberley)	Public Hearings on CPAs Amendment Bill [B12 – 2017]	A detailed report on all issues raised in the NC province

No	Date	Committee/ Institution	Purpose	Resolutions
22.	03/10/2017	Portfolio Committee on Rural Development and Land Reform	Briefings by Auditor - General of SA, National Treasury, Financial and Fiscal Commission and Parliamentary Budget Office on the expenditure patterns against the target as set in the APP of the Department of Rural Development and Land Reform and its entities, Commission on Restitution of Land Rights and the DRDLR on the 2016-2017 annual reports AND briefing by Ingonyama Trust Board on the 2016-2017 Annual Report.	<ul style="list-style-type: none"> - Detailed report on Agricultural Projects [CEO Madlopha] - Printout of salary levels [CEO Madlopha] - Report on the 118 people with disability reported on page 11 of the AR: Report to include among others salary levels, units where they are located etc. [DDG: Southgate] - Report on the alleged unfair dismissal of a NARYSEC youth [A-DDG Heimann] - Report on Bakgatla Ba-Kgafela CPA [A-DDG Nxasana] - Updated reports on RAMA and Oppermansgronde CPA [A-DDG Nxasana] - Copy of the policy on Rural Transformation CPAs [A-DDG Nxasana] - Report on a Western Cape Land Claim No. A921 [CLCC] - Report on a Western Cape Land Claim No. A921 [CLCC]
23.	04/10/2017	Portfolio Committee on Rural Development and Land Reform	Briefing by the Department of Rural Development and Land Reform and the Commission on the Annual Reports for 2016-2017 financial year and Briefing on the Communal Property Associations Annual Report (2016/17)	Please refer to part 1.1 above.
24.	05/10/2017	Portfolio Committee on Rural Development and Land Reform	Briefing by MP Mnguni on the Restitution of Land Rights Amendment Bill.	None for DRDLR
25.	10/10/2017	Portfolio Committee on Rural Development and Land Reform	Briefings by the department and Commission on Operation Phakisa.	None for DRDLR
26.	11/10/2017	Portfolio Committee on Rural Development and Land Reform	Further deliberations on Annual Reports (Committees) BRRR recommendation	None for DRDLR
27.	11/10/2017	Portfolio Committee on Rural Development and Land Reform	Public hearings on the CPAs Amendment Bill: Mpumalanga in Ermelo	The Committee requested the department to submit a progress report on all issues raised. It is requested that the report should detail steps the department has taken to address issues raised (not intentions of the department). Further, the report should zoom in on lease, title deeds issues, Ms Zodwa and Mr Maseko's cases amongst others, brought to the attention of the Committee.

No	Date	Committee/ Institution	Purpose	Resolutions
28.	20-21 October 2017.	Portfolio Committee on Rural Development and Land Reform	Public hearings on the CPAs Amendment Bill: Mpumalanga in KaMhlotshwa	CPAs such as Champagne (no title deed, clarity on water rights, monitoring and support request etc.) Sisonke (need for training or skills development.) Masihlanganeni (no list of beneficiaries) Mawewe and others made submissions.
29.	1/11/2017	Portfolio Committee on Rural Development and Land Reform	Briefing on issues highlighted during the CPAs Amendment Bill public hearings held in the Western Cape.	The Committee requested reports from all the provinces, on issues raised during the CPAs public hearing to be submitted to the Committee.
30.	3/11/2017	Portfolio Committee on Rural Development and Land Reform	Public hearings on the CPA Amendment Bill: Gauteng	Reports on issues raised by the members of the community during the public hearings: Due on 30/11/2017
31.	8/11/2017	Portfolio Committee on Rural Development and Land Reform	Briefing on issues raised during the CPAs Amendment Bill public hearings held in the Western Cape.	Report on water rights on the Pniel project
32.	14/11/2017	Joint Portfolio Committees on DAFF and DRDLR:	Briefing on Operation Phakisa and update on the National Food and Nutrition Security	None for DRDLR
33.	30/01/2018	Portfolio Committee on RDLR	Response to public comments on CPA Amendment Bill.	0
34.	31/01/2018	Portfolio Committee on RDLR	Response to public comments on CPA Amendment Bill.	0
35.	01/02/2018	Portfolio Committee on RDLR	Response to public comments on CPA Amendment Bill.	0
36.	14/02/2018	Portfolio Committee on RDLR	Deliberations on the CPAs Bill	Pro-forma documents on CPA Constitution – before the next meeting
37.	28/02/2018	Portfolio Committee on Rural Development and Land Reform. G-26, Ground Floor, New Wing Building, Parliament.	Further deliberation (clause-by-clause reading) on the Communal Property Associations Amendment Bill.	0
38.	07/03/2018	Portfolio Committee on Rural Development and Land Reform. G-26, Ground Floor, New Wing Building, Parliament.	Briefing on high level panel's recommendation and media adverts to convert Permission To Occupy (PTO) to long term leases on Ingonyama Trust Land.	Resolutions: - Presentation by Dr Claassen on the high level panel recommendations deferred to the next meeting due to time constraints. - Minister/department and ITB to meet and work on the issue of conversion of PTOs to long term leases and come up with a better solution. The Committee is not in favour of the move by ITB to convert PTOs to leases.
39.	30/03/2018	Study Group on Rural Development and Land Reform.	Briefing by Dr Aninka Claassen on the high level panel's recommendation.	0

No	Date	Committee/ Institution	Purpose	Resolutions
40.	14/03/2018	Portfolio Committee on Rural Development and Land Reform. G-26, Ground Floor, New Wing Building, Parliament.	Briefing by Dr Aninka Claassen on the high level panel's recommendation.	Reports requested: The department (Commission on Restitution of Land Rights), to start as of today (14/03/2018) and prepare a report on the Mala-Mala Land Claim. The Committee will set a date whereby the Commission will present the report. Resolutions (i)Rejects definitions of Committee and Community as proposed amendments in the CPAs Amendment Bill. Definitions of the two (Committee and Community) should remain the same as defined in the principal act. According to the Parliamentary Legal Advisory team the definitions as stated in the principal act suffice. (ii) Labour tenants have its specific legislation and therefore there is no need for labour tenants to be included in the CPAs Amendment Bill.
41.	20/03/2018	Portfolio Committee on Rural Development and Land Reform	Briefing by the Department of Rural Development and Land Reform on the Malamala Land Claim, status report on commonage programmes, status update on the Rama CPA, Riemvasmaak Trust and the report in land transfers and issuance of title deeds to successful land claimants and beneficiaries of land redistribution.	<ul style="list-style-type: none"> - List of commonages supported through RADP; - Comprehensive report on Riemvasmaak after the meeting of the newly elected trust scheduled for 24 March 2018, takes place. - Detailed plan for the Western Cape Commonages: (Oudtshoorn, Stellenbosch, Prince Albert and Cedarberg). - Progress report on finding grazing land for Mr Bongani Mdaka in the Free State. - Report on all registered title deeds that have been issued to CPAs and Trusts, and those CPAs and Trusts that have not yet received title deeds. - The list of commonage farms circulated to the Portfolio Committee to include Limpopo province.

8. SCOPA Resolutions

The department did not appear to the SCOPA during the financial year of 2017/18.

9. Prior modifications to audit reports

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matters
Compliance: Irregular, fruitless and wasteful expenditure incurred in the current financial year.	2014/2015	Cases are reported to FCC and will be investigated.
Payment made after 30 days of receipt of invoice.	2016/2017	Management will strengthen controls in order to prevent such non-compliance.
Non-compliance with the Public Service Act, Act No. 103 of 1994 and Public Service Regulations, personnel continue services after retirement age (Irregular expenditure incurred).	2016/2017	The transaction was included in the irregular expenditure schedule.
Non-compliance with Modified Cash Standard – Contingent Liabilities.	2015/2016	The disclosure in the AFS was amended accordingly.

10. Internal Control Unit

The role of the Internal Control Unit is to implement:

- Preventative controls to reduce the probability that something will go wrong and reduce its impact should the risk materialise;
- Corrective controls to correct errors when they occur, and
- Detective controls to find error after they have occurred.

The effective functioning of the system of internal controls in the department is determined by its architecture, which amongst others includes:

- Management controls to ensure that the department's structure and systems support its policies and plans, and that the department operates within the statutory and regulatory environment;
- Administrative controls to ensure that policies and objectives are implemented in an efficient and effective manner;
- Analysis of financial management environment to identify potential risk areas and deviations from financial controls;
- Accounting controls to ensure that resources are properly accounted for; and
- Review of samples of financial transactions processed for accuracy interpretation of policy directives.

In 2017/18 the activities of the Internal Control Sub-directorates were as follows:

- Verification of payments before and after processing in order to ensure the validity and accuracy thereof.
- Internal control awareness campaigns in all the provinces.
- Identification of internal control weaknesses and provision of recommendation to improve those recommendations through pre-checking of all BAS and Logis Payments.
- Monitoring of the implementation of internal and external audit recommendations as well as those of the MPAT.
- Roll-out of all approved financial management policies and awareness on existing policies.
- Issued Internal Control Plan for the department.
- Awareness on the newly revised Treasury Regulations.

11. Internal Audit and Audit Committees

Key activities and objectives of the internal audit

Internal Audit performs assurance and consulting assignments, in accordance with a risk-based internal audit approach. These assignments are delivered by means of financial audits, performance audits, operational and compliance audits, information technology audits and audits focussing on the risk of fraud and irregularities. Assignments may also combine two or more audit types into the delivery of comprehensive audit assignments. The scope of assurance and consulting assignments excludes legal entities such as Communal Property Associations (CPAs) and trusts, as the Chief Directorate: Internal Audit's focus is restricted to internal processes and therefore does not have the mandate to audit and review external entities.

Summary of audit work done

- Audits on the financial processes of the DRDLR and its trading entities.
- Comprehensive audits on processes falling within the Branches Restitution, Land Tenure and Administration, National Geomatics Management Services, Rural Infrastructure Development and Rural Enterprise and Industrial Development.
- Audits on the processes governing performance information management.
- Information technology audits on various operational and financial systems.

Key activities and objectives of the audit committee

The key activities and objectives of the Audit Committee can be summarised as entailing reviews and the dispensing of other pertinent functions in respect of the following areas:

- The efficiency and effectiveness of the system of internal control applied by the DRDLR;
- Risk Management and its effectiveness, efficiency and transparency and King IV;
- The effectiveness of the Internal Audit function;
- The adequacy, reliability and accuracy of the financial and performance information provided by management to various stakeholders;
- The DRDLR's compliance with legal and regulatory provisions;
- Any accounting and audit concerns identified as a result of Internal and External Audits performed;
- The activities of the Internal Audit function, including its annual work program, coordination with the Auditor-General (AGSA), the reports of significant recommendations and the response of management to those recommendations;
- The scope and results of the External Audit function, its cost effectiveness as well as the independence and objectivity of the AGSA;
- Reporting to the Executive Authority and the AGSA where a report implicates the Accounting Officer in fraud, corruption or gross negligence;
- Communicating any concerns it deemed necessary to the Executive Authority, AGSA and Internal Audit function;
- Approving the Audit Committee Charter, Internal Audit Charter, Policy and Plan; and
- Reviewing the Annual Financial Statements and Annual Performance Report prior to and after the annual audit.
- Reporting to the Executive Authority and the AGSA where a report implicates the Accounting Officer in fraud, corruption or gross negligence;
- Communicating any concerns it deemed necessary to the Executive Authority, AGSA and Internal Audit function;
- Approving the Audit Committee Charter, Internal Audit Charter, Policy and Plan; and
- Reviewing the Annual Financial Statements and Annual Performance Report prior to and after the annual audit.

Attendance of audit committee meetings by audit committee members

Name	Qualifications	Internal or external member	If internal, position in the department	Date appointed	Date resigned	No. of meetings attended
Dr N Z Qunta (Chairperson)	<ul style="list-style-type: none"> • PHD • Masters in Business Administration • Masters in Commerce (Economics) • Bcom (Hons) (Economics) 	External	Not Applicable	1 February 2017	Not Applicable	8
Mr A N Mhlongo (Member)	<ul style="list-style-type: none"> • Chartered Accountant (South Africa) • Chartered Management Accountant • Chartered Global Management Accountant • Bcom (Hons) 	External	Not Applicable	1 February 2017	Not Applicable	8
Mr H G Hlomane (Member)	<ul style="list-style-type: none"> • Masters in Information Technology • Bachelor of Science degree in Mathematical Sciences • Diploma in Business Management • Diploma in Project Management 	External	Not Applicable	1 February 2017	Not Applicable	6

12. Audit Committee Report

The Department of Rural Development and Land Reform (DRDLR) Audit Committee is pleased to present its report for the financial year ended 31 March 2018. This report includes the Deeds Registration Trading Account and the Agricultural Land Holding Account.

This report is presented in accordance with the requirements of the Public Finance Management Act, No 1 of 1999 (PFMA), as amended. The recommendations of the King Report on Governance (King IV) have also been taken into consideration.

Audit Committee members and attendance

During the year under review the Audit Committee consisted of three members and had eight meetings as indicated in the table hereunder. The Audit Committee is considered to possess the correct mix of experience, qualifications and skills to carry out its responsibilities.

Name of member	Number of meetings attended
Dr N Z Qunta (Chairperson)	8
Mr A N Mhlongo (Member)	8
Mr H G Hlomane (Member)	6

Audit Committee responsibility

The Audit Committee reports that it complied with its responsibilities arising from section 38 (1) (a) of the Public Finance Management Act, No.1 of 1999, as amended and Treasury Regulation 3.1. The Audit Committee also reports that it had adopted an appropriate formal terms of reference as contained in its Charter, conducted its affairs in compliance with the Charter and has discharged its responsibilities as contained therein.

However, the AC could not present their oversight reports to the Executive Authority, in compliance to their Charter, due to scheduling challenges in convening a meeting with the Executive Authority during the financial year ended 31 March 2018.

Duties and responsibilities

The duties and responsibilities of the Audit Committee are detailed in the Audit Committee Charter and can be summarised as entailing reviews and the dispensing of other pertinent functions in respect of the following areas:

- The efficiency and effectiveness of the system of internal control applied by the DRDLR;
- Risk Management and its effectiveness, efficiency and transparency and King IV;
- The effectiveness of the Internal Audit function;
- The adequacy, reliability and accuracy of the financial and performance information provided by management to various stakeholders;
- The DRDLR's compliance with legal and regulatory provisions;
- Any accounting and audit concerns identified as a result of Internal and External Audits performed;
- The activities of the Internal Audit function, including its annual work program, coordination with the Auditor-General (AGSA), the reports of significant recommendations and the response of management to those recommendations;
- The scope and results of the External Audit function, its cost effectiveness as well as the independence and objectivity of the AGSA;
- The Audit Committee may communicate any concerns it deems necessary to the Executive Authority, National Treasury and the Auditor-General;
- Reporting to the Executive Authority and the AGSA where a report implicates the Accounting Officer in fraud, corruption or gross negligence;
- Communicating any concerns it deemed necessary to the Executive Authority, AGSA and Internal Audit function;
- Approving the Audit Committee Charter, Internal Audit Charter, Policy and Plan; and
- Reviewing the Annual Financial Statements and Annual Performance Report prior to and after the annual audit.

The effectiveness of internal control

In line with the PFMA requirements and the Audit Committee mandate to provide oversight on the Department, the efficiency and effectiveness of the systems of Internal Control and Risk Management was considered.

The Audit Committee is satisfied that the Internal Audit function is operating effectively, and that it has taken into consideration the risks pertinent to the DRDLR in its audits. Internal Audit has made significant progress with audits conducted in terms of its strategic three-year rolling internal audit plan.

The system of internal control was not entirely effective for the year under review. Deficiencies were detected and reported through internal audits performed on the system of internal control. Management continued to address control weaknesses reported by the Internal Audit function.

Significant control deficiencies were noted in the areas of:

- Information Technology;
- Records Management;
- Compliance Management;
- Project Management;
- Contract Management;
- The Strengthening of Relative Rights (SRR) Programme; and
- Fraud Management – this was compounded by significant weaknesses with respect to the management of the Forensic Investigations Directorate. Evidencing this was the Directorate's failure to report to the Audit Committee on work performed during the first three quarters of the year. The inappropriate organizational positioning of the Directorate and a lack of capacity has characterized this function during the year under review. As a result, the scope of the Audit Committee has been limited.

In-year management and monthly/quarterly report

The Audit Committee raised concerns during the year in respect of the achievement of planned targets.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed the Annual Financial Statements and Annual Performance Report to be included in the annual report, with the AGSA, the Accounting Officer and management;
- Reviewed the AGSA's interim and final management reports, audit reports and management's response thereto;
- Reviewed possible changes in accounting policies and practices; and
- Reviewed significant adjustments resulting from the audit.

The Audit Committee expresses its concern in respect of the following areas of deficiency as reflected in the AGSA audit reports:

- Department of Rural Development and Land Reform
 - Material corrections to the Annual Financial Statements.
 - Money owed by the department was not settled within 30 days.
 - Effective steps were not taken to prevent irregular and fruitless and wasteful expenditure.

The Audit Committee concurs with and accepts the AGSA's unqualified audit opinion on the Annual Financial Statements for the Department of Rural Development and Land Reform, the Deeds Registration Trading Account and the Agricultural Land Holdings Account, for the year under review.

Auditor-General South Africa

The committee has met with representatives of the AGSA to ensure that there are no unresolved issues.

Conclusions

We would like to extend our appreciation to the Executive Authority, Accounting Authority, management and internal and external auditors.



Dr. N.Z. Qunta

Chairperson of the Audit Committee

*Department of Rural Development and Land Reform, Deeds Registration Trading Account
and Agricultural Land Holdings Account*

Date: 31 July 2018