

# RESPONSE OF THE BOARD TO ASPECTS OF THE AUDIT REPORT

The Board comments below on issues raised in the Audit Report.

## Land Holdings

The Board notes that the auditors took a sample of properties for examination and testing purposes. As at 31 March 2006, a professional land surveyor appointed by the Board prepared an asset register which detailed properties presently registered in the Deeds office in the name of the Ingonyama Trust.

This asset register does not include properties that are deemed to vest in the Trust but which have not yet been registered in the name of the Trust.

The asset register indicates the extent, in hectares, of each property. These extents are as provided by the Registrar of Deeds except where there are obvious errors in which case the areas have been taken from the survey diagram approved by the Surveyor General.

It is noted that the auditors had difficulty in verifying some areas and the Board notes and supports the reasons that they have given in their report. The Board intends to continue to interact with both the Registrar of Deeds and the Surveyor General to ensure that as accurate as possible extents are recorded.

## Completeness of income

As is common with similar organisations, it is not feasible for the Board to institute controls over each mining site to monitor actual volumes removed.

The Board has however resolved that an audit certificate be obtained from Zululand Anthracite Collieries (approximately 80% of the Board's total royalty income) in order to satisfy the auditors regarding completeness of income.

The audit certificate could not be obtained before 31 July 2006 as the financial year of that mining operator ended on 30 June 2006. However, this certificate will be furnished after 31 July 2006.

The Board will also seek alternative methods to monitor mining extractions in the future.

## Emphasis of Matter

### *Contingent Liability - rates*

The municipalities have to date not produced an accurate account of what is claimed in order for the Board to consider appropriate actions.

The Board awaits this information in order to scrutinise and interrogate the legality and accuracy of these claims.

The Board has requested Ministerial intervention regarding this matter.

***Performance information, Supply Chain Management and Significance framework***

The policies for monitoring performance, supply chain management and significance framework will be developed and implemented in the following financial year.

In order to achieve this, the capacity of the Secretariat is currently being reviewed to ensure that adequate resources are available for proper implementation of these policies.

***Financial Management – Policies and Procedures.***

Much improvement has been made in the area of financial management considering the matters that were raised in previous audit reports.

The Board has approved an additional post to assist with the accounting functions of the Board.

The drafting of policies and procedures is currently in hand in order to align the functions to the requirements of both the Ingonyama Trust Board Financial Regulations and Treasury Regulations. The implementation phase will commence once these policies and procedures are approved by the Board.

