

Efficient internal grain control systems: The key to clean audits at NWK

NWK is committed to the transparency of its silo quantities and operations, and welcomes the regular audits performed by the JSE, as well as the South African Grain Information Service (Sagis).

"It is alleged that agricultural companies sell grain which they do not yet have in stock, manipulate prices, and create artificial shortages. It is also alleged that the JSE and Sagis do not undertake regular audits to verify that the silo certificates issued correspond with actual quantities," said Nico Pieterse, senior manager of grain at NWK.

This follows a recent discovery by the JSE that another agricultural company had transgressed the reporting rules of silo quantities. Some grain producers subsequently accused the JSE of negligence and alleged in media reports that it occurs at other agricultural

companies too, and that this practice has a negative impact on grain prices.

Internal audits at NWK silos are conducted twice a year, and external auditor, PwC, also conducts an annual audit. In 2020, the JSE performed no fewer than six audits at NWK's silos at Delareyville, Ottosdal, Koster, Vermaas, Bodenstein, and Coligny. Furthermore, the independent consultant, Chris Sturgess, undertook two additional audits at NWK's silos and those of its competitors, by order of the JSE. At the time of writing, Sagis was conducting a physical audit at NWK, which takes place once every two years.

Rigorous practices remain the norm

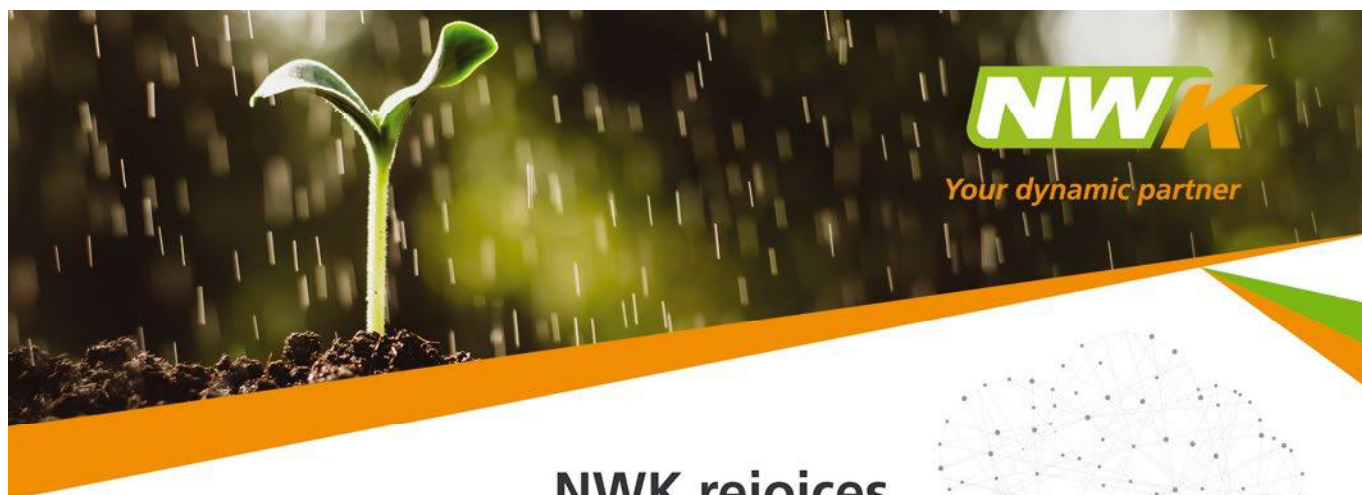
NWK also supplies the JSE and Sagis with monthly reports on quantities that are subject to an audit. "NWK's internal control systems are of such a nature that you cannot sell grain if you don't have it. Grain quantities are monitored daily by silo managers,

who report these numbers to regional managers, after which they are verified by NWK's stock and financial divisions.

"Audits do not stop at silos. Mills also have to disclose the quantities they purchase. The entire value chain is subject to audits, and there are constant cross references which will point out any discrepancies on silo certificates," Pieterse explained.

"Integrity has always been one of the values on which NWK bases its business model. South Africa's oldest agricultural company will never transgress when issuing silo certificates," Theo Rabe, CEO of NWK, concluded.

For more information, contact Johan Bezuidenhout on 018 633 1368, jbezuidenhout@nwk.co.za, or visit www.nwk.co.za.



NWK rejoices with the farmers

in its operating area who have been blessed with above-normal rainfall.

We are looking forward to exceptionally high maize yields and we trust that our clients will remain healthy throughout the rest of the year to enjoy the fruits of their hard labour.

TEL +27 (0) 18 633 1190 • 81 SCHOLTZ STREET
PO BOX 107 LICHTENBURG 2740 • www.nwk.co.za
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