NDA
National
Development
Agency

ANNUAL REPORT 2023/24

social development
Department:
Social Development
REPUBLIC OF SOUTH AFRICA

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SOUTH AFRICAN SOCIAL SECURITY AGENCY

I have the honour of submitting the Annual Report of the National Development Agency for the period 01 April 2023 to 31 March 2024.

MS NG Tolashe, MP
Minister of Social Development
30 September 2024

NDA
National
Development
Agency

NATIONAL DEVELOPMENT AGENCY

2023/24 ANNUAL REPORT

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GENERAL INFORMATION

1.1 PUBLIC ENTITY'S GENERAL INFORMATION

<table>
<tr><td>Registered name of the public entity</td><td colspan="3">National Development Agency</td></tr>
<tr><td>Registration numbers and/or other relevant numbers
(e.g. FSP)</td><td colspan="3">Public entity established in terms of Section 2 of the National Development Agency Act, Act No 108 of 1998, (as amended)

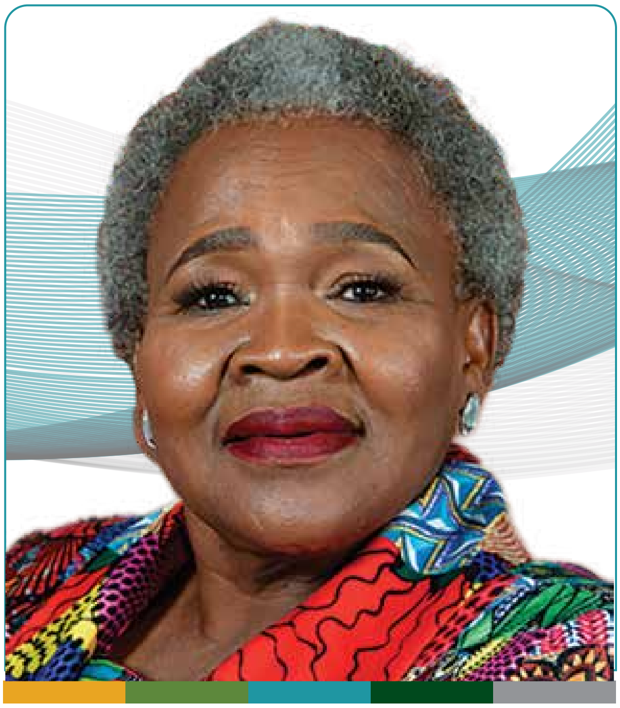
Listed as a Public Entity under Schedule 3A of the Public Finance Management Act, No 1 of 1999</td></tr>
<tr><td>Registered office address</td><td colspan="3">26 Wellington Road, Parktown, 2193
Postal address PO Box 31959, Braamfontein, 2017</td></tr>
<tr><td>Contact details</td><td colspan="3">Tel: (011) 018 5500
E-mail: info@nda.org.za
Website: www.nda.org.za</td></tr>
<tr><td>External auditors' information – external auditors' name and address</td><td colspan="3">Auditor General of South Africa
4 Daventry Street
Lynnwood Bridge Office Park
Lynnwood Manor
Pretoria
0081</td></tr>
<tr><td>Bankers' information – Name and address of bank</td><td>Standard Bank
Head Office
184 Hyde Lane
Hyde Park
Sandton
2196</td><td>Investec
Head Office
100 Grayston Drive
Sandown
Sandton
2196</td><td>First National Bank
3 First Place
Kerk & Simmonds St
Bank City
Johannesburg
2000</td></tr>
<tr><td>Acting Company Secretary –
Full name and professional designation</td><td colspan="3">Mr Kesiame Moloi</td></tr>
</table>

1.2 LIST OF ABBREVIATIONS

AGSA	Auditor General South Africa
ASB	Accounting Standards Board
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
COO	Chief Operations Officer
CFO	Chief Financial Officer
COIDA	Compensation for Occupational Injuries and Diseases Act
CSO	Civil Society Organisation
DDM	District Development Model
DSD	Department of Social Development
EE	Employment Equity
ENE	Estimates of National Expenditure
EXCO	Executive Committee
GBVF	Gender-based Violence and Femicide
IAS	International Accounting Standards
ICT	Information and Communications Technology

IFW	Irregular, Fruitless, and Wasteful
IT	Information Technology
KPI	Key Performance Indicator
LCC	Loss Control Committee
MP	Member of Parliament
MTEF	Medium-Term Expenditure Framework
NDA	National Development Agency
NEDLAC	National Economic Development and Labour Council
NPO	Non-Profit Organisation
NT	National Treasury
OHS	Occupational Health and Safety
PFMA	Public Finance Management Act
PPC	Parliamentary Portfolio Committee
PPPFA	Preferential Procurement Policy Framework Act
SASSA	South African Social Security Agency
SCM	Supply Chain Management

1.3 EXECUTIVE AUTHORITY'S OVERVIEW



As I present the first annual report of the National Development Agency (NDA) since my appointment to the position of Minister of Social Development, I am deeply touched by the socio-economic conditions of marginalised South Africans. Indeed, there is no glory in living in poverty, which is why agencies like the NDA must re-invent themselves in terms of how they work with other state machinery to lift our communities out of poverty. To this end, I believe that the NDA's new operating model, which will focus on communities whilst still working in partnership with civil society organisations and community-based enterprises, will liberate those communities that are committed to building a better life and a better future for themselves and their families. This new model calls upon communities to organise themselves into community-based, community-owned, cooperative, and social enterprises. It is my belief that this will play a significant role in building a solidarity economy for our people which will guarantee sustainable income and livelihoods.

As you may know, the Agency has not had a permanent Chief Executive Officer since November 2021, and I will address this at the earliest opportunity. The unpacking of the new operational model, which is a fits seamlessly with the District Development Model (DDM), brings together all key stakeholders in community development from government and private and civil society sectors, and I strongly believe that this will unleash the potential for the upliftment of marginalised communities. Poverty cannot be overcome through the silo approach in empowering our communities, neither can it be overcome through empowering a few individuals at the expense of the entire community.

In the financial year under review, 2023/24, the NDA has worked resolutely towards reversing the negative trends in poverty by working systematically with like-minded partners within and outside government. Without the effort of these important partners, many of the community-based beneficiaries who accessed work opportunities created through development interventions implemented by the CSO would have gone hungry. I therefore wish to personally recognise and applaud the extent of this support which has resulted in the creation of almost 2 000 tangible job opportunities.

I wish to thank the Board of the NDA, ably led by its chairperson, Ms Nozabelo Ruth Bhengu, for the sterling work they have done in ensuring that the NDA contributes significantly towards the unrelenting fight against the triple challenges of poverty, unemployment, and inequality. Equally, I am thankful to the CEO, Management, and NDA staff for the noticeable strides they have made in fulfilling the mandate of the NDA.

Ms Nokuzola Tolashe (MP)
Minister of Social Development

1.4 FOREWORD BY THE ACCOUNTING AUTHORITY

The 2023/24 financial year has been a year of great improvement in advancing our poverty eradication efforts. Despite facing some challenges, the NDA managed, through the implementation of its Resource Mobilisation Strategy, to raise funding to the value of R57,3m from other funding partners to bridge the NDA's budgetary constraints. These funds benefited the CSOs who implement community development programmes and projects in poor communities. However the demand for funding from CSOs far exceeded the resources available, and to this effect, the Agency did not meet its target of grant funding and creating sustainable livelihoods for participating communities. I will be keeping an eye on this to ensure improved performance.

We all know that CSOs must comply with our legislation and meet the funding requirements of various partners who are committed to lifting our people out of poverty. I can report that the NDA performed very well in strengthening the capacity of over 3 000 CSOs to enable them to improve governance and management in their organisations, and over 5 000 beneficiaries from these CSOs were empowered with critical skills to ensure the long-term sustainability of their organisations. During the year under review, the Agency also managed to produce three research reports that will help us understand the factors that play a key role not only in social cohesion, but also in issues that affect youth and service delivery in our country.

At an internal level, the Agency was beset with numerous challenges which have reversed the governance gains made in the 2022/23 financial year. These challenges relate to vacancies in significant positions which have affected stability in the organisation. The Board is at pains to fill such vacancies with the support of both the CEO of the NDA and the Minister of Social Development. I commit to keeping an eye on the NDA's performance and ensure that in the 2024/25 financial year the NDA will improve its audit outcome and return to clean audit levels.

May I take this opportunity to express my sincere gratitude to Mr Bongani Magongo and Ms Reekeletseng Hlapolosa, who were appointed as acting Chief Executive Officers during this challenging period of stabilising the Agency. Also, it would not be fair to conclude this report without thanking the management and staff of the NDA who continue to empower our grassroots communities, despite working with limited resources.

Ms Nozabelo Ruth Bhengu
NDA Board Chairperson

NDA BOARD 2022/23 – 2025/26

Ms Nozabelo Ruth Bhengu
Chairperson

Ms Bhengu is a Development Practioner with over 37 years of experience in Community Development Training and Facilitation. She is currently Executive Director at the Institute for Cooperatives and Community Economic Development. She also has more than 20 years' experience of legislative processes. She understands policies and programmes designed to reduce poverty and uplift underdeveloped communities.

As a previous Member of Parliament, she held positions of Member and Chairperson of the following Portfolio Committees: Small Business Development, Transport, Provincial and Local Government and Sports & Recreation. Ms Bhengu has also worked as Deputy Mayor of Ugu District and Chairperson of Portfolio Committee on Planning, Infrastructure and Economic Development.

She holds certificates in Development Economics and Political Economy from University of the Western Cape, Cooperatives Development and Change Management from the Coady International Institute of St Francis Xavier, University of Canada, Community Development and Facilitation from Ubuntu Development Institute and Political Economy of South Africa (University of Cape Town's Centre for Higher Education Development: Continuing Education), amongst others.

Chief Livhuwani Matsila
Deputy Chairperson

Chief Matsila is a Community Development Activist and the current Chief of Matsila Village in Limpopo. His career spans across organisations such as the South African National Parks (Senior General Manager for People and Conservation), ANC Parliamentary Caucus (Chief of Staff & Political Advisor), Department of Environmental Affairs & Tourism (Chief of Staff: Office of the Deputy Minister. This included managing community development and poverty relief projects), Enzemvelo KZN Wildlife (Acting Human Resources Director, Training & Development Manager and Employment Equity Manager) to mention a few. Over the years, he has served on more than 12 Boards of public institutions.

He resigned from formal employment to pursue his passion in community development whereby he implemented different projects through the Matsila Community Development Trust which is focused on land use, spatial planning, natural resource management and sustainable Development.

He holds the following qualifications: Master of Science (MSc) – University of Witwatersrand, Bachelor of Science Honours Degree in Botany – University of Venda, Thohoyandou, Bachelor of Science Degree (BSc) in Botany and Zoology, University of Venda, Thohoyandou.

He is currently reading towards his PhD in Nature Conservation at the University of KwaZulu-Natal.

Dr Olwethu Sipuka
Board Member

Dr Sipuka has extensive experience in development, higher education and training, regulatory and policy advocacy sectors. He specialises in policy development and monitoring stakeholder management, research, corporate governance, communication, skills development and project management.

He is the current Dean of Student Affairs and has also served as the National Youth Commissioner in the Presidency, among others.

Dr Sipuka served on the boards of the South African Qualifications Authority (SAQA) and Down Syndrome South Africa (DSSA). He currently serves on the boards of MetroBus, National Skills Authority, Nelson Mandela Bay Theatre Complex and the National Development Agency. He holds a PhD in Disability Studies and MA in Philosophy, both from the University of Cape Town. He also has also done the Global Executive Development Programme at Gibs. He is an alumni of the Mandela Washington Fellowship for Young African Leaders.

Mr Mojalefa Mohoto
Board Member

Mr Mohoto has extensive experience in the public sector in the areas of managing policy, strategy development and programme design for the promotion and development of small enterprises in South Africa. He currently serves as the Chief Director responsible for entrepreneurship and enterprise development at the Department of Small Business Development. In the same Department, he has served as Director: Enterprise Development. He has also served as a Chief Director in the Department of Trade and Industry before he was transferred with the new department in 2014.

He has been responsible for development of policy and strategy for enterprise development, managing policy and regulatory environment impacting on small business development and managing the regulatory reviews on small business undertaken by the department. He has served on numerous boards as Non-executive Director, including the small business development support entities.

Mr Mohoto holds a Master's Degree in Public and Development Management, a Post Graduate Diploma in Public Policy and Development Administration both from Wits University, as well as a BA Degree from Vista University. Courses attended include Evidence Based Policy Making and Kodak's Public Management Course (done in South Korea).

Ms Sibongile Mncwabe
Board Member

Ms Mncwabe has over 15 years of experience in different spheres government and state owned entities where she held middle, senior and executive management positions. Her skills are in the areas of corporate services, stakeholder management and administration at senior management level. She has also served on many boards, committees and community forum structures.

She currently holds the position of Chief Director in the Office of the Director-General at the Department of Higher Education and Training where she previously also served as Chief of Staff. She has served as Chief Executive - Corporate Services at the National Student Financial Aid Scheme (NSFAS) and Advisor to the Executive Administrator. At the National Department of Transport, Ms Mncwabe was Acting Chief Director: International Relations and served as "Director Stakeholder Management" in the same department.

Ms Mncwabe holds a Postgraduate Diploma in Public Administration (NQF L8) from the University of South Africa.

Mr Thembinkosi Josopu
Board Member

Mr Josopu has 17 years of experience in the civil society sector with a specific focus on Youth Development. He advocates for development policies and legislation biased towards young people.

Mr Josopu has been exposed to the world of work both at administrative and management levels, having worked for institutions such as the University of Cape Town and the Department of Trade and Industry for over nine years. He currently operates in the corporate governance space, serving in various governance structures such as the African Peer Review Mechanism (APRM), National Economic and Development Labour Council (NEDLAC), National Skills Authority (NSA) and the Unemployment Insurance Fund (UIF), whereby he chairs sub-committees. He has been exposed to international work which required him to travel the continent extensively.

He holds an Honours degree in Development Studies and a Bachelor of Arts, both from the Nelson Mandela University, a Higher Certificate in Public Management (Regenesys Business School), a certificate in Corporate Governance and Risk Management (Insimbi Training) and a certificate of Entrepreneurial Skills from North West University. He is currently registered for a Master's Degree in Education and Work with Wits University.

Ms Happy Ralinala
Board Member

Happy Ralinala is the Director of Palesa Mbali Group. Her last executive role was Managing Executive of Private & Wealth Banking Segments for Barclays Africa Group where she held numerous senior roles, including Managing Executive Business Banking SA.

One of her many successes was being voted the Best SME Bank in South Africa by Capital Finance International (CFI) whilst she was the Managing Executive of Business Banking SA in Barclays Africa Group.

Happy holds a Master of Business Administration and has won the Barclays Global Business Woman of the Year Award in 2015. She has served on a number of Boards including Absa Trust Board, Barclays Africa Ghana Board, Small Enterprise Finance Agency (SEFA). Happy currently serves on the boards of African Bank , FNZ South Africa, Grindrod Bank and National Development Agency.

She is a motivational mentor who derives a deep sense of personal satisfaction from seeing women and youth succeed to achieve their dreams. She views this as her unique way of making a meaningful contribution to society.

Ms Nomtandazo 'Thandi' Moyo
Board Member

Ms Moyo has extensive senior management experience in both the NGO sector and public service encompassing Local, Provincial and National Government. She is a strategic leader with a strong ethical record. She led a self-sustainable State Security Printer (GPW). She is currently with the Department of Agriculture, Land Reform and Rural Development where she holds the position of Deputy Director General: Rural Development.

She has also held senior positions in the Office of the Premier, Gauteng, City of Johannesburg Metropolitan municipality, National Department of Co-Operative Governance and Traditional Affairs and Ministry of Home Affairs. (GOGTA). Ms Moyo sat on several public and private sector Boards including Sterkfontein Hospital and South African Printing Institute. She provided consultancy services at Wits Business School's Centre for Public Enterprises P&DM and Merafong Local Municipality.

She holds a Bachelor of Arts Honours Degree in Development Studies (University of South Africa - UNISA), Bachelor of Arts Degree in Human and Social Studies (UNISA), Diploma in Project Management, Masters Certificate in Training and Development, University of Johannesburg (former Rand Afrikaans University) and many other certificates in human resources.

She is currently completing her Master of Philosophy degree in Corporate Strategy at the prestigious University of Pretoria's business school, GIBS.

Ms Tanya T Smith
Board Member

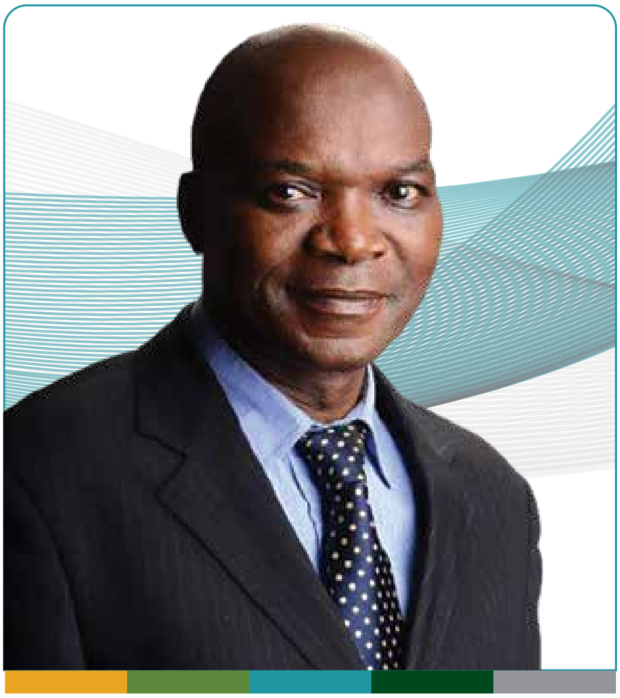
Ms Smith is a strategic leader with extensive experience in financial management, corporate governance, and risk management.

She is currently a director of her own company which focuses on leadership development. Ms Smith has served as Senior Financial Manager, Head of Finance and CFO in both the public and private sectors. Her career of 18 years has seen her applying her financial expertise across a range industries including auditing, electricity, aviation, warehousing and logistics.

She also is a member of SAICA and is registered as a Chartered Accountant CA(SA). Her qualifications include a Post Graduate Diploma in Accounting, BCom Accounting (Honours) and BCom Accounting. Ms Smith has also engaged in further learning including Corporate Governance and Integrated Reporting with Professor Mervyn King and Situational Leadership (Ken Blanchard) amongst others.

She is passionate about seeing South Africa grow as a global leader and as such has joined this board to contribute her skillset to making a difference in the nation.

1.5 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT



To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements which have been audited by the Auditor General. The Annual Report is complete, accurate, and free from omissions.

The Annual Report has been prepared in accordance with the Guidelines on the Annual Report as issued by the National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practices (GRAP) applicable to the public entity.

The Accounting Authority is responsible for the preparation of the annual financial statements and the judgments made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the annual financial statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, this Annual Report fairly reflects the operations and performance information, human resources information, and financial affairs of the entity for the financial year ended 31 March 2024.

Mr Bongani Magongo
Acting Chief Executive Officer

30 September 2024

NDA EXCO

Mr Bongani Magongo
Acting Chief Executive Officer

Reekeletseng Hlapolosa
Executive: Corporate Services

Ms Hajra Mansour
Chief Audit Executive

Ms Susan Khumalo
Chief Operations Officer

Mr Simon Baloyi
Acting Research Executive

Mr Solomon Shingange
Acting Chief Financial Officer

NDA PROVINCIAL MANAGERS

Mr Ardiel Soeker
Western Cape

Mr David Potlako Ntlatleng
North West

Ms Gillian Mahange
Limpopo

Ms Mapule Phora
Gauteng

Ms Yolisawa Ndima
KwaZulu-Natal

Ms Nokulunga Skeyi
Eastern Cape

Mr Itumeleng Kwenane
Free State

Mr Maxwell Mathebula
Mpumalanga

Mr Lesedi Piki
Northern Cape

1.6 STRATEGIC OVERVIEW

VISION

Championing development for a society free from poverty

MISSION

A premium development agency that coordinates and integrates development initiatives to break the cycle of poverty in the country

VALUES

As a development agency, we subscribe to and promote the following values:

- Integrity
- Accountability and responsibility
- Transparency
- Respect
- Ubuntu
- Innovation
- Excellence

1.7 LEGISLATIVE AND OTHER MANDATES

The NDA is a public entity, listed under Schedule 3A of the Public Finance Management Act (PFMA). It was established by the National Development Agency Act 108 of 1998 (as amended), in November 1998. It reports to the Parliament of the Republic of South Africa through the Minister of Social Development.

The primary mandate of the NDA is to contribute to the eradication of poverty and its causes by granting funds to civil society organisations (CSOs) to:

- implement development projects in poor communities
- strengthen the institutional capacity of CSOs that provide services to poor communities.

The secondary mandate of the NDA is to:

- promote consultation, dialogue, and sharing of development experience between CSOs and relevant organs of state
- debate on development policy
- undertake and publish research aimed at providing the basis for development policy.

The NDA must implement programmes that respond to the following areas of responsibilities:

- act as a key conduit for funding from the Government of the Republic of South Africa, foreign governments, and other national and international donors, for development work to be carried out by civil society organisations
- develop, conduct, and coordinate policy relevant to its objectives as referred to in Section 3 of the NDA Act
- contribute towards building the capacity of CSOs to enable them to carry out development work effectively
- create and maintain a database of CSOs, including but not limited to the scope and subject matter of their work and their geographical distribution, and share the information in the database with relevant organs of state and other stakeholders.

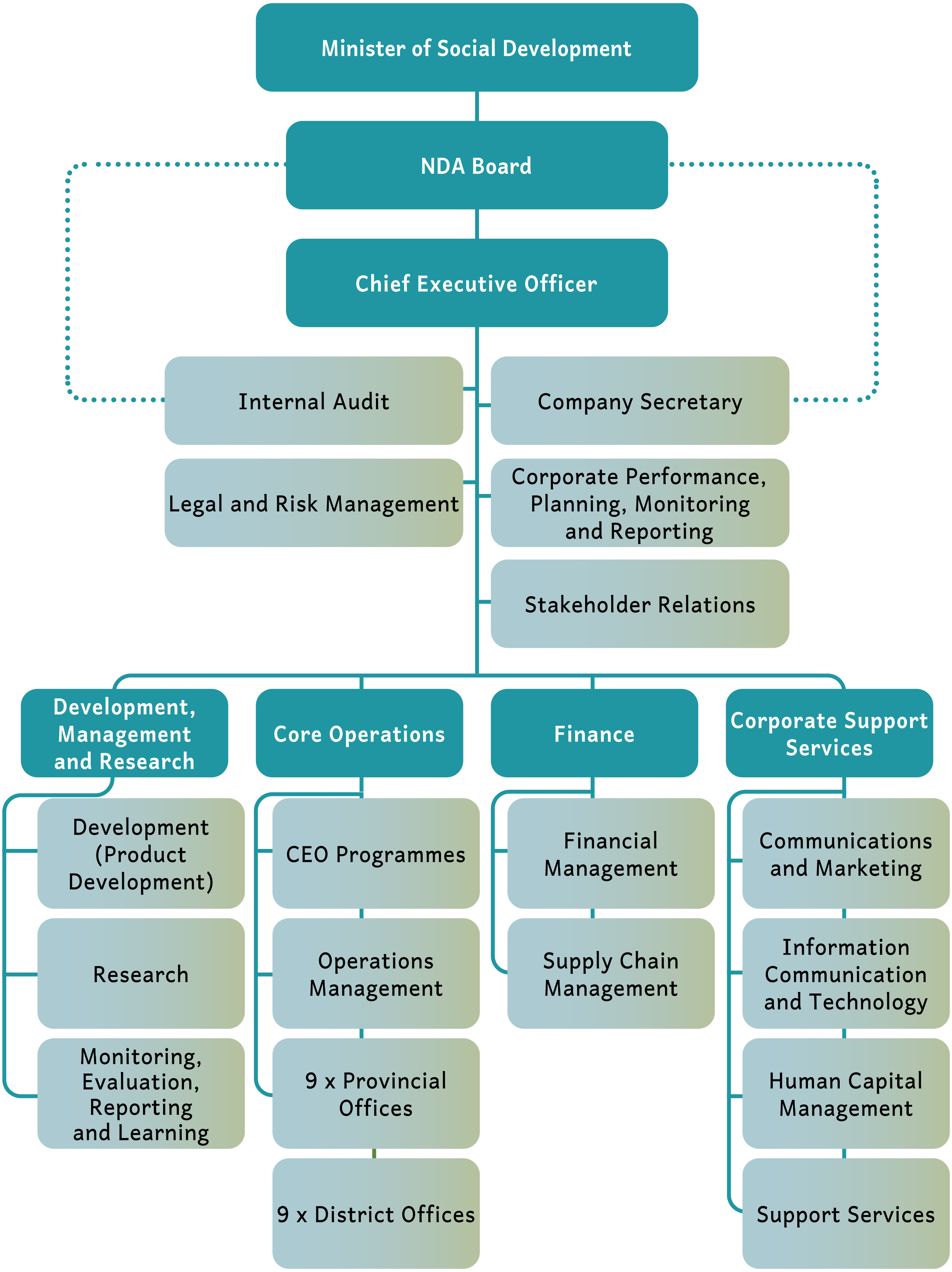
The NDA may grant money from its funds in accordance with such criteria and procedures as the NDA determines, and with due regard to the NDA's primary objectives as referred to in the NDA Act to any CSO for any project or programme that an organisation intends to:

- make recommendations concerning legislation and policies directly or indirectly constraining effective development in the Republic of South Africa
- exercise any power conferred by any other provision of this Act
- generally, do everything necessary to achieve the objectives referred to in Section 3 of the NDA Act.

Conditions for the distribution of grants are as follows:

- Any grant in terms of Subsection (2) (a) of the NDA Act, to any civil society organisation, may not be distributed to its members or office bearers except as reasonable compensation for services rendered.
- Any civil society organisation to which a grant is made in terms of Subsection (2) (a) of the NDA Act must submit to the NDA audited financial statements regarding the use of that grant at the intervals and in the form prescribed by regulation in terms of Section 13 of the NDA Act in respect to each financial year of the organisation, a comprehensive, narrative report containing
  - an analysis of every project or programme in respect of which that grant is made
  - a description of all other activities of the organisation
  - an audited financial report to be submitted not later than the date prescribed by regulations in terms of Section 13 of the NDA Act.
- Any grant in terms of Subsection (2)(n) of the NDA Act must be sufficient to defray the expenses which the civil society organisation in question will incur to comply with Subsection 4.

1.9 ORGANISATIONAL STRUCTURE



PART B
PERFORMANCE INFORMATION

2.1 ORGANISATIONAL PERFORMANCE OVERVIEW

2.1.1 Service Delivery Environment

The NDA has, throughout the year, engaged in critical interventions that furthered the realisation of its legislative mandate and the commitments undertaken in the Annual Performance Plan. The NDA's efforts were directed toward the areas of resources mobilisation, community engagement, and grant funding of community projects that aim to uplift economically disadvantaged individuals in targeted communities. Its efforts towards resource mobilisation were underpinned by budgetary constraints and also as a functional requirement mandated by the NDA Act. To achieve this responsibility, the Agency continued to engage key stakeholders through a collaborative approach based on the District Development Model (DDM). This model encourages the involvement of all institutions, i.e. government, private sector, communities, and development partners with an interest in economic development and empowerment of communities.

During the financial year 2023/24, the NDA participated in diverse efforts to realise the programme requirements and commitment. There have been efforts to develop strong partnerships that will contribute to the achievement of the NDA's mandate. During the year, the Agency facilitated a study trip to China to explore a strategic development partnership. This excursion was aimed at learning the approaches used by the Chinese in combating poverty in their country. These interactions with host stakeholders resulted in the creation of a strategic partnership that opened an opportunity to supplement resources for CSOs and communities in South Africa.

During the financial year under review, the NDA pursued a number of key partnership opportunities and collaboration with, amongst others, Breadline Africa, the Eskom Foundation, Hope Worldwide SA, The Church of Jesus Christ of Latter-day Saints, the Assupol Foundation, and a number of provincial and national entities. All these partners contributed towards the fight against poverty by providing grant funding support for CSOs. It should be noted that other resources such as the lease of land were made available at no cost by the traditional authority for community project implementation. In some cases, the municipalities, through their Local Economic Development units, provided technical support in areas such as crop and animal production.

The level of community engagement attained would not be possible without the kind of partnerships the NDA has developed across various sectors. This has been achieved through the role the NDA plays through the DDM model. The coordination of leadership undertaken by the NDA has ensured that resources and the buy-in of all stakeholders at a community level are achieved. With this approach, community development becomes a joint effort through pooling resources towards common development objectives. During the year, the NDA, through the CSO Development Programme, hosted a webinar attended by 90 stakeholders to explore ways in which the NDA can improve its poverty eradication efforts. Through engagements with these various stakeholders, the NDA was able to shape and sharpen its service delivery mechanisms through community and cooperative economic development training by DGRV.

In fulfilling the mandate as per Section 4 of the NDA Act 108 of 1998, 'the Agency is required to act as a key conduit for funding from the Government of the Republic of South Africa, foreign governments, and other national and international donors for development work to be carried out by CSOs', the NDA entered into partnership with the following social partners:

- **Department of Labour and Employment** to support the Nw Venture Creation Programme of the Unemployment Insurance Fund (UIF). The programme supports 1975 learners for New Venture Creation across all the Provinces.

This is a skills development programme targeting young unemployed people to assist them to create new business ventures for economic participation and sustainability.

- **Deutscher Genossenschafts-und Raiffeisenverband (DGRV).** The German Cooperative and Raiffeisen Confederation (DGRV). The purpose of the partnership is to facilitate capacity building, technical, and institutional support to NDA officials working with co-operatives to achieve an outcomes-driven local economic development that empowers all role players to actively contribute to inclusive local economic development and sustainable communities.
- Together with the **FinMark Trust**, the NDA, the Department of Social Development, and SASSA, we are piloting the Generating Better Livelihoods (GBL) Programme in three Provinces, i.e. the Free State, Gauteng and KwaZulu-Natal. The GBL Project is aimed at linking child support grant recipients, mostly young mothers, to other economic opportunities.
- The project is also supported by **BRAC**, which is providing both technical and financial support to the project. BRAC is an international NGO that has been implementing the graduation approach for over 20 years. This initiative is a combination of comprehensive, multi-dimensional and sequenced interventions that create a 'big push' to propel the extreme poor out of poverty. The project acknowledges that poor people face many barriers preventing them from successfully accessing other economic opportunities, and these barriers need to be well understood before designing support interventions.
- **HOPE Worldwide South Africa** has been in partnership with the NDA for the past 4-5 years serving vulnerable children, households and communities in seven provinces in South Africa: Gauteng, KwaZulu-Natal, the Eastern Cape, the Western Cape, Limpopo, Mpumalanga and the Free State. The programme invests in children through Early Childhood Development (ECD) Centre support, community ECD parenting programmes, and nutritional support.
- The partnership with the ESKOM Foundation supports youth income generation cooperatives and educational material for ECDs in the Eastern Cape, Gauteng and the Western Cape.
- The partnership with Breadline Africa supports under-resourced ECDs across the Provinces with the installation of proper

sanitation. The amount for the ECD Centres programme is estimated at R28m. The organisation also renovates containers to be used as early childhood development centres (pre-schools), primary school libraries, feeding kitchens, and toilet blocks.

- The partnership with the Church of Jesus Christ of Latter-day Saints (LDS Church) provided grant funding of R10m to 27 CSOs in the Free State, Limpopo, North West and Gauteng.

Research

The Research Unit in the year under review conducted and concluded three research studies, published three policy briefs, and held two dialogues with key stakeholders from government, civil society representatives, private sector representatives, and academia. This report covers a synopsis of all the research work done, a brief synopsis of the policy briefs, a synopsis of dialogues held with stakeholders, and a summary of the concept paper which the NDA is planning to publish in the next financial year.

The Role of the CSOs as peacemakers during civil unrest in South Africa

The purpose of the study was to provide a comprehensive documentation of the relevant and applicable legislation, policies, scholarly literature surrounding the role of civil society organisations (CSOs) as peacemakers in South Africa, the broader role of CSOs in preventing and reducing civil unrest, safeguarding national assets, and supporting the country's Economic Reconstruction and Recovery Plan, as well as primary data collection through stakeholder consultations, an electronic survey, and focus group discussions. The study examined the challenges and benefits faced by CSOs in promoting peace and explored the mechanisms that enable them to act as mediators between the State and communities, and the nature of unrest in South African society.

The study found that CSOs credit the following as triggers for the civil unrest:

- Political factors. These include political influences, factions within the ruling party, political motives, and infighting.
- Socioeconomic factors. This encompasses poverty, unemployment, inequality, poor economic standing of community members, and lack of access to basic needs.
- Corruption and mismanagement. Respondents mentioned corruption, poor leadership in government, lack of government intervention, and poor service delivery.
- Arrest and incarceration of former President Jacob Zuma. Some respondents attributed the unrest to the imprisonment of Jacob Zuma for contempt of court.
- Frustration and disillusionment. These led to anger, misplaced anger, frustration at not receiving quality services, lack of understanding and communication, lack of interest in the people (communities), and lack of unity.
- COVID-19 pandemic. The handling of the pandemic, including lockdown measures and the impact on the economy, was mentioned as a contributing factor.

The conclusions drawn from the findings underscore the essential need for a more transparent and communicative government to mitigate the discontent (anger) that often escalates into unrest, and made recommendations in these areas:

- Co-create long-term integration programs, intergovernmental dialogues, and community development projects
- CSOs should collaborate and have broader engagements with all government departments and partnerships in service delivery projects
- CSO involvement in policy planning and changes, planning for implementation of existing policies, crafting implementation plans, and being part of decision-making processes
- Encourage CSOs to engage in participatory approaches that empower community members
- Facilitate spaces for dialogue, reflection, and shared learning among community members and CSOs.

How does lack of jobs and income streams affect the South African youth.

The research study was undertaken to provide a body of evidence and information from a range of sectors—government, youth, civil society, and business. This included literature from local and international sources to gather evidence that would inform formulation of policies, strategies, and programmes for addressing the country's challenge with youth lack of jobs and income streams. The research further identified mechanisms that can effectively stimulate and increase jobs and income streams for South African youth. The study found that having a significant number of young people who lack jobs and have no income negatively impacts communities' economic growth and development. As a result, lack of job opportunities and unreliable income sources have a domino effect, extending from individual despair to broader economic stagnation. Unemployed youth often experience feelings of social exclusion and a lack of hope for the future, which can lead to both mental and physical health issues over time.

The following are some of the key recommendations:

- Youth engagement at community level should be prioritised when developing policies targeted at reducing youth unemployment and developing income streams.
- Benchmarking and continuous policy review are crucial elements when developing policy frameworks targeted at youth unemployment and income generation opportunities.
- Economically empower the youth. Focus should be on job creation and increasing the breadth of income streams, a finding that is supported by the findings of the literature review.
- Alignment of the education system with the prevailing economy; alignment of skills and competencies with local economic activities; an integrated approach; collaboration among key stakeholders; policy reviews; education reforms, and benchmarking against best practices.

The relationship between skills development and civil society organisations' service delivery

This study examined why South Africa's economic and development policies fail to eradicate high unemployment, poverty and equality after three decades of democracy. It also analysed the role of skills development and civil society organisations (CSOs) in contributing to sustainable livelihoods. Furthermore, it identified the CSOs' skills development needs. The study provided findings and recommendations, which included, amongst others:

- The government should fundamentally shift from neo-liberal economic policies, which have not worked, to heterodox economic policy approaches.
- Measures to improve policy effectiveness should be focused on policies, participation, stakeholder involvement, and M&E.
- CSO representatives should receive skills training in key areas such as leadership, governance, management, finance, negotiation, and the economy.
- CSOs representatives should contribute to developing policies, strategies and plans in all government tiers.
- CSO representatives to lobby the government for mainstreaming the sector in skills development.
- CSOs need to have more opportunities where they can network, support, and empower each other, practise knowledge sharing, and form a collective voice to increase their impact and the awareness of their work. The government can catalyse this process and facilitate such opportunities.
- CSOs should be provided with skills development, especially in providing entrepreneurship training in their communities. This will assist in making more citizens independent of the social grant system and thereby more self-sufficient. Cooperatives should be used to develop practical skills, especially entrepreneurship skills.
- More access to and participation in the NSDP

is required to meet CSO objectives. The government should collaborate more with CSOs regarding the interventions proposed by them to meet the middle ground in achieving the visions of the government and CSOs.
- Improve M&E processes to prevent corruption regarding the handling of funds intended for CSO use, and in particular the awarding of tenders for services.
- Services rendered by CSOs and cooperatives under Government contracts also require timely payment for the organisations to continue operating. There needs to be greater oversight of these processes.

Policy briefs produced for stakeholders

In the third quarter, a policy brief on the role of Civil Society Organisations (CSOs) as peacemakers during the social unrest in South Africa was published. The brief provided an overview of the evidence-based research that was conducted. The primary purpose of the brief was to inform and influence decision-makers, ensuring that they have the necessary information to make well-informed developmental policy decisions. The brief critiqued some of the existing South African policies and provided policy options drawing on the limitations of the current policies.

One of the critical shortfalls in the current policies relating to CSOs was that the government and its entities often fall short in forging relationships with local organisations and fail to acknowledge the vital role CSOs play within their communities. This disconnect gives rise to a divide that limits the potential for productive partnerships between CSOs and the government. Consequently, the current legislation and policies have yet to bridge the gap effectively, thus impeding collaborative efforts. The policy brief further provided policy recommendations which are founded on fostering a collaborative approach to governance.

The second policy brief was produced in November 2023 to take a step back and investigate why job creation and income streams in South Africa continue to be lacking, especially amongst the youth, despite the formulation and implementation of several policies and interventions around the country. In doing so, the policy brief identified and critiqued policies, especially those relating to youth unemployment and income streams. The brief highlighted the key gaps within existing policies that were revealed by the research and provided recommendations on how these can be approached to better address the challenge of youth unemployment and lack of income streams.

The third policy brief was produced in January 2024. This brief resulted from the research conducted on investigating the relationship between the skills development strategy and the CSOs' service delivery. The brief summarised the key findings from the research and critiqued some of the existing South African policies and then provided policy recommendations drawing on the limitations of the current policies.

In summary, the brief indicated the reliance of government on CSOs to reach vulnerable communities and further emphasised the importance of channelling more effort into assessing and evaluating the needs of CSOs so that government initiatives, interventions and resources can be better directed. Moreover, simplifying application processes for access to funding and accreditation of skills programmes will significantly assist CSOs in achieving their mandates. With the relevant support and guidance, the invaluable contribution of CSOs to eradicating poverty, unemployment and inequality, creating jobs, and generally uplifting communities can undoubtedly be realised.

Dialogue with stakeholders

On 29 September 2023, the NDA co-hosted a virtual policy dialogue titled The Role of CSOs as Peacemakers during Civil Unrest in South Africa with the Palmer Development Group. It was attended by 70 participants on a virtual platform. The dialogue is part of the secondary objective of the NDA to promote consultation, dialogue, and sharing of development experiences between civil society organisations and relevant organs of state, and to debate on development policy. The purpose of this dialogue was to present the research study outcomes and engage with key stakeholders, such as organs of state, thought leaders, researchers, the private sector, civil society, and policymakers in a comprehensive discussion regarding the significant role that CSOs play in maintaining social cohesion and promoting peace and stability during periods of civil unrest.

The objectives of the policy were to:

- **Analyse the current landscape of social unrest in South Africa.** The dialogue will provide an overview of recent social unrest incidents in South Africa, highlighting the underlying causes, actors involved, and the impact on communities, the economy, and social cohesion.
- **Explore the role of CSOs as peacemakers.** The dialogue will delve into the diverse roles CSOs play during social unrest, such as conflict resolution, peacebuilding, community engagement, advocacy, and fostering dialogue among different stakeholders.
- **Share best practices and lessons learned.** Participants will have the opportunity to share successful strategies, initiatives, and lessons learned from the CSOs' experiences in South Africa.
- **Identify challenges and opportunities for CSOs.** The dialogue will address the challenges faced by CSOs in their peacemaking efforts including resource constraints, political pressures, and safety concerns. It will also explore opportunities for collaboration, capacity building, and strengthening the role of CSOs in promoting peace and social cohesion.

The second dialogue, Bridging the Gap – Enhancing the Relationship between South African Skills Development Strategy and Civil Society Organisations' Service Delivery was held on 19 March 2024. This was the result of a research study carried out by the NDA in partnership with Enterprises University of Pretoria. The purpose was to present the findings of the research and have an in-depth discussion about the relationship between the South African Skills Development Strategy and Civil Society Organisation's (CSOs) service delivery with key stakeholders, including government agencies, thought leaders, researchers, the private sector, civil society, and policymakers.

The NDA gave an overview in the context of the dialogue and its approach to skills development for sustainable development. A viewpoint from the civil society sector was given by the NEDLAC Community Constituency and the findings from the research were presented by Enterprises University of Pretoria. All these presentations led to discussions by the dialogue participants. The dialogue underscored the importance of collaboration between stakeholders, including CSOs, government agencies, and the private sector, to drive meaningful change in skills development. Participants highlighted the potential of CSOs to deliver practical training and address local needs effectively.

However, they stressed the urgency of streamlining funding processes, enhancing CSO capacity, and prioritising inclusive policies to ensure equitable access to opportunities. There was consensus on the need for a holistic approach to address economic challenges, encompassing policy reforms, capacity building, and targeted interventions in marginalised communities.

Concept document on economic pathways out of poverty

A final draft document titled Concept Paper on Pathways out of Poverty – A Blueprint for Sustainable Livelihoods Development was produced from a literature review. The concept document explores different sustainable development approaches that have been used successfully in poverty reduction interventions. The document proposes three types of intervention models that can be adopted and adapted to the South African high level of poverty environment. It also proposes a framework that can be used to ensure sustainability and a positive impact on poor people who participate in these intervention models.

The models proposed are community-owned enterprises, cooperatives enterprises, and social enterprises. These types of enterprises are owned, managed and run by members of communities. If well supported through capacity building interventions to increase their access to finance, produce quality and competitive products and services, and access and create markets, supported by legislative and policy reforms, they can be a tangible and viable solution to address high unemployment, poverty, and inequalities.

The concept document proposes an adaptable framework that can be used within the District Development Model (DDM) as an operational tool for poverty eradication. The sustainable livelihoods framework focuses on local people, a holistic approach, dynamics in priorities, policy environment, and local capacity, with the following five key aspects to drive sustainable livelihoods intervention:

- Understanding the vulnerabilities of people and communities
- The assets used to make a living and how the people and communities can access them
- Understanding the range of transformative legislation, policies, institutions, and processes designed to influence the way people are living
- Based on vulnerability dynamics, available and accessible assets, and a transformative environment to support sustainable livelihoods, determining what strategies and opportunities (natural and non-natural resources) should be pursued.
- Measurements of sustainable livelihood outcomes of a chosen livelihood strategy.

Monitoring and evaluation

The monitoring and evaluation function at the NDA is to provide policies, monitoring and evaluation frameworks, tools and systems, and evaluation of the programmes of the Agency. The monitoring and evaluation frameworks, tools, and systems for ensuring alignment of information collection, analysis, and reporting to the NDA's annual performance plan's key performance indicators. The evaluation activities are for assessing processes, activities, and results achieved in programmes and projects implemented by the NDA. In addition, the evaluations provide lessons and best practice from the findings and recommendations for purposes of improving implementation outputs, outcomes, and impacts. During the year under review, the monitoring and evaluation function planned to conduct three evaluation studies for NDA programmes.

The evaluations conducted and completed were:

- The NDA due diligence process implemented for grant funding to mitigate risks associated with grant funding
- The implementation by the NDA, at pilot sites, of the District Development Model (DDM) for lessons and replication
- The evaluation of social enterprises funded by the NDA through its grant funding programme.

Evaluation of the NDA's due diligence processes.

This study was designed to evaluate the NDA due diligence process for CSO grant funding. The intention is to use the evidence from the evaluation to strengthen the design and implementation of the due diligence processes and use the recommendations during the funding of the projects. The evaluation findings and recommendations are tabled on the next page.

Key Findings	Key Conclusions	Key Recommendations
• The report structure needs to be standardised across the board to report on all the critical areas.	• The NDA Due Diligence Process is aligned to the context in terms of design; however the process is not appropriate and needs to be improved in the many areas identified above.	• The NDA Due Diligence Process is reviewed; and • The NDA Due Diligence Framework and Tool are developed taking into consideration the identified recommended improvements above.
• The selection of the level of due diligence to be applied should be informed by analysis of certain aspects for due diligence	• There are a number of challenges and lessons that have been identified to inform and improve the review and development of the Due Diligence Process and Tool.	
• There is a need to develop a standard tool that will be used across the board and will take into consideration and integrate all the aspects of a due diligence process.	• The findings from international best practices in due diligence and case studies can inform the review and development of the NDA Due Diligence Process and Tool.	

2.2 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

There are no legislative changes to the mandate of the National Development Agency. However, a process led by the Department of Social Development to amend the NDA Act has begun with an assessment process whose aim is to identify the areas for improvement in the current Act.

2.3 STRATEGIC OUTCOME-ORIENTED GOALS

The NDA has endorsed the following outcomes over the Medium-Term Strategic Framework (see the next page):

2.4 PERFORMANCE INFORMATION BY PROGRAMME

2.4.1 Programme 1. Governance and Administration: Performance information

The role of the Governance and Administration Programme is to render integrated institutional support services within the framework of the Annual Performance Plan (APP) and the Annual Budget of the NDA to enable the organisation to pursue the goals and objectives as articulated in the Strategic Plan of the organisation. The Human Resources function provides integrated human capital management and administration.

Outcome	Outcome indicator	Five-year target
Good Governance	Effective systems in place to achieve good governance Amendment of the NDA Act	Unqualified audit without findings Amended NDA Act
Establish effective public-private partnership modalities to effect development goals	Revenue generated through strategic partnerships	R500 million
Self-sufficient and self-reliant communities	Strengthen civil society mechanisms/formations towards achieving NDP goals Fund strategic poverty eradication initiatives	Strategically position and embed capacity building model for South Africa 80% disbursement of funds raised from strategic partnerships
Influencing development policy through thought leadership	Develop a research agenda for improvement of NDA work	Research agenda

Human Resource Management & Development, as a function, has evolved from a transaction-oriented function to a strategic function that enables the business to achieve its strategic objectives. In institutionalising this approach, the NDA has taken a long-term view in terms of strategy and planning. The role of Information and Communication Technology (ICT) is to enable the NDA to achieve strategic objectives by providing technology platforms for efficient handling of information and communication within the NDA.

The Finance Unit provides strategic financial administration, financial management, and reporting services to the NDA. The key financial administration and management services rendered by the directorate are:

- management of revenue and expenditure;
- efficient and economical utilisation of financial resources;
- ensuring that all transactions are appropriately authorised;
- maintaining financial records
- managing and safeguarding the organisation’s resources
- exercising sound budgetary practices and policies
- coordinating and managing the organisational budget processes
- ensure sound financial reporting services and the timely provision of financial information for decision-making purposes.

The Supply Chain Management unit provides strategic sourcing services to all business units across the NDA within the procurement prescripts of the PFMA and the NDA Act, ensuring that the NDA maintains an appropriate procurement and provision system that is fair, equitable, transparent, competitive, and cost-effective. The directorate sources all goods and services required by business units to meet their strategic and operational day-to-day requirements. The supply chain function management function includes the following key roles:

- demand management
- acquisition management
- logistics management
- disposal management
- monitoring of supply chain performance
- compliance management.

Programme 1: Outcomes, Outputs, Ouput Indicators, Targets and Actual Achievements

Outcome	Output	Output indicator	Audited Actual Perfor-mance 2021/22	Audited Actual Perfor-mance 2022/23	Planned Annual Perfor-mance 2023/24	Actual Perfor-mance 2023/24	Devi-ation from planned target to Actual Achieve-ment 2023/24	Reasons for variance
Good Governance	Irregular, Fruitless and Wasteful (IFW) expenditure report	Percentage of cumulative IFW expenditure submitted for condonation	56.30%	New Indicator	90% of cumulative IFW expenditure submitted for condonation	22.8%	(67.2%)	The implementation of the Consequence management as well as the disciplinary processes regarding two major cases valued at R50 591 283 could not be concluded before the financial year resulting in the underperformance.
	Supplier payment Report	Percentage of invoices paid within 30 days of receipt	New Indicator	New Indicator	95% of invoices paid within 30 days of receipt	95%	None	None
	Internal Audit turnaround plan progress report	Percentage of prior year audit findings resolved	New Indicator	New Indicator	80% of prior year audit findings resolved	84%	4%	NDA Management put in a lot of effort to resolve the 2022-23 audit findings which resulted in a performance higher than the annual target.
	Preferential Procurement report	Percentage implementation of preferential procurement targets for designated groups as per the SCM policy	New Indicator	New Indicator	80% implementation of preferential procurement targets for designated groups as per the SCM policy	87.61%	7.61%	Management prioritised the sourcing of goods and services from designated groups as guided by the preferential procurement framework and this resulted in the reported high performance and surpassing of the target.

Programme 1: Outcomes, Outputs, Ouput Indicators, Targets and Actual Achievements (continued)

Outcome	Output	Output indicator	Audited Actual Perfor-mance 2021/22	Audited Actual Perfor-mance 2022/23	Planned Annual Perfor-mance 2023/24	Actual Perfor-mance 2023/24	Devi-ation from planned target to Actual Achieve-ment 2023/24	Reasons for variance
Good Governance (continued)	ICT Electronic tool for grant funding projects assessment and review reports produced	Electronic grant funding assessment and review tool deployed	New Indicator	New Indicator	Electronic grant funding assessment and review tool deployed	Electronic grant funding assessment and review tool deployed	None	None
	ICT Security strategy	ICT Security strategy approved and implemented	New Indicator	New Indicator	Prioritised cyber security corrective measures (Phase 1) implemented	Prioritised cyber security corrective measures (Phase 1) implemented	None	None
	HR Policies	Number of Human Resources policies reviewed and approved	New Indicator	New Indicator	12 Human Resources policies reviewed and approved	13 Human Resources policies reviewed and approved	1	The high performance of the target is attributed to the concerted effort put in by the HR unit in the review of HR policies.
	Training Report	Number of staff training interventions conducted for staff development	New Indicator	New Indicator	12 staff training interventions conducted	12 staff training interventions conducted	None	None
	Profiling report	Number of NDA projects profiled to market the work of the NDA	New Indicator	New Indicator	9 profiled NDA projects	14 Projects were profiled to market the work of the NDA	5	The target was met and surpassed through the free publicity solicited from some media houses.

2.4.2 Programme 2 - CSO Development: Performance information

The purpose of the programme is to elevate the NDA to become the leading coordinator of development initiatives in its pursuit of becoming the premium development agency in South Africa. This programme focuses on creating effective poverty eradication impact by utilising pertinent mechanisms and channels of poverty eradication, including but not limited to the support of CSOs. The programme provides a comprehensive package aimed at developing CSOs to their full potential and to ensuring that they—especially those operating in impoverished communities—have the capabilities to provide quality services to the communities they serve.

The programme also focuses on providing grants to CSOs that work with impoverished communities to develop their capacities to deliver quality projects and programmes. The resource mobilisation component of this Sub-programme aims to mobilise resources from the South African government, foreign governments, international agencies, and the private sector, to increase the funding base of the CSOs working in impoverished communities. The programme functions through provincial offices and district offices which provide the operational platform for the delivery of NDA services in the communities. The role of the provincial offices is to plan, manage, and direct the NDA's provincial development programmes to ensure the accomplishment of the goals and objectives of the province as defined by the NDA's mandate. These programmes are then coordinated and implemented in the Districts.

Programme 2 - Outcomes, Outputs, Output Indicators, Targets, and Actual Achievements

Outcome	Output	Output indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Performance 2023/24	Actual Performance 2023/24	Deviation from planned target to Actual Achievement 2023/24	Reasons for variance
Effective strategic partnerships to support poverty eradication programmes	Approved NDA Resource Mobilisation Strategy document	NDA Resource Mobilisation Strategy for poverty eradication approved by the Board	New Indicator	The NDA Strategic Partnership Model was approved by the Board	Board Approved NDA Resource Mobilisation Strategy for poverty eradication	The NDA Resource Mobilisation Strategy for poverty eradication was approved by the Board	None	None
	Resource Mobilisation Report	Rand value of resources raised for funding of CSOs	R54,5m	R68,5m	R50m	R57,3m	R7,3m	The target has been exceeded due to enhanced efforts to ensure resource flows to CSOs to bridge the gap from the NDA budgetary constraints.
Sustainable livelihoods for beneficiaries of NDA-funded poverty eradications project	Grant Funding report	Number of poverty eradication CSOs funded by the NDA	New Indicator	New Indicator	100	79	21	The target could not be reached due to budgetary limitations.
	Report with names of beneficiaries of income generation projects of the NDA	Number of beneficiaries participating in income generation projects	750	3 175	3 000	1 911	1 089	The achievement of this target was linked to the number of poverty eradication CSOs funded, which was not achieved due to budget constraints and therefore could not establish enough income generation projects for beneficiaries to participate in.

Programme 2 - Outcomes, Outputs, Output Indicators, Targets, and Actual Achievements

Outcome	Output	Output indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Performance 2023/24	Actual Performance 2023/24	Deviation from planned target to Actual Achievement 2023/24	Reasons for variance
Sustainable livelihoods for beneficiaries of NDA–funded poverty eradications project	Report with names of CSOs provided with skills development interventions to support NDA poverty eradication projects	Number of CSOs capacitated with skills to implement poverty eradication projects	2 558	3 124	2 500	3 077	577	The requests for more training by provincial departments of Social Development and Hope World-Wide resulted in the over-achievement of the target.
	Skills development report for beneficiaries of The NDA poverty eradication projects	Number beneficiaries capacitated with skills to implement poverty eradication projects	New Indicator	New Indicator	5 000	5 110	110	The requests for more training by provincial departments of Social Development and Hope World-Wide resulted in the over-achievement of the target.

2.4.2 Programme 3 - Research: Performance Information

The Research programme of the NDA derives its functions from Section 3.2(a) and (b) of the National Development Agency Act, No. 108 of 1998 (as amended) which states that the NDA must:

- promote consultation, dialogue and sharing of development experience between civil society organisations and relevant organs of state
- debate on development policy
- undertake and publish research aimed at providing the basis for development policy.

To fulfil this mandate, the NDA has structured the delivery of this mandate into two functional areas, namely research, and monitoring and evaluation. The research function at the NDA is responsible for conducting research studies, creating platforms for engagement and debates, and sharing research outcomes through publishing research reports and policy briefs. This function aims to encourage engagements on policy issues that negatively impact the social and economic development of the population of South Africa. The monitoring and evaluation (M&E) function develops the M&E framework, systems and tools for monitoring and evaluation of the NDA to ensure accountability and improvements in the outcomes and impacts of the NDA development programmes. This function also promotes and supports accurate, reliable and valid reporting on the programmes of the NDA and the use of lessons learned through periodic evaluations of the NDA programmes.

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Programme 3 - Outcomes, Outputs, Output Indicators, Targets, and Actual Achievements

Outcome	Output	Output indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Performance 2023/24	Actual Performance 2023/24	Deviation from planned target to Actual Achievement 2023/24	Reasons for variance
Appropriate development policy through thought leadership	Research publications	Number of research publications undertaken to provide a basis for development policy	3 Research publications	3 Research publications	3 Research publications	3 research publications were undertaken	None	None
	Policy Briefs	Number of policy briefs submitted to relevant stakeholders	New indicator	New indicator	3 Policy Briefs	3 policy briefs were submitted to relevant stakeholders	None	None
	Dialogue reports	Number of dialogues held with relevant stakeholders	5 Dialogues	5 Dialogues	2 Dialogues held with relevant stakeholders	2 dialogues were held with relevant stakeholders	None	None
	Evaluation reports	Number of evaluations conducted to inform programme design and implementation	3 Evaluations	3 Evaluations	3 Evaluations conducted	3 Evaluations conducted	None	None
	Multi-year evaluation plan	Approved Multi-year evaluation plan	New Indicator	New Indicator	Multi-year evaluation plan approved	Multi-year evaluation plan approved	None	None
	Concept document	Concept document on Economic pathways out of poverty approved	New Indicator	New Indicator	Approved concept document on Economic Pathways out of poverty	Concept document Economic Pathways out of poverty developed but not approved	Target not met	The concept document was developed but the consultation process with external stakeholders was not finalised on time to allow for the Board to approve the concept document.

2.5 IRREGULAR EXPENDITURE

Reconciliation of irregular expenditure

Description	2023/2024 R'000	2022/2023 R'000	2021/2022 R'000
Opening balance	83 430 788,70	77 049 488,15	175 409 910
Prior Period Errors	-	6 046 027,53	(293 743,00)
As Restated	83 430 789,00	181 848 512	175 116 167
Add: Irregular expenditure confirmed	808 650,00	335 273	701 014
Less: Irregular expenditure condoned	(1 946 794,93)		(98 752 995,85)
Less: Irregular expenditure not condoned and removed	-	-	-
Less: Irregular expenditure recoverable	-	-	(14 697,00)
Less: Irregular expenditure not recovered and written off	-	-	-
Closing balance	**82 292 643,77**	**83 430 788,70**	**77 049 488,15**

Reconciling notes to the annual financial statement disclosure

Description	2023/2024 R'000	2022/2023 R'000
Irregular Expenditure under asessment	-	-
Prior year irregular expenditure conformed in current year	58 650,00	-
Irregular expenditure for the current year	750 000,00	335 273,02
Total	808 650,00	335 273,02

A determination test was completed in respect of R335 273,02 Irregular Expenditure. The Loss Control Committee did not recommend recovery because the NDA derived value for money from the transaction, since goods and services and/or services were delivered. The matter is to be referred to HR to facilitate the institution of the disciplinary process in line with the NDA Disciplinary Code.

Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2023/2024 R'000	2022/2023 R'000
Irregular expenditure under assessment		-
Irregular expenditure under determination	45 086 874	
Irregular expenditure under investigation	23 262 750	
Total	**68 349 624**	

Details of current and previous year irregular expenditure condoned

Description	2023/2024 R'000	2022/2023 R'000
Expenditure condoned	1 946 794,93	-
Total	**1 946 794,93**	**-**

Details of current and previous year irregular expenditure removed - (not condoned)

Description	2023/2024 R'000	2022/2023 R'000
Irregular expenditure NOT condoned and removed	-	-
Total	**-**	**-**

Details of current and previous year irregular expenditure recoverable

Description	2023/2024 R'000	2022/2023 R'000
Irregular expenditure recovered	-	
Total	**-**	

Details of current and previous year irregular expenditure not recoverable and written off (irrecoverable)

Description	2023/2024 R'000	2022/2023 R'000
Irregular expenditure written off	-	-
Total		

Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution *is not* responsible for the non-compliance)

Description	2023/2024 R'000	2022/2023 R'000
None	–	–
Total	**–**	**–**

Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2023/2024 R'000	2022/2023 R'000
The institution procured the services of another organ of state to conduct business case analysis for a division that is to be established, and it was found that the supplier awarded the contract did not meet the minimum requirement and Entity A was part of the bid committee meeting	-	-
Total	**-**	**-**

Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken	2023/2024 R'000	2022/2023 R'000
	-	-
Total	**-**	**-**

2.6 FRUITLESS AND WASTEFUL EXPENDITURE

Reconciliation of fruitless and wasteful expenditure

Description	2023/2024 R'000	2022/2023 R'000	2021/2022 R'000
Opening balance	1 488 025,00	1 229 204,00	1 236 257,00
Prior period errors	-	-	
Restated Opening balance	**1 488 025,00**	**-**	**1 236 257,00**
Add: Fruitless and wasteful expenduture confirmed	120 837,00	258 821,00	4 329 ,00
Less: Fruitless and wasteful expenditure condoned	-		-
Less: Fruitless and wasteful expenditure not condoned , but approved for removal	-		-
Less: Fruitless and wasteful expenditure recoverable	-	-	(11 382,00)
Less: Fruitless and wasteful expenditure not recovered and written off	-		-
Closing balance	**1 608 861,32**	**1 488 024,52**	**1 229 203,74**

Reconciling notes to the annual financial statement disclosure

Description	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful Expenditure under assessment		
Prior year Fruitless and wasteful expenditure identified/confirmed in current year	-	-
Fruitless and wasteful expenditure for the current year		
Total		

Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful expenditure under assessment	120 837,00	-
Fruitless and wasteful expenditure under determination	183 292,00	
Fruitless and wasteful expenditure under investigation		-
Total	**304 129,20**	**-**

Details of current and previous year fruitless and wasteful expenditure condoned

Description	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful expenditure condoned	-	-
Total	**-**	**-**

Details of current and previous year fruitless and wasteful expenditure removed - (not condoned)

Description	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful expenditure NOT condoned and removed	-	-
Total	**-**	**-**

Details of current and previous year fruitless and wasteful expenditure recoverable

Description	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful expenditure recovered	-	-
Total	**-**	**-**

Details of current and previous year fruitless and wasteful expenditure not recoverable and written off (irrecoverable)

Description	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful expenditure written off	-	-
Total	**-**	**-**

Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Description
None
Total

Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2023/2024 R'000	2022/2023 R'000
The institution procured services of another organ of state to conduct business case analysis for a division that is to be established, and it was found that the supplier awarded the contract did not meet the minimum requirement and Entity A was part of the bid committee meeting	-	-
Total	**-**	**-**

Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenpenditure

Disciplinary steps taken	2023/2024 R'000	2022/2023 R'000
	-	-
Total	**-**	**-**

2.7 LINKING PERFORMANCE WITH BUDGETS

	2023/2024			2022/2023		
Programme Name	**Final Budget (R'000)**	**Actual Expenditure (R'000)**	**Under/ Over spending (R'000)**	**Final Budget (R'000)**	**Actual Expenditure (R'000)**	**Under/ Over spending (R'000)**
Governance and Administration	128 225	114 807	13 418	120 748	117 293	3 455
CSO Development	117 020	105 017	12 003	143 823	135 302	8 521
Research and Development	9 933	8 919	1 014	13 225	9 305	3 919
Total	**255 178**	**228 743**	**26 435**	**277 796**	**261 901**	**15 895**

2.7 LINKING PERFORMANCE WITH BUDGETS (continued)

Programme Name	2023/2024 Final Budget (R'000)	2023/2024 Actual Expenditure (R'000)	2023/2024 Under/Over spending (R'000)	2022/2023 Final Budget (R'000)	2022/2023 Actual Expenditure (R'000)	2022/2023 Under/Over spending (R'000)
Governance and Administration	128 225	114 807	13 418	120 748	117 293	3 455
CSO Development	117 020	105 017	12 003	143 823	135 302	8 521
Research and Development	9 933	8 919	1 014	13 225	9 305	3 919
Total	**255 178**	**228 743**	**26 435**	**277 796**	**261 901**	**15 895**

2.8 REVENUE COLLECTION

Revenue item	2023/2024 Final Budget (R'000)	2023/2024 Actual Receipt (R'000)	2023/2024 Under/Over receipt (R'000)	2022/2023 Final Budget (R'000)	2022/2023 Actual Receipt (R'000)	2022/2023 Under/Over receipt (R'000)
Transfer from National Treasury	220 116	220 116	-	219 274	219 274	-
Other grants, third party funds and donations	969	1 154	185	-	12 119	12 119
Rollover of surplus funds	28 621	-	(28 621)	53 028	-	(53 028)
Other Income	84	622	538	719	881	162
Interest received	5 388	5 132	(256)	4 755	5 783	1 028
Project recoveries	-	21	21	-		-
Total	**255 178**	**227 045**	**28 133**	**273 446**	**238 057**	**(39 719)**

2.9 B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table was completed in compliance with the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the Department of Trade and Industry and Competition.

Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1-8) with regard to the following:		
Criteria	**Yes/ No**	**Discussion**
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	n/a	The NDA does not regulate economic activity in terms of any law.
Developing and implementing a preferential procurement policy?	Yes	The NDA is required to comply with the Preferential Procurement Policy Framework Act (PPPFA) and its associated regulations, and the Broad-Based Black Economic Empowerment Act (B-BBEEA). Consequently, the NDA makes provision for such compliance in its Supply Chain Management Policy. The policy makes provision for the targeting of specific groups identified in the above legislation for preferential procurement, through the establishment of pre-qualifying criteria in the procurement processes.
Determining qualification criteria for the sale of State-Owned Enterprises?	N/A	
Developing criteria for entering into partnerships with the private sector?	Yes	The NDA is permitted through its enabling legislation [NDA Act, Section 4 (1)(a)] to act as a conduit for funding from the private sector for the implementation of development programmes by civil society organisations in poor communities, aimed at poverty alleviation. The criteria developed for such resource mobilisation partnerships are focused on a mutual mandate of meeting the development needs of poor communities.
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad Based Black Economic Empowerment?	Yes	In terms of Section 4 (2)(a) of the NDA Act, the NDA determines its criteria and procedures for the awarding of grants in support of Broad-Based Black Economic Empowerment, to any civil society organisation undertaking development projects in poor communities.

PART C
REPORT ON GOVERNANCE

3.1 INTRODUCTION

The NDA is a national public entity, established in terms of Section 2 of the National Development Act 1998 (as amended) (NDA Act) and is governed by the Public Finance Management Act, 1999 (PFMA Act) (as amended). It is classified as a Schedule 3A entity and aligns itself with all the legislative requirements of a national public entity as entrenched in the PFMA.

The NDA is led by a Board appointed by the Minister in terms of Section 5 of the NDA Act and reports to the Department of Social Development as its Executive Authority and the Parliamentary Portfolio Committee of Social Development. In addition to adhering to the governance requirements stipulated in the PFMA, the Board has aligned all its processes and governance tools with the King IV Report on Principles of Corporate Governance.

The term of the previous Board came to an end on the 30 June 2021. The Minister, with the approval of the National Treasury, appointed an Interim Accounting Authority in accordance with Section 49 (3) of the PFMA. It was through this intervention that the NDA was able to adhere to all the legislative timeframes and submitted the quarterly and annual performance and financial reports as required by the PFMA until a new Board was appointed. The process of appointing a permanent Board was finalised in November 2022 when Cabinet approved the nominated members who were recommended for appointment. The Minister duly appointed a permanent Board in December 2022 for three years.

3.2 PORTFOLIO/SELECT COMMITTEES

As a National Public Entity of the Department of Social Development, the NDA accounts to the Parliamentary Portfolio Committee on Social Development (PPC) and is required to present its Strategic Plan, Budget, and Annual Report. In the period under review, the NDA presented its 2022/2023 Annual Performance Plan, the 2021/2022 Annual Report, and the 2022/2023 Quarterly Performance Reports to the PPC.

3.3 EXECUTIVE AUTHORITY

The Minister of the Department of Social Development is the Executive Authority of the NDA, as defined by the PFMA. The Board accounts to the Executive Authority and is required to submit a budget of estimated value and expenditure every financial year for approval, as well as performance and financial information results every quarter. The following reports have been submitted to the Executive Authority:

2023/2024	Documents submitted	Due date for submission	Date submitted by the NDA	Status
Quarter 1	Quarterly Performance Report	31 July 2023	31 July 2023	Approved
Quarter 2	Annual Report 2020/2021	30 September 2023	30 September 2023	Approved
	Quarterly Performance Report	31 October 2023	31 October 2023	Approved
Quarter 3	Quarterly Performance Report	31 January 2024	31 January 2024	Approved
Quarter 4	Quarterly Performance Report	30 April 2024	30 April 2024	Approved

3.4 ACCOUNTING AUTHORITY

The Board serves as the Accounting Authority of the NDA, appointed by the Minister of the Department of Social Development in terms of Section 5 of the National Development Agency Act 108 of 1998 (as amended). The Board upholds the provisions of the Public Finance Management Act and fulfils its fiduciary responsibilities towards the NDA as outlined in Section 50 of the Act.

The Board diligently fulfils its responsibilities by ensuring the prudent protection of the assets and records of the public entity, conducting financial affairs, with fidelity, honesty and integrity, and acting in the best interest of the public entity. When requested, the Board discloses all material facts, including those reasonably discoverable which in any way may influence the decisions or actions of the executive authority or legislature. Furthermore, the Board endeavours to prevent any detriment to the financial interests of the state within its sphere of influence as the accounting authority.

The Board adheres to the Principles on Good Corporate Governance as outlined in the King IV Report and is therefore responsible for:

a) Steering and setting the strategic direction of the NDA
b) Approving policy and planning that gives effect to strategy
c) Ensuring accountability for organisational performance
d) Overseeing and monitoring implementation and execution by management

In addition to the above, the Board of the NDA is responsible for the following:

a) It holds absolute responsibility for the performance of the public entity;
b) It retains full and effective control over the public entity;
c) It has to ensure that the public entity complies with applicable laws, regulations, and government policy;
d) It has unlimited access to information of the public entity;
e) It formulates, monitors, and reviews corporate strategy, major plans of action, risk policy, annual budgets, and business plans
f) It ensures that the shareholders' performance objectives are achieved
g) It manages potential conflicts of interest;
h) It develops a clear definition of levels of materiality
i) the Board must attend annual meetings;
j) It ensures financial statements are prepared;
k) The Board must appraise the performance of the Chairperson;
l) It must ensure effective Board induction;
m) It must maintain integrity, responsibility, and accountability.

Board Charter

During the review period, the Board revised its Board Charter to ensure consistency with the corporate governance principles detailed in the King IV Report. The Charter functions as a guideline for the Board, covering its conduct; the governance of members, committees, and meetings; and the overall roles and authorities of the NDA Board. During that period, the Board actively implemented the approved Charter and Committee Terms of Reference.

Composition of the board

As mentioned above, the Board operated with only nine members instead of the required eleven members. This reduction of membership resulted from the resignation of one member and the declined appointment by another nominated member due to deployment in a different position in the public sector or government department. Furthermore, the Board appointed three independent members of the Audit and Risk Committee in terms of the Public Finance Management Act (PFMA) to constitute the prescribed committee.

The composition of both the Board and its committees has strengthened the oversight and assurance of the NDA's quarterly and annual reports. Despite operating with nine members instead of the mandated eleven members under the National Development Act, the Board has effectively fulfilled its duties and responsibilities.

In the interim, the Board has advised the Minister about the vacant positions of two Board members, and the Department will progress the recruitment process under the provisions applicable to the Executive Authority.

Committees

The Board has established four (4) Committees; namely;

1. Management and Programmes Committee
2. Audit and Risk Committee
3. Human Resources and Remuneration Committee and
4. Social and Ethics Committee.

Name of Committee	No. of meetings	Committee Members
1. Management and Programmes	6	Ms Nozabelo Ruth Bhengu
	6	Chief Livhuwani Matsila
	6	Dr Olwethu Sipuka
	4	Ms. Happy Ralinala
	6	Mr Mojalefa Mohoto
	3	Ms. Nomtandazo Moyo
2. Audit and Risk	3	Mr Ameen Amod*
	2	Ms Margret Phiri*
	3	Dr Tishaniso Nyathi*
	5	Ms Tanya Smith
	5	Ms Happy Ralinala
	4	Mr Mochele Noge**
	5	Ms Fungai Mushohwe**
3. Human Resources and Remuneration	6	Dr Olwethu Sipuka
	6	Ms Sibongile Mncwabe
	6	Mr Thembinkosi Josopu
	6	Ms Happy Ralinala
4. Social and Ethics	3	Ms Tanya Smith
	2	Ms Nozabelo Ruth Bhengu
	3	Ms Nomtandazo Moyo
	3	Mr Thembinkosi Josopu
	3	Ms. Sibongile Mncwabe

* *These are independent non-executive members of the Audit and Risk Committee appointed by the Board.*

** *ARC members whose term ended in June 2023*

Remuneration of Board Members

Name of Member	Board fees (R'000)w	Other Expenses (claims/allowances/ reimbursements)	Total (R'000)
Ms Nozabelo Ruth Bhengu	744 572,00		744 572,00
Chief Livhuwani Matsila	316 962,00		316 962,00
Ms Happy Ralinala	256 346,00		256 346,00
Dr Olwethu Sipuka	256 845,00		256 845,00
Ms Tanya Smith	272 365,00		272 365,00
Mr Thembinkosi Josopu	248 845,00		248 845,00
Ms Sibongile Mncwabe	-		-
Ms Nomtandazo Moyo	-		-
Mr Mojalefa Mohoto	-		-

Remuneration for independent Audit and Risk Committee members

Name of Member	Board fees (R'000)	Other Expenses (claims/allowances/ reimbursements)	Total (R'000)
Ms Fungai Mushohwe	131 160,00		131 160,00
Mr Mochele Noge	39 120,00		39 120,00
Mr Amod Ameen	38 904,00		38 904,00
Dr Tishaniso Nyathi	37 772,00		37 772,00
Ms Margret Phiri	26 980, 00		26 980,00

3.5 RISK MANAGEMENT

The Board of the NDA has adopted an enterprise-wide risk management framework which is in line with the Public Sector Risk Management Framework, COSO, ISO 31000, and the King IV Report on Corporate Governance. These frameworks give the NDA direction, guidance, and approach on how risks should be identified, assessed, evaluated, managed, and reported. The NDA Management has developed a risk register to ensure effective control and management of risks associated with the entity and its strategic objectives and outcomes.

The risk register is reviewed by the EXCO and submitted quarterly to the Board's Audit and Risk Committee, which is responsible for the oversight and assurance of the risk management process. The Board of the NDA has the overall responsibility to ensure an effective, efficient, and transparent system of risk management and internal controls. The following were key achievements in embedding risk management processes:

- Alignment of planning processes with risk management in strategic and AOP sessions
- A robust risk assessment exercise that is aligned to ISO 31000 by establishing the context of risks facing the world, South Africa, and the NDA, by considering reports such as those from the World Economic Forum (WEF), Institute of Risk Management South Africa (IRMSA), and other credible risk reports
- Improvement of risk reporting using risk management software/tools
- Integration of risk reports with performance reports, reporting risk management monthly, and implementing risk assessments at the operational level, including in the provincial offices.

3.6 INTERNAL AUDIT AND AUDIT COMMITTEES

The internal audit activities evaluate the adequacy and effectiveness of internal controls and provide recommendations for improvement. These activities encompass the evaluation of the following:

- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations
- Safeguarding of assets
- Compliance with laws, regulations and contracts

The Internal Audit Unit compiled an annual coverage plan designed to manage the prioritised and significant risks within the NDA for the year under review. Listed below are the audits that were approved for the 2023/24 financial year:

- Review of Performance Information
- Audit Turnaround Strategy
- Asset Management Audit
- Human Resource Audit
- Review of CSO Development Model
- Procurement Audit
- Governance Audit
- Review of Performance Management 2021/22 (ad-hoc audit)
- Review of CARA Victim Empowerment Program Projects (Ad-hoc Audit)
- The Combined Assurance Framework and the Combined Assurance Plan were approved during the 2023/24 financial year.
- The Asset Management audit was deferred to the 2024/25 financial year.

The system of internal control applied by the National Development Agency is effective, efficient, transparent and in line with the PFMA and Treasury Regulations requirements. Areas of weakness that were identified during the audits are addressed by management on an ongoing basis and monitored through the audit turnaround strategy.

3.7 COMPLIANCE WITH LAWS AND REGULATIONS

The NDA maintained adherence to applicable laws and regulations. It has developed a compliance checklist to monitor compliance with legal requirements and regulations tabulated in the compliance framework universe, which is regularly reviewed and updated.

3.8 FRAUD AND CORRUPTION

The NDA's Fraud Prevention Plan manages fraud risks and raises the level of fraud awareness among the NDA's internal and external stakeholders. The NDA has created new policies and revised its ethics-related policies such as the code of ethics, conflict of interest policy, whistleblowing policy, and fraud investigation standard operating procedures (SOP). They await approval by the Board before they are workshopped with staff members. The NDA is also implementing the Ethics maturity report and ethics risk assessment report. The NDA has focused its efforts on dealing with the proactive intervention of ethics management as part of its fraud prevention plan. Other interventions such as implementing gift registers, awareness of ethics pledges with external stakeholders such as suppliers, and training of the Board on ethics, have been conducted as part of the Ethics Strategy and Implementation Plan. The overall score in the Ethics Maturity Assessment Report has improved from 23% to 65%.

3.9 MINIMISING CONFLICT OF INTEREST

The Conflict of Interest policy requires employees of the NDA to disclose their financial interests to the employer. Employees have completed and submitted their financial disclosures in the period under review. Furthermore, the Board and staff are required to declare any conflicts of interest they might have at the start of every meeting for Board members and the NDA staff to facilitate the recording of any interest that might impact on the NDA. Furthermore, in every Board and Board committee meeting, declarations of interest are part of the agenda and are completed and signed off. Where there is a conflict of interest declared, the member is requested to recuse themselves while the item is discussed. The Conflict of Interest Policy has been reviewed and has birthed the policy entitled NDA Employees Conducting Business with the Organs of State and Remuneration Work outside the NDA Policy, which prohibits NDA employees from conducting business with the State to avoid a possible conflict of interest.

This ensures that NDA employees declare their private commercial interests, which must not conflict with NDA official duties. Employees and the EXCO have been consulted and the policy awaits approval by the Board.

3.10 CODE OF CONDUCT

The Code of Conduct outlines rules and regulations governing the NDA's activities. The Code of Conduct also provides a framework for the NDA to set up its boundaries and supplements in addressing territorial issues. Each employee has an obligation to become acquainted with and understand not only the guidelines contained in the Code, but also the values on which they are based. However, while The Code of Conduct provides broad guidance on the standards of business conduct, no code can address every situation that employees are likely to encounter. As a result, the Code of Conduct will not substitute the responsibility and accountability to exercise good judgment and obtain guidance on proper business conduct.

3.11 HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

During the year under review, the National Development Agency complied with Section 8(a) of the Occupational Health and Safety Act 85 of 1993, which stipulates that "Every employer shall provide and maintain, as far as is reasonably applicable, a working environment that is safe and without risk to the health of his employees".

The NDA introduced measures to ensure the safety and wellbeing of all employees. Each of the nine provincial offices and the national office has a trained Safety, Health, and Environment (SHE) Representative who is responsible for conducting monthly and quarterly inspections, reporting, record keeping, awareness sessions with their respective offices, and upholding high standards of commitment to the Act, not only for legal compliance, but also for the safety of employees, visitors and contractors who enter NDA premises. As part of risk assessment and management, these SHE Representatives are tasked with determining what hazards employees might face, including natural disasters (e.g. flooding, fire); monitoring the maintenance of fire extinguishers; regular collection/disposal of waste; and daily cleaning.

All SHE Reps are trained by independent service providers appointed by the SCM. They undergo training to ensure alignment with the current requirements of the OHSA. The Occupational Health and Safety Policy is displayed on notice boards for all employees and visitors to see. The SHE Representatives have been trained to provide first aid, and monitor and resolve hazards. Cleaning staff are provided with personal protective equipment to protect them from any harmful cleaning chemicals that they may be using.

3.12 COMPANY SECRETARY

The Company Secretary oversees the following responsibilities on behalf of the Board:

- Maintaining the annual schedule and compliance calendar
- Providing overall administrative support and keeping records of all meeting proceedings
- Offering advice and guidance on corporate governance issues
- Ensuring continuity and providing training on corporate governance principles
- Ensuring that the Board reviews and approves all quarterly and annual performance reports, financial results, five-year Strategic Plans, mid-term expenditure frameworks, and Annual Report.

These duties are performed in alignment with the Public Finance Management Act (PFMA) and the principles outlined in the King IV Report on Good Corporate Governance.

3.13 SOCIAL RESPONSIBILITY

Nelson Mandela Day 2023 commemorated the tenth anniversary of Madiba’s passing. The theme focused on climate change, which endangers the environment and impacts food security as was seen with the KwaZulu-Natal and Eastern Cape floods.

For Mandela Day 2023 the NDA, in collaboration with the Nelson Mandela Foundation and Afrika Tikkun, selected AFRI-Training at the Green Acres Farm located in Diepsloot. AFRI-Training is a youth-led organisation that enables young people to become economically empowered by providing unemployed youth with the skills to launch their own agro-businesses.

The main aim of the project is to improve incomes, increase access to nutritious fresh produce and create decent livelihoods. The participants of this Agripreneurship Programme have a diversity of food trees, vegetables, herbs, and climbing vines. They are also diversifying to processing the crops and fruits they produce. To support this project, the NDA procured seedlings for various herbs and fruit trees which were donated to the Green Acres Farm. On the day, the NDA staff took time off their busy schedules to assist with the planting of the seedlings as part of commemorating Nelson Mandela Day 2023.

3.14 AUDIT AND RISK COMMITTEE REPORT

The purpose of the Audit and Risk Committee of the NDA is to assist the Agency in discharging its duties relating to the safeguarding of assets, operating adequate systems and control processes, and preparing the financial reports and statements. These tasks are conducted in line with all applicable legal requirements and accounting standards as prescribed in the Public Finance Management Act No 1 of 1999 (PFMA) (as amended). The operation of the committee is governed by the audit and risk terms of reference which provide guidelines concerning, amongst other things, membership, authority, and the responsibilities of the committee.

Audit and Risk Committee responsibility

The Audit and Risk Committee (the Committee) reports that it has complied with its responsibilities arising from Section 51 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Committee also reports that it has adopted appropriate formal terms of reference, and its Audit Committee Charter has regulated its affairs in compliance with the Charter and has discharged all its responsibilities as contained therein.

Effectiveness of internal control

The Committee directs, monitors, and evaluates the activities of the Internal Audit Function. Through this function, the Committee can report on the effectiveness of the internal control systems and assess whether the Internal Audit Function is fulfilling its role effectively and efficiently. In the conduct of its duties, the Committee has, inter alia, reviewed the following:

- The effectiveness of the internal control systems
- The operational risk areas that are covered in the scope of internal and external audits
- The adequacy, reliability, and accuracy of financial information provided to the Board and stakeholders
- Any accounting and auditing concerns identified as a result of internal and external audits
- Compliance with legal, accounting, and regulatory frameworks
- The activities of the Internal Audit function, including its annual work plan, coordination with external auditors, the reports of significant investigations, and the response of Management to specific recommendations
- Where relevant, the independence and objectivity of external auditors

Based on the reviews conducted by the Committee during the year under review, it can provide oversight assurance that the system of internal control applied by the Agency over financial Management was effective, efficient, and transparent. The Internal Audit unit, in line with the PFMA and the King IV Report on Corporate Governance requirements, provided the Committee and Management with assurance that the internal controls were appropriate and effective. The Committee is, however, concerned with the inability of the Agency to fully spend its budget, which impacts the service delivery mandate of the entity.

In-Year Management and Quarterly Report

Monitoring the Agency's performance is a key function of the Executive Authority. The Committee has ensured, principally through the internal audit function, that the systems of performance measurement and reporting, as well as the systems of internal control that underpin the performance Management framework of the Agency, remain robust and are addressed routinely in the audit plans.

Evaluation of Financial Statements

The Committee reviewed the draft annual financial statements before submission to the Office of the Auditor General and recommended that the annual financial statements be submitted to the Office of the Auditor General by 31 May 2024.

Auditor's Report

The Committee met and considered the draft and the final Management reports and the audit report. The Committee concurs with and accepts the opinion of the AGSA on the financial statements of the Agency for the year ended 31 March 2024.

Conclusion

I would like to thank all members of the Committee for their contribution and the professional way in which meetings were conducted. The Committee wishes to express gratitude to the Board, Acting CEO, Management, and NDA staff for the commitment and progress made during the year under review. The Committee is pleased to present its report for the year ended 31 March 2024.

Mr Ameen Amod
NDA Chairperson of the Audit and Risk Committee

NDA AUDIT AND RISK COMMITTEE

Mr Ameed Amod
Chairperson

Mr Amod is a seasoned governance professional with extensive experience in both public and private sectors. His career includes significant roles such as Managing Director of MTN Cellphone Select, where he managed South Africa's largest independent MTN Cellphone Franchise with a turnover of R100 million per annum. He has served in various high-level positions, including Chairperson of numerous Audit & Risk Committees across government departments such as Defence, Energy, and Public Service & Administration, and as a member of the National Parliament Audit Committee.

His involvement in governance spans over 25 years, with a focus on financial accounting, risk management, and internal auditing. He has served on over 25 Audit Committees, including those at the National Treasury, Department of Public Service & Administration, and the Department of Defence. He has a strong academic background, holding a Bachelor of Commerce Degree from UNISA and an MBA from the University of Cape Town. He is a Chartered Director (CD SA) certified by the Institute of Directors; Risk Management Assurance professional (CRMA), Government Auditing Professional Auditor (CGAP) and Internal Auditor (CIA) certified by the Institute of Internal Auditors, United States of America, to mention a few.

Throughout his career, he has been a strategic thinker and a decisive leader, well-versed in PFMA, Treasury Regulations, MFMA, and King IV. He is also a member of various professional bodies, including the Institute of Internal Auditors, the Institute of Directors, and SAICA. He has played a pivotal role in shaping governance and risk management frameworks in South Africa.

Ms Margaret Mosibudi Phiri
Audit and Risk Committee

Ms Margaret Mosibudi Phiri is a Chartered Accountant and seasoned Auditor with over 21 years of experience in the public and private sectors. She is the Managing Director of Mohale Seoka Consulting, where she provides consulting and advisory services in areas such as external and internal audits, financial statement preparation, risk management, and corporate governance. Her career includes significant roles at the Auditor General South Africa, where she served as a Senior Manager and Acting Deputy Business Executive, as well as directorial positions at Rakoma and Associates and AKA Africa.

Ms Phiri has served on several boards and audit committees, including as Chairperson of the Audit Committee for the South African Special Risk Insurance Association and the Railway Safety Regulator. She has extensive knowledge of laws and regulations, including PFMA, MFMA, and corporate governance principles, and is a member of multiple professional organizations, such as the South African Institute of Chartered Accountants and the Institute of Directors SA.

Her qualifications include Chartered Accountant (CA(SA)) and BCompt Honours – both obtained from UNISA, and BCom Accounting Degree from the University of Venda.

Dr Tishaniso Nyathi
Audit and Risk Committee

Dr Tishaniso Nyathi is an accomplished Governance and Leadership Professional with a career spanning various key positions in both public and private sectors. She has held significant roles, including Managing Director of Thermitrex SA (Pty) Ltd, Head of Finance at the Independent Communications Authority of SA, Executive and Head of Business Support at the Special Investigating Unit, to mention a few. Her experience extends across finance, internal audit, human resources, IT, Research, and corporate governance.

Throughout her career, Dr Nyathi has been deeply involved in governance, serving on numerous boards and audit committees, including being a board member of Polokwane International Airport, Chairperson of the Board of African Thermit, Chairperson of the Audit Committee of National Department of Health, Chairperson of National Department of Housing. She is currently the Chairperson of the Audit Committee for the Department of Minerals and Resources, the Chairperson of Risk Committee of Government Printing Works, and a member of the Audit and Risk Committee for the National Development Agency, amongst others. She has also contributed to several professional engagements, focusing on governance framework reviews and Performance management.

Dr Nyathi holds a Doctor of Business Leadership (DBL) from UNISA, with a thesis focused on corporate governance and organizational performance in South African national government departments. Her academic qualifications also include an MBA from DeMont Fort University, UK; B.Com (Finance) and B.Com Honours (Finance) from the University of the North, and various certificates in business management and accounting information systems.

Dr Nyathi is a member of the Institute of Directors of South Africa (IODSA).

PART D
HUMAN RESOURCES

4.1 INTRODUCTION

The Human Resources function aims to create the capacity and capability to enable the NDA to effectively execute its strategic goals, which include ensuring that the people management practices of the organisation are aligned with legislative frameworks and benchmarked standards. In doing so, the NDA will be able to respond to its mandate of contributing towards the eradication of poverty and its causes. The NDA has employment policies that provide guidelines to ensure that its employment practices are fair and create an attractive environment for all employees. HR partners with business to interpret the organisation's strategic thrusts into relevant and value-adding HR initiatives to deliver outcomes that support the organisation's objectives.

4.2 HUMAN RESOURCES OVERSIGHT STATISTICS

The NDA closed the financial year with a staff complement of 184. Programmes 2 and 3 constitute 67% of the employee complement, whilst Programme 1 constitutes 33%.

4.2.1 Personnel Cost by Programme

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a% of total exp.	No. of employees	Average personnel cost per employee (R'000)
Programme 1	114 807	57 970	25	65	888
Programme 2	105 017	76 508	33	113	675
Programme 3	8 919	5 311	2	6	759
Total	**228 743**	**139 789**	**60**	**184**	**753**

4.2.2 Personnel Cost by Salary Band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Top Management	9 386	7	5	1 877
Senior Management	29 764	21	23	1 294
Professional qualified	79 272	57	102	777
Skilled	17 448	12	36	485
Semi-skilled	1 054	1	4	264
Unskilled	2 865	2	14	205
Total	**139 789**	**100**	**184**	**780**

4.2.3 Performance Reward

Level	Performance rewards (R'000)	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	327	9 386	0.20
Senior Management	1 409	29 764	1.01
Professional qualified	3 970	79 272	2.85
Skilled	917	17 448	0.66
Semi-skilled	54	1 054	0.04
Unskilled	130	2 865	0.09
Total	**6 807**	**139 789**	**5.00**

4.2.4 Training Costs

The year under review is the final year of the implementation of the outcomes of the skills audit. A total of 101 employees benefited from the training interventions undertaken by the NDA. Within the financial year, the NDA commenced with the project to capacitate employees on the new skills required for the implementation of the approved Turnaround Strategy. In addition, bursaries were offered to employees to improve their qualifications.

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No. of employees trained	Average training cost per employee (R'000)
Programme 1	57 970	348	0,60%	57	6,11
Programme 2	76 508	238	0,31%	39	6,10
Programme 3	5 311	30	0,56%	5	6,00
Total	**139 789**	**617**	**0,44%**	**101**	**6,11**

4.2.5 Employment and vacancies

Programme	2022/2023 No. of Employees	2023/2024 Approved Posts	2023/2024 No. of Employees	2023/2024 Vacancies	% of vacancies
Programme 1	60	62	65	4	2.1%
Programme 2	115	122	113	7	3.6%
Programme 3	6	10	6	1	0.5%
Total	**181**	**194**	**184**	**12**	**6.2%**

During the year under review, the employee complement included temporary staff who formed part of the staff complement, and there were no activities.

Levels	2022/2023 No. of Employees	2023/2024 Approved Posts	2023/2024 No. of Employees	2023/2024 Vacancies	% of vacancies
Top Management	5	6	5	1	0.5
Senior Management	23	23	23	0	0
Professional qualified	100	106	102	4	2.1
Skilled	36	39	36	5	2.6
Semi-skilled	3	4	4	0	0
Unskilled	14	16	14	2	1
Total	**181**	**194**	**184**	**12**	**6.2**

4.2.6 Employment Changes

Levels	Employment as at 01 April 2023	Appointments	Terminations	Employment as at 31 March 2024
Top Management	5	0	0	5
Senior Management	23	1	1	23
Professional qualified	100	5	7	98
Skilled	36	2	3	35
Semi-skilled	3	1	0	4
Unskilled	14	0	0	14
Total	**181**	**9**	**11**	**179**

4.2.7 Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	6	55
Dismissal	0	0
Retirement	1	9
Ill health	2	18
Expiry of contract	2	18
Other	0	0
Total	**11**	**100**

4.2.8 Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	0
Total	**0**

4.2.9 Equity Target and Employment Equity Status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	1	0	0	0	0	0	0
Senior management	13	2	2	0	0	0	0	0
Professional qualified	38	59	4	4	0	1	0	1
Skilled	3	25	0	1	0	1	0	0
Semi-skilled	1	18	0	1	0	1	0	1
Unskilled	1	1	0	0	0	0	0	0
Total	**57**	**116**	**6**	**8**	**0**	**3**	**0**	**2**

The employment equity targets are in line with the Employment Equity Plan which contained target estimations based on the full organisational structure, inclusive of funded and unfunded positions.

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	3	0	0	2	1	0	0
Senior management	8	8	0	1	0	1	0	0
Professional qualified	57	70	1	2	0	1	0	1
Skilled	33	31	2	3	0	1	0	1
Semi-skilled	3	7	0	1	0	0	0	0
Unskilled	12	13	1	1	0	0	0	0
Total	115	132	4	8	2	4	0	2

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top management	0	0	0	0
Senior management	0	0	1	1
Professional qualified	0	2	1	3
Skilled	2	2	0	1
Semi-skilled	0	0	1	1
Unskilled	0	0	0	0
Total	**2**	**4**	**3**	**6**

PART E
AUDITED ANNUAL FINANCIAL STATEMENTS

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL DEVELOPMENT AGENCY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the National Development Agency set out on pages 78 to 132, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Development Agency as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the standards of GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 73 of the annexure to the auditor's report, forms part of my auditor's report.

REPORT ON THE ANNUAL PERFORMANCE REPORT

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

11. I selected the following material performance indicators related to programme 2: civil society organisations development presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- NDA Resource Mobilisation Strategy for poverty eradication approved by the board
- Rand value of resources raised for funding of CSOs
- Number of poverty eradication CSOs funded by the NDA
- Number of beneficiaries participating in income generation projects
- Number of CSOs capacitated with skills to implement poverty eradication projects
- Number of beneficiaries capacitated with skills to implement poverty eradication projects

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

13. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included

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

14. I performed the procedures to report material findings only, and not to express an assurance opinion or conclusion.

15. The material findings on the reported performance information for the selected material indicators are as follows.

NUMBER OF BENEFICIARIES PARTICIPATING IN INCOME GENERATION PROJECTS

16. An achievement of 1 911 on beneficiaries participating in income generation projects was reported against a target of 3 000 beneficiaries. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the underachievement on the target was more than reported.

OTHER MATTER

17. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

18. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements. This information should be considered in the context of the material findings on the reported performance information.

19. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 68 to 69.

Programme 2: Civil Society Organisation Development		
Targets achieved: 66%		
Budget spent: 91%		
Key indicator not achieved	Planned target	Reported achievement
Number of poverty eradication CSOs funded by the NDA	100	79
Number of beneficiaries participating in income generation projects	3 000	1 911

MATERIAL MISSTATEMENTS

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for programme 2: Civil Society Organisation Development. Management did not correct all of the misstatements and I reported material findings in this regard.

REPORT ON COMPLIANCE WITH LEGISLATION

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

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

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

24. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

ANNUAL FINANCIAL STATEMENTS

25. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by Section 55(1)(b) of the PFMA.

26. Material misstatements of accruals for committed projects and statement of comparison of budget and actual amounts identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

EXPENDITURE MANAGEMENT

27. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 29 to the annual financial statements, as required by Section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by payment on unplanned additional costs due to office renovation.

CONSEQUENCE MANAGEMENT

28. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure, as required by Section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

29. Disciplinary steps were not taken against some of the officials who had incurred and/or permitted irregular expenditure, as required by Section 51(1)(e)(iii) of the PFMA.

30. Disciplinary steps were not taken against the officials who had incurred and/or permitted fruitless and wasteful expenditure, as required by Section 51(1)(e)(iii) of the PFMA.

OTHER INFORMATION IN THE ANNUAL REPORT

31. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material performance indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

32. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

33. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

34. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

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

36. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the selected material indicators included in the annual performance report and the material findings on compliance with legislation included in this report.

37. Management did not implement adequate internal controls to monitor compliance with applicable legislation.

38. Management did not implement adequate internal controls to ensure preparation of a valid and complete annual performance report that is supported and evidenced by reliable information, as some of the indicators reported in the submitted performance information contained material misstatements.

39. Management did not implement adequate review processes to ensure that financial information as reported in the financial statements is in compliance with the requirements of the financial reporting framework.

Auditor-General

Pretoria
31 July 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the public entity's compliance with selected requirements in key legislation.

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me on the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

5. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a) 16A6.2(b); Regulation 16A6.3(a); 16A6.3(b); 16A6.3(c); Regulation 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; Regulation 16A7.1; 16A7.3; 16A7.6; 16A7.7; Regulation 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; Regulation 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; Regulation 31.1.2(c); 31.2.1; 31.2.5; 31.2.7(a); Regulation 33.1.1; 33.1.3
Construction Industry Development Board (CIDB) Act 38 of 2000	Section 18(1)
CIDB Regulations, 2004	Regulation 17; 25(7A)
Second amendment to National Treasury Instruction No. 5 of 2020-21	Paragraph 1
Erratum to National Treasury Instruction No. 5 of 2020-21	Paragraph 2
National Treasury Instruction No. 5 of 2020-21	Paragraph 4.8; 4.9; 5.3
National Treasury Instruction No. 1 of 2021-22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015-16	Paragraph 3.4
National Treasury Supply Chain Management (SCM) Instruction No. 4A of 2016-17	Paragraph 6

Legislation	Sections or regulations
National Treasury SCM Instruction No. 3 of 2021-22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020-21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021-22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008-099	Paragraph 2.1; 3.1(b)
Practice Note 5 of 2009-10	Paragraph 3.3
Practice Note 7 of 2009-10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

The reports and statements below comprise the annual financial statements presented to parliament

INDEX

ABBREVIATIONS USED

COID	Compensation for Occupational Injuries and Diseases
85GRAP	Generally Recognised Accounting Practice
NRF	National Revenue Fund
CSO	Civil Society Organisation
SASSA	South African Social Security Agency
CARA	Criminal Asset Recovery Account
DSD	Department of Social Development

REPORT BY THE BOARD ON THE ANNUAL FINANCIAL STATEMENTS

The NDA Board is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Board to ensure that the annual financial statements fairly present the state of affairs of the NDA as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the fulfillment of these responsibilities, members sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate business processes, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or deficit.

The members have reviewed the entity's cash flow forecast for the year to 31 March 2025 and, in the light of this review and the current financial position, they are satisfied that the entity has access to adequate resources to continue in operational existence for the foreseeable future. The NDA is financially dependent on a transfer payment from nationally appropriated funds. On the basis that the transfer payment has been listed in the Estimates of National Expenditure, the NDA believes that it will have sufficient funds to continue operations in the year ahead. As a result, the annual financial statements have been prepared on a going concern assumption.

The Board is accountable for the fiduciary governance and oversight of the NDA. The Chief Executive Officer, as the Accounting Officer of the NDA, is responsible for the financial affairs of the NDA.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements.

The annual financial statements set out on page 66, which have been prepared on the going concern assumption, were approved by the on 30 May 2024 and were signed on its behalf by:

Ms Nozabelo Ruth Bhengu
Board Chairperson

STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2024

	Note(s)	2024 R	2023 R
Assets			
Current Assets			
Cash and cash equivalents	3	82 373 229	101 852 980
Receivables from exchange transactions	4	1 650 448	1 366 880
Receivables from non-exchange transactions	5	49 010	4 558
		84 072 687	**103 224 418**
Non-Current Assets			
Property, plant and equipment	6	3 045 933	4 107 510
Intangible assets	7	3 680 167	4 626 198
		6 726 100	8 733 708
Total Assets		**90 798 787**	**111 958 126**
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	10 646 458	7 873 265
Payables from non-exchange transactions	10	2 907 731	2 978 338
Provisions	11	10 860 879	17 668 081
Short-term employee benefits	12	10 610 393	10 955 497
Accrual for committed projects	13	324 138	11 434 745
Unutilised third-party funds (deferred income)	14	23 743 324	23 927 645
		59 092 923	**74 837 571**
Total Liabilities		**59 092 923**	**74 837 571**
Net Assets		**31 705 864**	**37 120 555**
Accumulated surplus		31 705 864	37 120 555
Total Net Assets		**31 705 864**	**37 120 555**

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2024

	Note(s)	2024 R	2023 R
Revenue			
Non-exchange revenue			
Transfer revenue	15	220 116 000	219 274 000
Other grants-third party funds	16	1 154 059	12 119 000
Recoveries from projects		21 000	-
Total revenue from non-exchange transactions		**221 291 059**	**231 393 000**
Exchange revenue			
Other income	17	622 297	881 358
Finance income	18	5 131 708	5 782 806
Total revenue from exchange transactions		**5 754 005**	**6 664 164**
Total revenue		**227 045 064**	**238 057 164**
Expenditure			
Mandate expenses			
Disbursements to NDA-funded projects	21.8	(12 068 600)	(17 721 726)
Disbursements to third party funded projects	21.8	-	(8 650 000)
Third party funded capacity building costs	21.3	(712 500)	(3 469 000)
CSO development programme implementation costs	21.1	(4 366 874)	(5 598 758)
Research, monitoring and evaluation costs		(3 607 170)	(2 842 124)
NDA-funded capacity building costs	21.2	(5 346 181)	(3 416 488)
Mandate staff costs	20	(81 819 127)	(81 994 631)
CSO volunteer program (COVID response)	23	(6 015 840)	(20 915 650)
Total mandate expenses		**(113 936 292)**	**(144 608 377)**
Administration expenses			
Accommodation and travel	21.4	(7 865 797)	(8 852 384)
Audit fees		(3 884 577)	(3 249 735)
Board & Loss control committee fees	19	(2 485 577)	(1 059 003)
Consulting and professional fees	21.5	(6 529 783)	(6 662 576)
Depreciation and amortisation	33	(4 933 396)	(3 290 990)
Operating leases	21.6	(10 154 497)	(9 595 274)
Admin staff costs	20	(60 378 747)	(68 501 656)
IT communication costs	22	(9 953 246)	(7 341 875)
Relocation of offices		(341 358)	(180 000)
Loss on disposal of assets	6	(50 883)	(175 502)
General expenses	21.7	(8 229 210)	(8 384 437)
Total administration expenses		**(114 807 071)**	**(117 293 432)**
Total expenditure		**(228 743 363)**	**(261 901 809)**
Deficit for the year		**(1 698 299)**	**(23 844 645)**

STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2024

	Accumulated surplus/ deficit R	Total net assets R
Balance at 01 April 2022	**79 059 687**	**79 059 687**
Changes in net assets		
Surplus surrendered to NRF	(18 101 574)	(18 101 574)
Adjustments processed to accumulated funds	7 087	7 087
Net income (losses) recognised directly in net assets	(18 094 487)	(18 094 487)
Deficit for the year	(23 844 645)	(23 844 645)
Total recognised income and expenses for the year	(41 939 132)	(41 939 132)
Total changes	**(41 939 132)**	**(41 939 132)**
Balance at 01 April 2023	**37 120 555**	**37 120 555**
Changes in net assets	188 104	37 120 555
Prior year adjustments	188 104	
Surplus surrendered to NRF	(3 904 496)	(3 904 496)
Net income (losses) recognised directly in net assets	(3 716 392)	(3 716 392)
Deficit for the year	(1 698 299)	(1 698 299)
Total recognised income and expenses for the year	(5 414 691)	(5 414 691)
Total changes	(5 414 691)	(5 414 691)
Balance at 31 March 2024	**31 705 864**	**31 705 864**

CASH FLOW STATEMENT
for the year ended 31 March 2024

	Note(s)	2024 R	2023 R
Cash flows from operating activities			
Receipts			
Transfer revenue		220 116 000	220 301 403
Interest income		5 211 078	5 770 268
Other receipts		1 682 293	364 382
		227 009 371	**226 436 053**
Payments			
Employee costs		(148 253 858)	(143 355 276)
Suppliers		(62 430 920)	(63 238 659)
Funded projects		(28 923 178)	(44 762 811)
Surplus surrendered to National Revenue Fund (NRF)		(3 904 496)	(18 101 574)
		(243 512 452)	(269 458 320)
Net cash flows from operating activities	**24**	**(16 503 077)**	**(43 022 267)**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(2 976 671)	(2 018 846)
Purchase of other intangible assets	7	-	(1 824 519)
Net cash flows from investing activities		**(2 976 671)**	**(3 843 365)**
Net increase/(decrease) in cash and cash equivalents		**(19 479 748)**	**(46 865 632)**
Cash and cash equivalents at the beginning of the year		101 852 980	148 718 612
Cash and cash equivalents at the end of the year	**3**	**82 373 232**	**101 852 980**

STATEMENT OF COMPARISON
for the year ended 31 March 2024

Budget on Cash Basis

	Approved budget	Adjust-ments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	-	-	-	622 297	622 297	31.1
Interest received - investment	2 082 626	3 305 536	5 388 162	5 131 708	(256 454)	
Total revenue from exchange transactions	**2 082 626**	**3 305 536**	**5 388 162**	**5 754 005**	**365 843**	
Revenue from non-exchange transactions						
Transfer revenue						
Transfer revenue	220 116 000	-	220 116 000	220 116 000	-	
Other grants - Third party funds	-	968 700	968 700	1 154 059	185 359	31.3
Transfer from accumulated funds	-	28 621 070	28 621 070	-	(28 621 070)	31.2
Recoveries from funded projects	-	84 387	84 387	21 000	(63 387)	31.4
Total revenue from non-exchange transactions	**220 116 000**	**29 674 157**	**249 790 157**	**221 291 059**	**(28 499 098)**	
Total revenue	**222 198 626**	**32 979 693**	**255 178 319**	**227 045 064**	**(28 133 255)**	
Expenditure						
Admin staff costs	(66 107 698)	6 043 177	(60 064 521)	(60 378 747)	(314 226)	
Research, monitoring and evaluation costs	(4 018 157)	(479 045)	(4 497 202)	(3 607 170)	890 032	
Board and loss control committee fees	(1 149 434)	(1 275 319)	(2 424 753)	(2 485 577)		31.5
CSOs development programme implementation costs	(3 882 741)	(1 570 757)	(5 453 498)	(4 366 874)	1 086 624	31.10
NDA-funded capacity building costs	(5 148 154)	(1 452 619)	(6 600 773)	(5 346 181)	1 254 592	31.6
Relocation of offices	-	(268 163)	(268 163)	(341 358)	(73 195)	31.14
Operating leases	(11 832 455)	1 063 344	(10 769 111)	(10 154 497)	614 614	

Budget on Cash Basis (continued)

	Approved budget	Adjust- ments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Third party funded capacity building costs	–	(712 500)	(712 500)	(712 500)	–	
Mandate Staff costs	(87 876 524)	5 090 374	(82 786 150)	(81 819 127)	967 023	
Capital Expenditure	(1 067 277)	(2 450 083)	(3 517 360)	-	3 517 360	31.12
Disbursements to NDA-funded projects	(9 000 000)	(9 531 321)	(18 531 321)	(12 068 600)	6 462 721	31.7
General Expenses	(9 366 761)	(1 306 216)	(10 672 977)	(8 229 210)	2 443 767	31.13
CSO volunteer programme	-	(8 371 850)	(8 371 850)	(6 015 840)	2 356 010	31.8
IT communications costs	(9 144 008)	(709 624)	(9 853 632)	(9 953 246)	(99 614)	
Audit fees	(4 947 705)	895 152	(4 052 553)	(3 884 577)	167 976	
Consulting and professional fees	(3 866 316)	(9 002 309)	(12 868 625)	(6 529 783)	6 338 842	31.9
Accommodation and travel	(4 791 396)	(8 941 934)	(13 733 330)	(7 865 797)	5 867 533	31.11
Total expenditure	**(222 198 626)**	**(32 979 693)**	**(255 178 319)**	**(223 759 084)**	**31 419 235**	
Deficit	**-**	**-**	**-**	**3 285 980**	**3 285 980**	
Actual amount on comparable basis as presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**3 285 980**	**3 285 980**	
Reconciliation						
Basis difference						
Depreciation and amortisation				(4 933 396)		
Loss on disposal of assets				(50 883)		
Actual amount in the Statement of Financial Performance				**(1 698 299)**		

SIGNIFICANT ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICES

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Statement of compliance

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

The following Standards of GRAP that form part of the GRAP Reporting Framework for public entities effective for financial periods commencing on 1 April 2022 were applied by the entity in the current financial year:

GRAP 1: Presentation of financial statements
GRAP 2: Cash flow statements

GRAP 3: Accounting policies, changes in accounting estimates and errors

GRAP 9: Revenue from exchange transactions

GRAP 13: Leases
IGRAP 13: Interpretation of the standards of GRAP on operating leases- incentives

GRAP 14: Events after the reporting date

GRAP 17: Property, plant and equipment

GRAP 19: Provisions, contingent liabilities and contingent assets

GRAP 20: Related party transactions

GRAP 21: Impairment of non-cash generating assets

GRAP 23: Revenue from non-exchange transactions (Taxes and Transfers)

GRAP 24: Presentation of budget information in Financial Statements

GRAP 25: Employee benefits

GRAP 31: Intangible assets

GRAP 104: Financial instruments

The financial statements incorporate the following principle accounting policies that are consistent with those adopted in previous years except where stated, and are set out below:

1.2 Basis of preparation Measurement basis

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost accounting convention, unless otherwise specified. The NDA’s functional currency is the South African Rand and the annual financial statements are presented in South African Rand. Assets, liabilities, revenue and expenses have not been offset, except where offsetting is required, or permitted by a Standard of GRAP.

1.3 Significant judgements and sources of estimation

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

In preparing the annual financial statements, management makes use of estimates and assumptions that affect amounts presented in the annual financial statements and related disclosures. The use of reasonable estimates is an essential part of the preparation of the financial statements and does not undermine its reliability. Use of available information and the application of judgement is inherent in the assumptions and estimates.

These judgements have been applied in such a way so as to ensure that information is reliable, relevant, faithfully represents the information in the financial statements, and reflects the economic substance of transactions and not merely their legal form. Actual results in the future may differ from these estimates, which may be material to the annual financial statements, due to changed circumstances, new information or more experience. Significant judgements have been applied in determining the impairment assessment of receivables, provisions, bonus provision, useful lives of depreciable assets, depreciation methods and impairment assessment of assets, amongst others.

Notes are included under the relevant areas of the financial statements, where significant judgements have been applied by management.

1.4 Going concern assumption

These annual financial statements are prepared on the assumption that the entity will continue in operation for the foreseeable future and will be able to meet its obligations for at least the next twelve months. The entity's current ratio of approximately 1,36, shows that the NDA has sufficient current assets to cover its short-term liabilities. The NDA is financially dependent on a transfer payment it receives from nationally appropriated funds. On the basis that the transfer payment has been listed in the Estimates of National Expenditure, and based on the cash holdings at the end of 2023/2024 financial year, the NDA believes that it will have sufficient funds to continue operations in the year ahead. As a result, the NDA has prepared the annual financial statements on a going concern basis.

1.5 Comparative information

Where the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a Standard of GRAP does not require the restatement of comparative information. The nature and reason for the amended presentation or classification are disclosed. Where material accounting errors related to recognition, measurement, presentation, disclosure, have been identified in the current year, the correction is made retrospectively by correcting the comparative amounts in the prior period presented, or by restating the opening balance of assets, liabilities and net assets for the earliest prior period presented, as far as is practicable to determine the period specific and cumulative effects of the error. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as practicable, and the prior period comparatives are restated, and the opening balance of affected components of net assets for the earliest prior period presented are adjusted accordingly.

1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the provision of services and for administrative purposes and are expected to be used during more than one reporting period.

Initial measurement and recognition of property, plant and equipment

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

a) It is probable that future economic benefits or service potential associated with the item will flow to the entity, and
b) The cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured on recognition at cost. The cost of an item of property, plant and equipment is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction. It comprises of the purchase price after deducting trade discounts and rebates, and includes other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, such as delivery, installation and testing costs.

Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at date of acquisition. When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent recognition of property, plant and equipment

After recognition as an asset, an item of property, plant and equipment is carried at its cost less accumulated depreciation, and accumulated impairment losses. This is referred to as the carrying value of the asset. Subsequent costs which are costs incurred to add or replace a part of the same item of property, plant and equipment are capitalised when it is probable that future economic benefits from the use of the asset will flow to the entity, and the cost or fair value of the item can be measured reliably. The carrying amount of those parts that have been replaced is derecognised. If it is not practicable to determine the carrying amount of the replaced part, the cost of the replacement is used as an indication of what the cost of the replaced part was at the time it was acquired. All other subsequent costs are recognised as an expense in the period in which they are incurred. The costs of day-to-day servicing of property, plant and equipment are recognised in surplus or deficit when they are incurred as repairs and maintenance.

Depreciation and impairment of property, plant and equipment

Depreciation is the systematic allocation (write-off) of the depreciable amount of an asset over its useful life, where the depreciable amount is the cost of the asset less its residual value. The residual value of the asset is the estimated amount that an entity would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. In practice, the residual value of assets in the NDA are insignificant, and therefore immaterial in the calculation of the depreciable amount, as assets are usually donated at the end of useful life. The useful life is the period during which the asset is expected to be available for use.

The depreciation method applied by the NDA is the straight-line method, which results in a constant charge over the useful life of the asset. The depreciation charge for each period is recognised in surplus or deficit, unless it is included in the carrying amount of another asset. Depreciation of an asset begins when it is available for use and ceases at the date when the asset is derecognised.

The depreciation method applied to an asset is reviewed at each reporting date, and if there is a significant change in the expected pattern of use of the asset, the method is changed to reflect that pattern, and accounted for as a change is estimate. The NDA assesses at each reporting date whether there is an indication that expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If such an indication exists, the NDA revises the expected useful life and /or the residual value, and accounts for such revision as a change in accounting estimates. In assessing whether there is any indication that the expected useful life of an asset has changed, the indicators listed in paragraph 57 of GRAP 17 are considered by management.

At each reporting date, all items of property, plant and equipment are assessed for any indication that they may be impaired. The NDA designates its assets as non-cash generating assets at initial recognition, as assets are used for delivering services, and not to generate a commercial return. The NDA accordingly applies the requirements of the GRAP 21 Standard. An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation and reflects a decline in the utility of the asset. Impairment exists when an asset's carrying amount is greater than its recoverable service amount. The recoverable service amount of an asset is the higher of its fair value less costs to sell, and its value in use. The value in use of a non-cash generating asset is the present value of the asset's remaining service potential. If there is an indication of impairment, the recoverable service amount of the asset is estimated.

In assessing whether there is any indication that an asset may be impaired, management considers the indicators listed in paragraph 23 of GRAP 21. The assets of the NDA comprise mainly items of property, plant and equipment used for administrative purposes, to end of useful life, after which the assets are donated. As a result, an active trading market for these assets does not exist, and the fair value of the assets is difficult to estimate. The value in use is therefore used to estimate the recoverable service amount. The NDA applies the depreciated replacement cost approach in determining value in use. The replacement cost of the asset to replace the assets gross service potential is assessed and is then depreciated to reflect the asset in used condition. If the recoverable service amount of the asset, being its depreciated replacement cost, is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised in surplus or deficit in the current period and the depreciation charge relating to the asset is adjusted in future periods, to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

The useful lives of items of property, plant and equipment for the current and comparative period is as indicated on the right:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6-20 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6-15 years
IT equipment	Straight line	3-11 years

Derecognition of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised:

a) On disposal, including disposal through a non-exchange transaction; or
b) When no future economic benefits or service potential are expected from its use or on disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised and is determined by calculating the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.7 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance, that are controlled by the NDA because of past events and from which future economic benefits or service potential are expected to flow.

An asset is identifiable if it either:

- Is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or

- Arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Initial recognition

An intangible asset is recognised if:
- It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- The cost or fair value of the asset can be measured reliably.

The future economic benefits or service potential flowing from an intangible asset may include revenue, cost savings or other benefits resulting from the use of the asset by the entity. The NDA assesses the probability of expected future economic benefits or service potential using reasonable and supporting assumptions that represent management's best estimate of the set of conditions that will exist over the useful life of the asset.

Intangible assets are initially recognised at the cost of acquiring the assets in an exchange transaction, or at the costs to internally generate the asset, or at fair value if it is acquired through a non-exchange transaction. The cost of an intangible asset acquired for no consideration or for a nominal consideration is its fair value as at the date of acquisition.

No intangible asset arising from research (or from the research phase of an internal project) is recognised by the NDA. Expenditure on research is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if the NDA can demonstrate all of the following:

the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- its intention to complete the intangible asset and use or sell it.
- its ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits or service potential (the usefulness of the intangible asset).
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent measurement of intangible assets

Intangible assets with a finite useful life are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation and impairment

The depreciable amount of an intangible asset with a finite useful life is allocated on a straight-line basis over its useful life, as amortisation. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation ceases at the date that the asset is derecognised. The residual value of an intangible asset with a finite useful life is assumed to be zero. The amortisation charge for each period is recognised in surplus or deficit. Intangible assets are amortised on the straight-line basis over the estimated useful lives between 3-18 years.

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at each reporting date. If the expected useful life of the asset is different from the previous estimates, the amortisation period is changed accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the amortisation method is changed to reflect the change pattern. Each change is accounted for as a change in accounting estimates.

At each reporting date, all items of intangible assets are reviewed for any indication that they may be impaired. Impairment exists when an asset's carrying amount is greater than its recoverable amount. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. If there is an indication of impairment, the asset's recoverable amount is calculated. An impairment loss is recognised in surplus or deficit if the carrying amount is greater than the recoverable amount and the amortisation charge relating to the asset is adjusted for future periods, based on the revised carrying amount.

Amortisation is provided to write down the depreciable amount of intangible assets, on a straight-line basis, as follows:

Item	Useful life
Computer software, other	3-11years
Intangible assets under development	12 years
Other Software	18 years

Derecognition of intangible assets

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is recognised in surplus or deficit, as the difference between the net disposal proceeds, if any, and the carrying amount of the asset.

1.8 Leases

A finance lease transfers substantially all the risks and rewards incidental to ownership of an asset.

An operating lease is a lease other than a finance lease as it does not transfer substantially all the risks and rewards incidental to ownership.

The NDA entered into several operating leases for office space and office equipment. Operating lease payments are recognised as an expense in surplus or deficit on a straight-line basis over the lease term, in accordance with the Standard of GRAP on Lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability in the statement of financial position.

All incentives for the agreement of a new or renewed operating lease is recognised as an integral part of the net consideration agreed for the use of leased assets, irrespective of the incentive's nature or form or the timing of payment. NDA recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term on a straight-line basis.

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. A financial asset is cash, or a contractual right to receive cash or another financial asset from another entity, or exchange financial assets or financial liabilities with another entity under potentially favourable conditions. A financial liability represents a contractual obligation to deliver cash or another financial asset to another entity, or exchange financial assets or financial liabilities with another entity under potentially unfavourable conditions to the entity.

Non-derivative financial instruments

The entity's financial instruments are made up of non-derivative financial assets and liabilities that have fixed or determinable payments, and these comprise the following:
a) Cash and cash equivalents
b) Receivables from exchange transactions
c) Receivables from non-exchange transactions
d) Payables from exchange transactions
e) Payables from non-exchange transactions

Recognition and de-recognition

Financial assets or financial liabilities are recorded on the statement of financial position when the entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially recognised at fair value (transaction price) and subsequently measured at amortised cost, using the effective interest method. Financial assets are subject to an impairment review on an annual basis. For financial assets and liabilities measured at amortised cost, a gain or a loss is recognised in surplus or deficit when the financial asset is derecognised or impaired or through the amortisation process.

Financial assets are derecognised when the contractual rights to the cash flow from the financial assets expire, are settled or waived or when substantially all the risks and rewards are transferred. On derecognition, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

A financial liability is removed only when it is extinguished, that is, when the obligation specified in the contract is discharged, cancelled, expires or is waived. The difference between the carrying amount of the financial liability extinguished and the consideration paid is recognised in surplus or deficit.

On initial recognition, an instrument is classified as either a financial asset or a financial liability and recorded at fair value (transaction price) plus any directly attributable transaction costs of acquisition or issue. After initial recognition, financial assets and financial liabilities are measured at amortised cost.

a) Cash and cash equivalents

Cash and cash equivalents comprises of; cash on hand, bank balances and other short-term highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are recognised at nominal value.

Cash held by the entity includes cash balances held on behalf of third parties in terms of agreements entered with these parties.

b) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are measured at fair value, and subsequently carried at amortised cost, using the effective interest rate method, less any allowance for impairment. Gains and losses are recognised in surplus or deficit when the receivables are derecognised or impaired, through the amortisation process.

c) Receivables from exchange transactions

Receivables from exchange transactions are amounts receivable by the entity flowing from transactions in which the entity receives an approximate value in exchange for goods and services. Receivables from exchange transactions are measured initially at fair value and subsequently at amortised cost using the effective interest method, less any impairment losses.

Receivables from exchange transactions are recognised when the NDA becomes party to the contractual provisions of the instrument that gives rise to the receivable.

Receivables are derecognised when the contractual obligation expires or is discharged or cancelled. Impairment losses on receivables are recognised in surplus or deficit when there is objective evidence of impairment of the receivables.

d) Receivables from non-exchange transactions

Receivables from non- exchange transactions are amounts receivable by the entity flowing from transactions in which the entity receives an approximate value without giving an approximate value in exchange.

Receivables are recognised when the entity becomes party to the financial instrument contract. Receivables from non-exchange transactions are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Receivables are derecognised when the contractual obligation expires or is discharged or cancelled. Impairment losses on receivables are recognised in surplus or deficit when there is objective evidence of impairment of the receivable.

e) Payables from exchange transaction

Payables from exchange transactions are financial obligations that arise from transactions where the entity receives value from another entity and gives approximate equal value in exchange.

Payables are recognised when the entity becomes party to the financial instrument contract. Payables from exchange transactions are initially measured at fair value and subsequently at amortised cost using an effective interest method.

Payables are derecognised when the obligation under the liability has been extinguished.

f) Payables from non-exchange transaction

Non-exchange transactions are transactions where an entity receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Payables are recognised when the entity becomes party to the financial instrument contract. Payables from non-exchange transactions are initially measured at fair value and subsequently at amortised cost using the effective interest rate method.

Payables are derecognised when the obligation under the liability has been extinguished.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows over the expected life of the instrument, discounted at the original effective interest rate. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in surplus or deficit.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in surplus or deficit.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in surplus or deficit.

Offsetting

A financial asset and a financial liability are offset and the net amounts presented in the statement of financial position, when the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

1.10 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (such as medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

Measurement and recognition

When an employee has rendered service to the entity during a reporting period, the NDA recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the NDA recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in another GRAP standard, for example property, plant and equipment (GRAP 17) and intangible assets (GRAP 31).

The expected cost of short-term employee benefits in the form of compensated absences is recognised as follows:

a) In the case of accumulating compensated absences, when employees render services that increase their entitlement to future compensated absence.
b) In the case of non-accumulating absences, when the absences occur.

The NDA measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Bonus, incentives and performance related payment

The expected cost of performance-related payments is recognised when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. The NDA evaluates performance of individual employees against key performance indicators agreed to in the performance agreements. Performance ratings are moderated by a performance committee and thereafter recommended for Board approval. A legal obligation arises upon Board approval, whilst a constructive obligation arises upon completion of individual ratings and moderation. Irrespective of whether a constructive obligation exists at reporting date, the expected cost of performance related payments is recognised in surplus or deficit only if there are sufficient cash holdings to support the present obligation.

Termination benefits

The NDA recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:
- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The NDA is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes:
- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented. Implementation shall begin as soon as possible and the period of time to complete implementation shall be such that material changes to the plan are not likely.

1.11 Provisions and contingencies

1.11.1 Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognised when:
- the NDA has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

A past event that leads to a present obligation is an obligatory event, where NDA has no realistic alternatives to settling the obligation created by the event.

A constructive obligation is an obligation that derives from the NDA's actions where:
a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the NDA has indicated to other parties that it will accept certain responsibilities; and
b) as a result, the NDA has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Measurement

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at reporting date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation. Provisions are not recognised for future operating surplus (deficit), or for costs that need to be incurred to continue an entity's on-going activities in the future.

Leave provision

A provision is raised for the estimated liability for accumulating compensated absences (annual payout), accumulated at reporting date. The NDA measures accumulating compensated absences as the additional amount that the NDA expects to pay as a result of the unused entitlement that has accumulated at reporting date, limited to a maximum of 30 days per employee as per the leave payout provision in the leave policy.

1.11.2 Contingent assets

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the entity. Contingent assets are assets which have not yet met the requirements for recognition in the statement of financial position and statement of financial performance and are therefore disclosed in the notes to the annual financial statements.

Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within control of the entity, or a present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are possible financial obligations that have not yet met the criteria for recognition in the statements of financial performance and position and are therefore disclosed in the notes to the financial statements, note 26.

1.12 Commitments

Items are classified as commitments where the NDA has committed itself to future transactions that will normally result in the outflow of resources. Commitments are disclosed in respect of future expenditure of a capital nature, as required by GRAP 17- Property, Plant & Equipment, and GRAP 31- Intangible Assets, for operating lease commitments as per GRAP 13- Leases, as well as future non-recurring, non-routine operational expenditure. Commitments include contracted future expenditure, where stipulated conditions have not yet been met as at the reporting date, as well as amounts approved by the Board as at the reporting date, but not yet contracted for. Commitments exclude employee related commitments, as well as commitments related to routine, recurring operational expenditure, that will be provided for from a future year budget.

Commitments where approval processes commenced before year-end, but approved and contracted after year-end, are disclosed separately in the notes to the financial statements. Unutilised donor funds and other grants that have restrictions imposed on utilisation by funders or donors are also classified as commitments. Commitments are disclosed in the notes to the financial statements, note 24.

Committed project funds

Committed project funds represent funds approved by the Board and/or contracted in terms of grant funding agreements with NPOs and CSOs, that have not yet been disbursed at the end of the reporting period, as the conditions for payment in terms of the agreements have not yet been met. Committed project funds are recognised when a contract is entered into between the NDA and a funded CSO, but the conditions for payment of contracted funds have not been met at the end of a financial year or when the Board has approved the project amount. Committed project funds are not recognised in the statement of performance nor in the statement of position but are disclosed in the notes to the annual financial statements.

Commitments where the project approval processes commenced before year-end, but which are approved and contracted after year- end are disclosed separately in the notes to the financial statements under committed projects funds.

1.13 Accrual for committed projects

Accrual for committed projects represents funds due to projects that have met the conditions for payment in terms of the funding agreements but had not yet been disbursed to the projects at the end of the reporting period. Accruals for committed projects are recognised in surplus or deficit as an expense, and as a liability in the statement of financial position.

1.14 Unutilised third-party project funds (Deferred income)

Unutilised third-party funds are transferred assets held by the entity on behalf of third parties, that have not yet met the conditions for recognition in surplus or deficit at the end of the reporting period. Conditions on transferred assets require the NDA to consume the future economic benefits or service potential embodied in the assets as specified or return the future economic benefits or service potential to the transferor in the event the conditions are breached. When the NDA initially recognises an asset that is subject to conditions, it also recognises a liability. Funds that remain unconsumed because conditions as specified in the funding agreements are not yet met, are classified as a present obligation of the NDA, where an outflow of resources will be probable, and performance against the conditions is required and able to be assessed. As the NDA satisfies a present obligation recognised as a liability, it reduces the amount of the liability and recognises an amount of revenue equal to this reduction. The timing of the recognition is determined by the nature of the contractual conditions and their discharge as per contract.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period, when those inflows result in an increase in net assets, other than increases relating to contributions from owners. Revenue is measured at fair value of the consideration received or receivable, taking into account the amount of any trade discounts and volume rebates allowed.

An exchange transaction is one in which the entity receives assets, or services or has liabilities extinguished, and directly gives approximate equal value to the other party in exchange. Revenue from exchange transactions is recognised in surplus or deficit at the fair value of the consideration received or receivable. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the NDA and these benefits can be measured reliably.

The following are regarded as exchange transactions:

a) Rendering of services
b) The use by others of the entity's assets yielding interest, royalties, dividends or similar distributions

Finance income

Finance income comprises revenue in the form of interest on funds invested. Interest income is recognised as it accrues in surplus or deficit, using the effective interest rate method, taking account of the principal outstanding and the effective rate over the period to maturity.

Other Income

Other income comprises of various sources as described below:

a) Sundry Income

Sundry income includes funds recovered from employees in respect of recoveries for damages to assets caused by employee negligence, recoveries from employees relating to irregular, fruitless and wasteful expenditure and recoveries from insurance claims. This income is recognised in surplus or deficit in the period in which it is received.

b) Recoveries from projects

Recoveries from projects include funds refunded to NDA from projects that have previously received grant funding, but which have since been discontinued and for which funding agreements have been cancelled. These funds are recognised as non-exchange revenue when funds are received into NDA bank account.

c) Management fees

Management fees comprise fees earned for administrative services rendered in managing and implementing programmes and conditional grants on behalf of other government entities and/ or private partners. Management fees are measured at the fair value of the agreed upon consideration received or receivable as per contractual agreement between the NDA and the relevant counterparty.

Recognition of management fees

When the outcome of the transaction involving the implementation for which management fees are earned can be estimated reliably, then management fees are recognised in surplus or deficit in the reporting period in which services are rendered, by reference to the stage of completion of the transaction at the reporting date (also known as the percentage of completion method), or as contractually determined. The method adopted to determine the stage of completion is the proportion that costs incurred to date bear to the estimated total costs of the transaction, or by reference to the costs of specific milestones achieved and associated management fees as per contractually stipulated terms, over the term of the contract. Management fees are applied to administrative and mandate costs of the NDA in a generalised manner.

The outcome of a transaction can be measured reliably when all the following conditions are satisfied:

a) The amount of revenue can be measured reliably;
b) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
c) The stage of completion of the transaction at the reporting date can be measured reliably; and
d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably. When the outcome of the transaction involving the rendering of service cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.16 Revenue from non-exchange transactions

Non-exchange revenue represents gross inflows of economic benefits or service potential received and receivable by the entity, without the entity directly giving any approximate equal value in exchange. Non-exchange transactions are transactions that are not exchange transactions. The NDA receives transfers from National Treasury and other government entities, which are inflows of economic benefits or service potential from non-exchange transactions other than taxes.

Recognition and measurement

The NDA recognises an asset in respect of transfers received when the transfer meets the definition of an asset and satisfies the criteria for recognition as an asset. Assets are resources controlled by the entity as a result of past events (the estimate of national expenditure, the transfer payment and funding contracts) from which the entity expects to receive economic benefits or service potential, it is probable that the inflow of resources to the entity will occur, and the fair value of the assets can be reliably measured.

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is recognised in respect of the same inflow. Liabilities are recognised on transferred assets to the extent of contractual conditions that require the NDA to either consume the future economic benefits or service potential of the assets as specified or return the future economic benefits or service potential to the grantor in the event the conditions are breached. The NDA therefore incurs a present obligation to transfer the future economic benefits or service potential to third parties, when it gains control of the asset. As the

ND satisfies a present obligation recognised as a liability, in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability and recognises an amount of revenue equal to the reduction. Revenue from non-exchange transactions is therefore measured at the amount of the increase in net assets recognised by the NDA. The transfer allocation received from National Treasury is not subject to contractual conditions, but statutory conditions as to the utilisation thereof, and is therefore recognised in full as revenue, when received.

Transfer revenue

Transfer Revenue is an unconditional grant received by the NDA from government for its operations. Transfer revenue is measured at fair value of the consideration received. The transfer is recognised in surplus and or deficit when it is received and none of the revenue is deferred.

Other grants

Other grants represent conditional grants received, or grants and donations that have restrictions on their utilisation. Other grants are recognised as revenue in surplus or deficit when the NDA has either met the conditions imposed by the grantor/donor or upon receipt of funds that have restrictions on utilisation, as opposed to conditions.

1.17 Mandate expenditure

Mandate expenditure represents expenditure that is directly related to carrying out the primary and secondary mandate of the NDA as directed by the founding NDA Act no. 108 of 1998. Mandate expenses are recognised in surplus or deficit when expenditure has been incurred.

Disbursements to funded projects

Disbursements to funded projects are recognised when cash payments are made to funded projects and payments are accrued for projects that have met the requirements for payment at the end of the reporting period, in terms of funding agreements entered into with Civil Society Organisations and Non-Profit Organisations.

Capacity building costs

Capacity building costs represents expenditure incurred by the entity in carrying out its primary mandate of strengthening the institutional capacity of Civil Society Organisations through scheduled skills development and training programmes. The expenditure is recognised in surplus or deficit when goods have been delivered or services rendered by the end of the reporting period.

1.18 Administration expenditure

Administration expenses represent expenditure incurred by the entity in respect of administrative functions of the NDA or expenditure other than mandate expenses. Administration expenses are recognised in surplus or deficit when expenditure has been incurred.

1.19 Related parties

Related party relationships exist throughout the public sector because government entities are subject to the overall direction of an executive government, and ultimately Parliament, and operate together to achieve the policies of government. A related party is a person or entity with the ability to control, jointly control or exercise significant influence over the other party, or vice versa, or an entity that is subject to common or joint control. The existence of a related party relationship provides an opportunity for transactions to occur on a basis that may give one party an advantage at the expense of another. A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

A person is related to the reporting entity if that person has:

a) Control or joint control over the reporting entity
b) Has significant influence over the reporting entity (power to participate in the financial and operating policy decisions); or
c) Is a member of the management of the entity or its controlling entity.

An entity is related to the reporting entity if the entity is a member of the same economic entity, whereby each controlling entity, controlled entity and fellow controlled entity is related to the other. Management are those persons responsible for planning, directing and controlling the activities of the entity, and include those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. Close members of the family of a person related to the entity are those family members who may be expected to influence, or be influenced by that person, in their dealings with the entity.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed. Disclosure of the related party transactions, outstanding balances, commitments and the relationship underlying the transaction, is required for accountability and transparency, and for a complete assessment of the risks and opportunities faced by the entity. Related party transactions that are normal supplier or client relationship on terms and conditions are no more or less favourable than those which it is reasonable to expect the entity to have adopted in dealing with that individual entity or person in the same circumstances, and on terms and conditions within the normal operating parameters established by the entity's legal mandate, are exempt from disclosure.

1.20 Fruitless and wasteful expenditure

In terms of Section 51(1)(b)(ii) of the PFMA, accounting officers and accounting authorities must take effective and appropriate steps to prevent fruitless and wasteful expenditure. Section 3.16 of the 2022 PFMA Compliance and Reporting, issued as Annexure A of the National Treasury Instruction No.4 of 2022/23, states that fruitless and wasteful expenditure is determined as having been incurred when expenditure was made in vain without value being derived from it, and such expenditure would have been avoided had reasonable care been exercised. The 2022 PFMA Compliance and Reporting Framework regulates the confirmation, recording, assessment, determination, investigation, process of dealing with and reporting of fruitless and wasteful expenditure for PFMA listed public entities.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and when recovered, it is subsequently accounted for as revenue in the statement of financial performance. In terms of Section 3.17 of the framework, fruitless and wasteful expenditure when incurred in the current financial year and confirmed, is recorded in the annual financial statements disclosure, with a one financial year comparative analysis. Fruitless and wasteful for the previous financial year, must be recognised in the period in which they occurred. Additional information relating to fruitless and wasteful expenditure under assessment, determination, investigation, narratives and a process for dealing with the concerned fruitless and wasteful expenditure, must be recorded in the annual report of the entity.

1.21 Irregular expenditure

Irregular expenditure is defined in Section 3.8 of the 2022 PFMA Compliance and Reporting Framework, issued as Annexure A of the National Treasury Instruction No. 4 of 2022/23, as expenditure incurred in contravention of, or not in accordance with legislation. For irregular expenditure to have occurred, the expenditure must have been recognised as expenditure in the statement of financial performance or as a liability in the statement of financial position.

The Framework provides procedures that accounting authorities of Schedule 3A public entities are required to follow when dealing with irregular expenditure, as well as the format for reporting on irregular expenditure in the annual financial statements and the annual report of the entity.

In terms of Section 3.9 of the framework, irregular expenditure when incurred in the current year and confirmed, is recorded in the annual financial statements disclosure, with a one financial year comparative analysis. Irregular expenditure for the previous financial year, must be recognised in the period in which they occurred. Additional information relating to irregular expenditure under assessment, determination, investigation, narratives and a process for dealing with the irregular expenditure, must be recorded in the annual report of the entity.

In terms of Section 53(4) of the PFMA, the Accounting Authority of a public entity is responsible for ensuring that the expenditure of a public entity is in accordance with the approved budget. Non-compliance with this legislative provision or non-compliance resulting from the exercise of a power or duty that falls outside an employee's delegation of authority (framework) is classified as irregular expenditure if a financial transaction has been recognised as expenditure in the financial records of a public entity.

1.22 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable that occur between reporting date and the date when the financial statements are authorised for issue. Adjusting events after reporting date are those that provide evidence of conditions that existed at reporting date. An entity is required to adjust amounts recognised in the financial statements that reflect adjusting events after the reporting date.

Non-adjusting events after reporting date are those that are indicative of conditions that arose after the reporting date. An entity is not required to adjust amounts recognised in its financial statements to reflect non-adjusting events after the reporting date. If non- adjusting events are material, the entity must disclose the following for each material category of non-adjusting event:

a) Nature of the event
b) An estimate of its financial effect, or a statement that such an estimate could not be made.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/Interpretation	Effective date Years beginning on or after	Expected impact
• GRAP 25 (as revised): Employee Benefits	01 April 2023	The impact of the change is not material
• GRAP 2020: Improvements to the Standards of GRAP 2020	01 April 2023	The impact of the change is not material
• GRAP 1 (amended): Presentation of Financial Statements (Materiality)	01 April 2023	The impact of the change is not material

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2024 or later periods:

Standard/Interpretation	Effective date Years beginning on or after	Expected impact
• GRAP 2023 Improvements to the Standards of GRAP 2023	01 April 2099	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	01 April 2099	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. CASH AND CASH EQUIVALENTS

	2024 R	2023 R
Cash and cash equivalents consist of:		
Cash on hand	26 701	20 502
Call and current accounts	39 037 081	34 898 728
Money Markets accounts	43 309 447	66 933 750
	82 373 229	**101 852 980**

Included in cash and cash equivalents at the end of the financial year are the following:

a) Funds committed to projects to the value of R3 983 324 - (2023: R14 443 370-Refer to note 25.2.
b) Cash balances held on behalf of third parties to the value of R23 743 323 (2023: R23 927 645) -Refer to note 14 .
c) Funds committed to operational expenditure to the value of R12 147 216 (2023: R14 177 700)-Refer to note 25.1 .

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2024 R	2023 R
Prepayments	237 084	-
Rental deposits	1 410 940	1 285 085
Interest receivable	2 424	81 795
	1 650 448	**1 366 880**

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2024 R	2023 R
Pre-payments	11 430	-
Other receivables- sundry staff debtors	37 580	4 558
	49 010	**4 558**

Sundry staff debtors in relate mainly to funds recovered from staff for handling fees levied on traffic fines incurred by staff, recoveries relating to fruitless and wasteful expenditure incurred by staff and recoveries for overpayment of a supplier. The increase in receivables in the 2023/2024 financial year is due to an overpayment to a supplier.

6. PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	4 172 439	(3 954 445)	217 994	3 981 597	(3 602 673)	378 924
Motor vehicles	302 708	(301 026)	1 682	302 708	(294 299)	8 409
Office equipment	2 237 150	(1 941 982)	295 168	2 215 961	(1 705 579)	510 382
Computer equipment	12 728 746	(10 197 657)	2 531 089	11 191 327	(7 981 532)	3 209 795
Total	**19 441 043**	**(16 395 110)**	**3 045 933**	**17 691 593**	**(13 584 083)**	**4 107 510**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	378 924	304 229	(5 513)	(459 646)	217 994
Motor vehicles	8 409	-	-	(6 727)	1 682
Office equipment	510 382	62 052	(339)	(276 927)	295 168
Computer equipment	3 209 795	2 610 390	(45 031)	(3 244 065)	2 531 089
	4 107 510	**2 976 671**	**(50 883)**	**(3 987 365)**	**3 045 933**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Change in Estimate	Total
Furniture and fixtures	742 888	–	(29 163)	(349 396)	14 595	378 924
Motor vehicles	15 136	-	-	(15 136)	8 409	8 409
Office equipment	420 483	438 820	(51 594)	(300 560)	3 233	510 382
Computer equipment	3 982 695	1 580 026	(94 745)	(2 401 887)	143 706	3 209 795
	5 161 202	**2 018 846**	**(175 502)**	**(3 066 979)**	**169 943**	**4 107 510**

Pledged as security

None of the carrying value of the entity's property, plant and equipment are pledged as security.

Other information

Property, plant and equipment in the process of being constructed or developed.

Expenditure incurred to repair and maintain property, plant and equipment.

There were no major repairs and maintenance in respect of items of property, plant and equipment during the year.

Loss on disposal

The loss on disposal of property, plant and equipment relates mainly to write-off of old and nonfunctional laptops that have reached the end of their useful lives and are outside the three-year purchase warranty, and damaged furniture and office equipment that is no longer in use. The loss on write-off of property, plant and equipment is made up as follows by category of asset:

- Computer equipment - R45 031
- Office equipment - R339
- Furniture and fixtures - R5 513

The entity's register of property, plant and equipment is available for inspection by the public at its registered offices.

7. INTANGIBLE ASSETS

	2024			2023		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets under development	4 621 971	(1 696 677)	2 925 294	4 621 971	(1 150 768)	3 471 203
Other software	1 250 066	(495 193)	754 873	1 250 066	(99 623)	1 150 443
ERP System	-	-	-	1 721 302	(1 716 750)	4 552
Total	**5 872 037**	**(2 191 870)**	**3 680 167**	**7 593 339**	**(2 967 141)**	**4 626 198**

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
CSO Database and IMS under development	3 471 203	(545 909)	2 925 294
Business Central system under development	1 150 443	(395 570)	754 873
ERP System	4 552	(4 552)	-
	4 626 198	**(946 031)**	**3 680 167**

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
CSO Database and IMS under development	3 177 668	642 978	(349 443)	3 471 203
Business Central system under development	4 304	1 181 541	(35 402)	1 150 443
ERP System	13 656	-	(9 104)	4 552
	3 195 628	**1 824 519**	**(393 949)**	**4 626 198**

Pledged as security

None of the carrying value of the entity's intangible assets are pledged as security. The entity's register of Intangible Assets is available for inspection by the public at its registered offices.

Restricted title

The carrying value of intangible assets owned by the NDA do not carry any condition registered against such assets, that restrict the utilisation or development thereof.

8. CHANGES IN ESTIMATES

Property, plant and equipment - 2024

In terms of GRAP 17 - Property, plant and equipment, the useful lives of all assets were reviewed by management at year end. The expected remaining useful lives of some assets differed from previous estimates and were revised accordingly.

The effect of the change in estimates is as follows:

	Depreciation before adjustment	Depreciation after adjustment	Effect on current year	Effect in the next 12 months	Effect on future periods
Computer equipment	1 433 005	818 282	(614 723)	(818 282)	(175 612)
Office equipment	6 887	1 553	(5 334)	(1 553)	(1 071)
Furniture	339 801	101 415	(238 386)	(101 415)	(53 732)
Motor vehicles	8 409	3 303	(5 105)	(3 303)	(1 201)
	1 788 102	**924 553**	**(863 548)**	**(924 553)**	**(231 616)**

The useful lives revision of identified items of property, plant and equipment resulted in an increase in carrying values of items of property, plant and equipment and an equivalent reduction in depreciation expense of R864 409.

Intangible Assets - 2024

	Amortisation before adjustment	Amortisation after adjustment	Effect on current year	Effect in the next 12 months	Effect on future periods
Intangible Assets	1 726	861	(861)	(861)	-

The useful lives revision of intangible assets resulted in an increase in carrying values of the intangibles and an equivalent reduction in amortisation expense of R861.

9. PAYABLES FROM EXCHANGE TRANSACTIONS

	2024 R	2023 R
Trade payables	9 605 875	6 136 079
Operating lease liabilities	1 040 583	1 737 186
	10 646 458	**7 873 265**

10. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

	2024	2023
Transfers payable	2 744 000	2 744 000
Other creditors	1 372	-
Staff creditors	162 359	234 338
	2 907 731	**2 978 338**

The transfer payable relating to the funds received from UIF is yet to be paid pending a receipt of the second tranche payment from UIF to proceed with the implementation of the new venture creation program.

Staff creditors mainly relates to travel and subsistence claims that accrued to staff, but not paid at the end of the financial year.

11. PROVISIONS

	2024 R	2023 R
Provision for performance bonus		
Opening Balance	17 668 081	13 686 407
Performance Bonus payout	(6 807 202)	(5 761 558)
Provision raised	-	9 743 232
	10 860 879	**17 668 081**

The provision for performance bonus represents a probable payment for a performance bonus related to the 2022/2023 financial years based on the performance management policy of the NDA. This provision has been reviewed at the reporting date and has been assessed to reflect the current best estimate of the payment probable. The quantum and timing of the performance bonus is dependent on the declaration of a bonus by the Board. No provision is raised for performance bonus relating to the 2023/2024 financial year due to financial constraints.

12. SHORT- TERM EMPLOYEE BENEFITS

	2024 R	2023 R
Leave provision		
Opening Balance	10 118 220	9 370 895
Provision raised in the current year	(48 478)	2 014 902
Leave payout during the year (annual and long service)	(351 387)	(1 267 577)
	9 718 355	**10 118 220**
Accrual for 13th cheque		
Opening balance	837 277	837 610
Provision raised in the current year	3 373 258	3 313 320
13th cheque payout during the year	(3 318 497)	(3 313 653)
	892 038	**837 277**
	10 610 393	**10 955 497**

13. ACCRUAL FOR COMMITTED PROJECTS

	2024 R	2023 R
Opening balance	11 434 745	9 935 655
Approved NDA-funded projects during the year	10 946 333	34 046 220
Cash disbursed to NDA-funded projects during the year	(21 785 071)	(32 409 255)
Adjustments to volunteer accruals raised in prior year	(271 870)	(137 875)
	324 137	**11 434 745**

The accrual for committed projects comprise amounts approved for grant funding to CSOs where contractual payment conditions have been met, but the funds have not yet been disbursed to these CSOs by the end of the financial year. The cash disbursed to NDA-funded projects during the year, includes payments made against accruals for volunteer CSOs in 2022-23 financial year, grant funded CSOs approved and paid in the current financial year and payments made to CSOs participating in the volunteer programme in 2022-2023 financial year.

14. UNUTILISED THIRD-PARTY FUNDS (DEFERRED INCOME) - 2024

	2024 R	2023 R
Movement during the year		
Balance at the beginning of the year	23 927 645	35 746 382
Funds returned	(83 702)	-
Income recognition during the year	(1 148 685)	(12 119 000)
Interest received during the year	1 090 816	1 027 403
Management fee	(42 750)	(727 140)
	23 743 324	**23 927 645**

14. UNUTILISED THIRD-PARTY FUNDS (DEFERRED INCOME) - 2024 (continued)

Name of Funder	Opening balance	Interest received during the year	Manage-ment fee	Expen-diture	Balance
DSD: Limpopo	74 453	3 875	-	(78 328)	-
DSD: North West	66 350	-	-	-	66 350
DSD: Mpumalanga	93 813	-	-	-	93 813
DSD: KwaZulu-Natal	801 275	44 600	-	-	845 875
DSD: Free State	648 264	44 640	-	(441 559)	251 345
South African Social Security Agency (SASSA)	1 614 447	-	-	-	1 614 447
Adopt an ECD Campaign funds	32 352	-	-	-	32 352
Gautrain Management	15 250	-	-	-	15 250
Anglo American (Kolomela mine)	552 329	-	-	-	552 329
Nelson Mandela Children's Fund	79 186	-	-	-	79 186
Unemployment Insurance Fund	5 044 986	-	-	-	5 044 986
National Department of Social Development (CARA funds)	14 904 940	997 701	(42 750)	(712 500)	15 147 391
	23 927 645	**1 090 816**	**(42 750)**	**(1 232 387)**	**23 743 324**

Unutilised third-party funds represent funds received for implementation of poverty alleviation programmes on behalf of third parties, that remain unspent at the end of the financial year as conditions stipulated in terms of the agreements entered into with funders have not yet been met at the end of the year.

Third party funds that have been utilised during the year relate to fund disbursements utilised to implement victim empowerment programmes to victims of Gender Based Violence funded from the CARA funds.

14. UNUTILISED THIRD-PARTY FUNDS (DEFERRED INCOME) - 2023

Name of Funder	Opening balance	Interest received during the year	Manage-ment fee	Expen-diture	Balance
DSD: Limpopo	72 059	2 394	-	-	74 453
DSD: Eastern Cape	470	-	-	(470)	-
DSD: North West	66 350	-	-	-	66 350
DSD: Mpumalanga	93 813	-	-	-	93 813
DSD: KwaZulu-Natal	771 647	29 628	-	-	801 275
DSD: Free State	614 938	33 326	-	-	648 264
South African Social Security Agency (SASSA)	1 614 447	-	-	-	1 614 447
Adopt an ECD campaign funds	32 352	-	-	-	32 352
Gautrain Management	15 250	-	-	-	15 250
Anglo American (Kolomela mine)	552 329	-	-	-	552 329
Nelson Mandela Children's fund	79 186	-	-	-	79 186
Unemployment Insurance Fund	5 044 986	-	-	-	5 044 986
National Department of Social Development (CARA funds)	26 789 025	962 055	(727 140)	(12 119 000)	14 904 940
	35 746 852	**1 027 403**	**(727 140)**	**(12 119 470)**	**23 927 645**

Unutilised third-party funds represent funds received for implementation of poverty alleviation programmes on behalf of third parties, that remain unspent at the end of the financial year as conditions stipulated in terms of the agreements entered into with funders have not yet been met at the end of the year.

Third party funds that have been utilised during the year relate to CARA funding disbursements to CSOs involved in Gender Based Violence (GBV) support, COVID-19 stipends earned by UIF beneficiaries (learners) in attendance before the 27 March 2020 lockdown, and unable to attend lecturers over a period of three months.

14. UNUTILISED THIRD-PARTY FUNDS (DEFERRED INCOME) - 2023 (continued)

The R470 under DSD Eastern Cape relates to the interest that was earned after completion of the programme in the 2018 financial year. The amount was transferred to NDA in the 2021-22 financial year in order to close the Eastern Cape account which remained open due to the interest amount.

15. NON-EXCHANGE REVENUE

	2024 R	2023 R
Operating grants		
Transfer revenue	220 116 000	219 274 000

16. OTHER GRANTS- THIRD PARTY FUNDS

	2024 R	2023 R
Other grants		
Utilised portion of conditional grant received from (CARA)	712 500	12 119 000
Utilised portion of conditional grant received from provincial DSD: Free State	441 559	-
	1 154 059	**12 119 000**

17. OTHER INCOME

	2024 R	2023 R
Management fees	42 750	727 140
Insurance recoveries	482 715	98 226
Sundry Income	96 832	55 992
	622 297	**881 358**

Insurance recoveries in the 2023-24 financial year include a refund from provident fund for a backdated disability benefit received from the provident fund in relation to an employee of the NDA. Sundry income relates to recoveries from staff members relating to irregular, fruitless and wasteful expenditure incurred by members of staff.

18. FINANCE INCOME

	2024 R	2023 R
Interest earned on cash balances	5 131 708	5 782 806

The reduction in interest earned on cash balances in 2024 financial year compared to 2023 is attributable to lower cash balances held in 2024 compared to previous financial year.

19. EXECUTIVE AND NON-EXECUTIVE MANAGEMENT REMUNERATION

Executive remuneration 2024

	Designation	Appointment date	Termination date	Basic Salary	Employer contributions	Performance bonus	Long service recognition	Total
Mr B Magongo	Executive development management and research	1 September, 2012		1 709 874	339 988	-	4 805	2 139 268
Ms. R Hlapolosa	Acting Chief Executive Officer	3 December, 2022		1 793 616	260 275	74 812	–	2 350 578
Ms. SL Khumalo	Chief Operations Officer	1 December, 2018		1 518 634	305 103	133 126	-	1 956 863
Ms. K Muthen	Chief Financial Officer	1 December, 2019		1 602 475	221 263	-	-	1 823 737
Ms. H. Mansour	Chief Audit Executive	24 November, 2005		1 837 433	253 882	98 589	-	2 186 903
Mr S Shingange	Acting Chief Financial Officer	1 September, 2023		89 880	-	-	-	89 880
				8 551 912	**1 380 511**	**306 527**	**4 805**	**10 547 229**

19. EXECUTIVE AND NON-EXECUTIVE MANAGEMENT REMUNERATION (continued)

Executive remuneration 2023

	Designation	Appointment date	Termination date	Basic Salary	Employer contributions	Performance bonus	Long service recognition	Total
Mr B Magongo	Acting Chief Executive Officer	1 September, 2012		1 733 003	525 827	98 349	–	2 398 271
Ms SL Khumalo	Chief Operations Officer	1 December, 2018		1 349 555	412 448	-	-	1 805 377
Ms H. Mansour	Chief Audit Executive	24 November, 2005		1 754 045	266 162	-	6 452	2 026 659
Mr S Baloyi	Acting executive development management and research	1 November, 2021		164 370	15 420	-	-	179 790
Ms K Muthen	Chief Financial Officer	3 December, 2022		1 527 393	234 786	150 407	-	1 957 423
Ms R Hlapolosa	Corporate services executive	1 July, 2021		1 520 295	240 596	-	-	1 805 208
				8 048 661	**1 695 239**	**248 756**	**6 452**	**10 172 728**

19. EXECUTIVE AND NON-EXECUTIVE MANAGEMENT REMUNERATION (continued)

Non-executive remuneration 2024

	Appointment date	Termination date	Members' fees
Ms N. R. Bhengu	3 December, 2022		744 572
Chief L. Matsila	3 December, 2022		316 962
Ms H. Ralinala	3 December, 2022		256 346
Dr O. Sipuka	3 December, 2022		256 845
Mr T M Josopu	3 December, 2022		248 845
Ms T. Smith	3 December, 2022		272 365
Ms S Mncwabe	3 December, 2022		-
Mr M Noge (Member of Audit & Risk Committee)	30 October, 2020	31 August, 2023	39 120
Ms F Mushohwe (Member of Audit & Risk Committee)	30 October, 2020	31 August, 2023	131 160
Mr A.E. Amod (Member of Audit & Risk Committee)	1 September, 2023		38 904
Dr T. Nyathi (Member of Audit & Risk Committee)	1 September, 2023		37 772
Ms M.M Phiri (Member of Audit & Risk Committee)	1 September, 2023		26 980
			2 369 871

Non-executive remuneration 2023

	Appointment date	Members' fees
Ms N. R. Bhengu	3 December, 2022	140 062
Chief L. Matsila	3 December, 2022	96 138
Ms H. Ralinala	3 December, 2022	80 100
Dr O. Sipuka	3 December, 2022	86 869
Mr T M Josopu	3 December, 2022	72 090
Ms T. Smith	3 December, 2022	96 120
Mrs. F Mushohwe (Member of Audit & Risk Committee)	30 October, 2020	71 790
Mr M Noge (Member of Audit & Risk Committee)	30 October, 2020	48 870
		692 039

19. EXECUTIVE AND NON-EXECUTIVE MANAGEMENT REMUNERATION (continued)

Loss control committee 2024

	Emoluments
Ms N Maharaj	43 096
Mr S. Faku	32 040
Mr TTC Dlamini	8 510
Mr Z Myeza	32 060
	115 706

The Loss control committee (LCC) is a structure appointed by the NDA on 1 July 2022 to adjudicate reported cases of irregular, fruitless and wasteful expenditure in accordance with the requirements of the framework for irregular, fruitless and wasteful expenditure.

Loss control committee 2023

	Emoluments
Ms N Maharaj	116 026
Mr S Faku	78 462
Mr T T C Dhlamini	86 238
Mr Z Myeza	86 238
	366 964

20. STAFF COSTS

Department	2024	Percentage split	2023	Percentage split
Mandate staff costs				
CSO development salaries	76 507 675	54%	75 530 557	50%
Research salaries	5 311 452	4%	6 464 074	4%
Mandate staff costs	**81 819 127**	**58%**	**81 994 631**	**54%**
Administration and Governance staff costs				
Corporate services	19 803 479	13%	20 524 996	14%
Office of the COO	1 141 205	1%	1 849 754	1%
Research and development	2 712 000	2%	7 004 543	2%
Internal audit	7 251 534	5%	3 465 4565	5%
Office of the CEO	15 399 850	8%	10 198 812	7%
Finance and supply chain	11 662 784	9%	11 062 364	7%
	57 970 852	**40.8%**	**54 105 925**	

20. STAFF COSTS (continued)

Department	2024	Percentage split	2023	Percentage split
Other staff administrative costs				
Staff training costs	616 781	-%	769 263	-%
Performance bonus	-	-%	9 743 232	6%
Provision for leave expense	(48 479)	-%	1 330 983	1%
Long service recognition	639 903	-%	909 171	1%
Temporary staff and contractors	551 332	-%	1 105 573	1%
Staff relocation costs	249 675	-%	227 396	1%
Occupational Health	13 500	-%	-	-%
Compensation fund	158 148	-%	129 781	-%
Employee wellness	227 035	-%	159 527	-%
PPE materials for staff (COVID 19)	-	-%	20 805	-%
	2 407 895	**1.7%**	**14 395 731**	**46%**
Total	**142 197 874**	**100%**	**150 496 287**	**100%**

21. ADDITIONAL DISCLOSURE NOTES ON EXPENDITURE

	2024 R	2023 R
21.1. CSO development programme implementation costs		
Travel costs	3 798 247	4 922 132
Ministerial events	441 558	12 650
Venue hire and catering	127 069	612 962
Other	-	51 014
	4 366 874	**5 598 758**
21.2. NDA-funded capacity building costs		
Travel costs	2 309 334	1 138 484
Venue hire and catering	2 796 544	2 121 257
Training manuals	163 125	88 585
Participants transport costs	**77 178**	**68 162**
	5 346 181	**3 416 488**

21. ADDITIONAL DISCLOSURE NOTES ON EXPENDITURE (continued)

	2024 R	2023 R
21.3. Third party funded capacity building		
CARA CSOs Mentoring	712 500	3 469 000
21.4. Accommodation and travel		
Subsistence and travel claims	1 270 027	1 097 756
Accommodation	2 143 444	2 714 013
Airfares	2 715 368	2 899 650
Car rental	1 275 129	2 140 965
Shuttle Service	461 829	-
	7 865 797	**8 852 384**
21.5. Consulting and professional fees		
Legal fees	1 548 812	806 614
ICT security assessment	1 124 802	18 453
System support and maintenance	77 625	255 601
Turnaround strategy	427 570	2 776 100
Digitisation of CSO initiatives	976 885	621 269
Other	2 374 089	2 184 539
	6 529 783	**6 662 576**
21.6. Operating leases		
Head office rental	5 697 915	5 777 539
Copiers and printers	465 310	488 167
Other office sites	3 991 272	3 329 568
	10 154 497	**9 595 274**

21. ADDITIONAL DISCLOSURE NOTES ON EXPENDITURE (continued)

	2024 R	2023 R
21.7. General expenses		
Bank charges	72 395	60 313
Cleaning	1 434	-
Interest paid	34 157	6 067
Consumables	97 324	64 733
Document management and offsite storage	123 623	1 012 902
Insurance	421 558	291 004
Staff recruitment costs	737 841	619 694
Postage and courier	322 341	57 635
Printing and stationery	985 620	527 026
Municipal rates and services	3 134 465	2 021 780
Repairs and maintenance	705 004	495 386
Staff welfare	184 310	128 218
Subscriptions and membership fees	29 286	26 724
Telephone and fax	64 092	125 086
Catering	150 444	272 209
Promotional materials	460 583	1 069 764
Travel management charges / fees	348 850	512 189
Seminars and Board workshops	207 383	1 090 626
Videography	148 500	–
Occupational health and safety	–	3 081
	8 229 210	**8 384 437**
21.8. Disbursements to funded projects		
Disbursements to NDA-funded projects		
Payments made to CSOs approved in the current year	10 840 513	6 616 939
Accruals for CSOs approved in the current year (not yet paid)	-	7 822 358
Payments made to CSOs approved in the previous financial years (commitments)	1 228 087	3 282 429
	12 068 600	**17 721 726**
Disbursements to third party funded projects		
CARA funded projects		
Payments made in the current year relating to CARA funded projects	-	8 650 000

22. IT COMMUNICATION COSTS

	2024 R	2023 R
Software licenses	5 823 529	4 495 180
IT communication costs	4 129 717	2 846 695
	9 953 246	**7 341 875**

23. CSO VOLUNTEER PROGRAMME (COVID RESPONSE)

	2024 R	2023 R
CSO management fees and volunteer stipends	6 015 840	20 028 050
PPE for volunteers	-	887 600
	6 015 840	**20 915 650**

24. CASH USED IN OPERATIONS

	2024 R	2023 R
Deficit	(1 698 299)	(23 844 645)
Adjustments for:		
Depreciation and amortisation	4 933 396	3 290 990
Loss on disposal of assets	50 883	175 502
Movements in provisions	(6 807 202)	3 981 674
Adjustment to prior year earnings	188 108	7 080
Surplus surrendered to National Revenue Fund (NRF)	(3 904 496)	(18 101 574)
Changes in working capital:		
Receivables from exchange transactions	(283 568)	145 502
Other receivables from non-exchange transactions	(44 452)	13 273
Payables from exchange transactions	2 773 193	1 101 648
Transfers payable (non-exchange)	(70 608)	(219 062)
Unspent conditional grants and receipts	(184 321)	(11 818 737)
Short term employee benefits	(345 104)	746 992
Accrual for committed projects	(11 110 607)	1 499 090
	(16 503 077)	**(43 022 267)**

25. COMMITMENTS

25. 1 Authorised non-recurring operational expenditure	2024 Operational Commitmen ts		2023 Operational Commitments	
	Within 1 year	In second to fifth year	Within 1 year	In second to fifth year
Approved and contracted	4 343 817	-	10 273 204	-
Approved but not yet contracted	7 803 400	-	2 755 818	-
Total approved commitments by the end of 31 March	12 147 217	-	13 029 022	-
Approval process commenced before year end, but approved after year end	-	-	1 148 678	-
	12 147 217	**-**	**14 177 700**	**-**

25.2 Committed project funds	2024	2023
At the end of the financial year, the entity had committed funds in terms of Board approvals for funding to NPOs and CSOs, and these funds had not yet been disbursed to these organisations by the end of the financial year.		
Committed project funds		
Approved and contracted by 31 March	3 983 313	4 995 464
Approved but not contracted by 31 March	3 087 432	363 556
Volunteer programme	-	9 084 350
	7 070 745	**14 443 370**

25.3 Operating leases commitments
The operating lease commitments relate to the rental of office premises occupied by the NDA and are payable as follows:

	2024 Lease Commitment		2023 Lease Commitments	
	Within 1 year	In second to fifth year	Within 1 year	In second to fifth year
Minimum lease payment due	8 704 296	3 692 055	9 691 897	8 105 577
Subtotal	8 704 296	-	9 691 897	8 105 577
Lease commitment approved but not yet contracted	-	-	1 098 721	1 557 876
	8 704 296	**3 692 055**	**10 790 618**	**9 663 453**

25. COMMITMENTS (continued)

Commitments are disclosed in respect of future expenditure of a capital nature, as required by GRAP 17 - Property, Plant & Equipment, and GRAP 31- Intangible Assets, for operating lease commitments as per GRAP 13 - Leases, as well as future non- recurring, non-routine operational expenditure.

Commitments include contracted future expenditure, where stipulated conditions have not yet been met as at the reporting date, amounts approved by the Board as at the reporting date, but not yet contracted for and where approval process began before the financial year end but approved and contracted after year end. Commitments exclude employee related commitments, as well as commitments related to routine, recurring operational expenditure, that will be provided for from a future year budget.

25.4 Third party funding commitment

	2024	2023
Commitment for contracts approved and contracted against third party funding	75 018 000	69 973 014

26. CONTINGENCIES

26.1Contingent liabilities

The NDA is currently defending the following legal claims:

Fair deal Poultry Farmers CC

This matter is a claim for damages to the amount of R199 990 for alleged breach of contract, where the NDA procured the services of the plaintiff to train the members of CSOs, and whereby the plaintiff failed to deliver the services, or deliver them satisfactorily. The contract was subsequently cancelled by the NDA. This matter is at trial stage and over the years the plaintiff has failed to set the matter down and get a trial date. The prospect of this matter being pursued any further is assessed as minimal.

Pannar Seeds (Pty)Ltd

This matter is a claim in the amount of R761 230 for the payment of a consignment of sunflower seeds allegedly purchased and delivered to funded NDA projects in the Eastern Cape and Free State provinces. Rule 35 notices for exchange of legal documents were filed by the NDA in June 2016, which have since not been replied to by the plaintiff. This is a long outstanding matter, that is almost 6 years old, and the prospects of further action are minimal.

NDA vs Magongo N.O and 9 others (Capacity Building Officers-CBOs)

Nine CBOs were employed by the NDA, on a fixed term contracts expiring in December 2017. The Executive Committee considered a proposal from management to absorb the nine CBOs into the newly created permanent posts of Development Officers, in the revised organisational structure. A proposal

26. CONTINGENCIES (continued)

for the absorption of the nine CBOs was approved by an Acting CEO, and this decision was later taken on review by the permanent CEO on resumption of her duties, and set aside. The court order to set aside the absorption is currently being challenged by the CBOs in the Labour Court.

Innocentia Finca vs the National Development Agency

This application flows from the matter reported above of NDA vs Magongo N.O and 9 others, the self-review application by the NDA to review and set aside the decision to absorb the CBOs into the NDA's permanent structure. On 28 October 2019, the NDA was granted an order by default, which set aside the decision to absorb the CBOs. As a consequence, the CBOs employment was terminated. Subsequently, the former CBOs successfully applied for order rescinding the order which was granted in favour of the NDA by default. Whilst waiting for the respondents to file the necessary papers, Ms Finca instituted an application to compel the NDA to implement the rescission order granted in favour of CBOs. The NDA is opposing this application and the parties have filed all the required court pleadings and awaiting the applicant to apply for the date of hearing.

Unemployment Insurance Fund (UIF)

During the 2020-21 financial year, a refund of R2 920 986 was received from the service provider appointed to implement the UIF contract on behalf of the NDA, after cancellation of the contract due to irregularities. A preliminary assessment of the refund received indicates that there are material unresolved reconciling items and amounts between the funds disbursed to the service provider to cover stipends, and the actual payments by the service provider to learners on the programme. Some of these items relate to:

a) Some learners were paid in excess of the permitted stipend amount per student;
b) Some stipends were paid to the incorrect beneficiary account;
c) Certain bank statements confirming payments made to learners are outstanding, resulting in unverified payments;
d) Payments to certain accounts validated on the bank statements provided do not relate to authorised beneficiaries on the approved UIF database. Based on the service provider's response, these payments relate to students who were paid prior to confirmation that they qualified for entry on the programme. These students were subsequently removed from the database.

Based on these occurrences, there is a possibility that unreconciled amounts that cannot be accounted for by the former service provider, as well as over-payments to learners, which cannot be recovered from the former service provider, are residual obligations of the NDA to the UIF, as the NDA must account for the funds entrusted to it to implement the UIF programme.

A forensic investigation commissioned in 2021/2022 financial year to investigate irregularities identified in relation the R23,2 million disbursed for implementation of the new venture creation training programme from the UIF third party funds, was completed in 2023 financial year and the recommendations are awaiting implementation.

26. CONTINGENCIES (continued)

Regenesys Business School

Regenesys is claiming an amount of R33 788 250 for damages and unjust enrichment. The NDA appointed Regenesys to implement the UIF funded new venture creation programme on its behalf and this appointment was declared irregular during the 2019/20 financial year audit by the Auditor General. As a result, the NDA negotiated an amicable termination of the contract between the NDA and Regenesys.

Regenesys appears to have reneged on the agreement to mutually terminate the agreement and are now regarding the termination as a breach of contract. The NDA is defending the claim by Regenesys and has also instituted a review application to set aside the irregular contract between itself and Regenesys.

27. RELATED PARTIES

27.1. Department of Social Development

A related party relationship exists between the NDA and the National Department of Social Development (DSD). The Minister of Social Development is the Executive Authority of the entity. The NDA received its 2023/2024 budget allocation to the value of R220 116 000 (2023: R219 274 000) from DSD during the year which is disclosed under Note 15. In 2021, NDA received R100 700 000 worth of funding from DSD for implementation of the CARA project, which is disclosed under Note 14. DSD as the lead coordinating department for the Victim Empowerment Programme, was allocated R100 million from the Criminal Assets Recovery Account (CARA) in December 2019, for the funding of CSO's and NPO's involved in rendering services to victims of gender-based violence and femicide. On 25 March 2020, DSD appointed NDA as the implementing partner for two CARA projects, at a total contract value of R95 million, exclusive of an administrative fee of R5.7 million for the implementation of the contract over a 24-month period.

27.2. South African Social Security Agency (SASSA)

The NDA and SASSA are national public entities under common control of the national Department of Social Development

The South African Social Security Agency transferred funds to the NDA for the purposes of providing grants and training to co- operatives producing school uniforms on their behalf. The co-operatives were funded and trained in the 2015/2016 financial year. The outstanding balance as also disclosed under note 14- Third Party Unutilised Funds, represents funds set aside and retained to conduct evaluations and monitoring of these co-operatives by the Agency.

27.3. Unemployment Insurance Fund (UIF)

The Unemployment Insurance Fund is a fund managed by the Department of Labour that contributes to the alleviation of poverty by providing short-term unemployment insurance to all workers who qualify for unemployment benefits. As such it serves a common mandate with the NDA on the alleviation

27. RELATED PARTIES (continued)

of poverty in South African communities. In 2018, the NDA applied for funding from the UIF for the implementation of two learnership qualifications for 3000 learners (New Venture Creation for 2 000 learners over a period of 12 months, and a Postgraduate Diploma in Business Management for Cooperatives for 1 000 learners). 70% of the learners were required to be UIF beneficiaries. The total funding agreement amounted to R132 300 000, and a management fee of 7,5% of the contract value amounting to amounting to R9 922 500 was also payable.

The NDA received a transfer of R23 703 750 in the 2019-2020 financial year, as a first payment tranche for 3 months, towards implementing a New Venture Creation training programme for 2 000 learners. The outstanding commitment from the UIF on the contract is an amount of R118 518 750. The implementation costs paid to the appointed implementing partner was declared irregular by AGSA and the funding agreement with Department of Labour was then amended by mutual agreement in August 2022 to a value of R103 555 421 for continued implementation.

In 2020/21 financial year, the NDA received a refund from the implementing agent amounting to R2 920 986 resulting from the cancellation of the irregular contract between the NDA and the implementing agent. NDA also received a further R8 million from UIF for the payment of Covid-19 stipends to eligible beneficiaries in attendance prior to lockdown, who could not continue with the programme due to the national lockdown in place during April- May 2020. An amount of R4 million is still due for receipt from the UIF according to the amended funding agreement, related to the Covid-19 stipend lockdown payments due to eligible learners for the month of June 2020.

27.4. Board members and key management personnel

A related party relationship exists between the entity, its key management personnel and members of the Board. The Board and management did not enter into any transactions with the NDA that require disclosure except for the board fees and remuneration payable for services rendered as disclosed in Note 19.

Related party movement during the year - 2024

Related party	Opening balance	Interest where applicable	Expen-diture	Balance	Commit-ment
South African Social Security Agency	1 614 447	-	-	1 614 447	-
Unemployment Insurance Fund	5 044 986	-	-	5 044 986	103 555 422
National Department of Social Development	14 904 940	-	-	14 904 940	14 904 940
	21 564 373	**-**	**-**	**21 564 373**	**118 460 362**

28. FINANCIAL RISK MANAGEMENT

The entity has exposure to the following risks from the use of financial instruments:
(a)Credit risk
(b)Liquidity risk
(c)Interest rate risk

This note presents information about the NDA's exposure to each of the above risks, the NDA's objectives, policies and processes for measuring and managing risk, and the NDA's management of capital. Further quantitative disclosures are included throughout these financial statements. The Board has the overall responsibility for the establishment and oversight of the NDA's risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the NDA's risk management policies. The committee reports regularly to the Board of Directors on its activities. The NDA's risk management policies are established to identify and analyse the risks faced by the NDA, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the NDA's activities. The NDA, through its training, policies and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations as they relate to the management of risks within their areas of responsibility.

Credit risk

Credit risk is the risk that the counter-party to a financial asset will default on its obligation, in part or in total, thereby causing loss to the entity. This risk is managed by the NDA only investing funds at large, reputable financial institutions in the
Republic of South Africa. The credit risk emanating from receivables, which are of sundry in nature, is immaterial to the NDA's operations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit risk exposure of the entity. The maximum exposure to credit risk at the reporting date was:

	2024	2023
Cash and cash equivalents	82 373 229	101 852 980
Receivables from exchange transactions	1 650 448	1 366 880
Receivables from non-exchange transactions	49 010	4 558
	84 072 687	**103 224 418**

28. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the NDA could default on its financial obligations, in part or in total, due to not having sufficient cash holdings, cash flows or other financial assets to settle an obligation when it falls due. This risk is managed by the NDA holding sufficient cash reserves, and only investing funds at large, reputable financial institutions in the Republic of South Africa. Considering the NDA's current funding structure, and available cash resources, this risk is considered to be low.

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 March 2024	Carrying amount	Contractual cashflows	6 months or less	12 months
Trade and other payables	13 554 189	13 554 189	13 554 189	-
Accrual for committed projects	342 138	324 138	342 138	-
Unutilised third-party funds	23 743 324	23 743 324	-	23 743 324
	37 639 651	**37 621 651**	**13 896 327**	**23 743 324**

31 March 2023	Carrying amount	Contractual cashflows	6 months or less	12 months
Trade and other payables	10 851 605	10 851 605	-	
Accrual for committed projects	11 434 745	11 434 745	11 434 745	-
Unutilised third-party funds	23 927 645	23 927 645	-	23 927 645
	46 213 995	**46 213 995**	**22 286 350**	**23 927 645**

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to movements in market interest rates. The NDA is exposed to interest rate risk as cash and cash equivalents are invested with financial institutions, and certain investments are held in money market unit trusts. This risk is managed in accordance with the finance policy which requires surplus funds to be invested with reputable financial institutions that guarantee capital and maximise returns. The carrying value of receivables and payables approximate their fair value, due to the short-term to maturity of these assets and liabilities.

Fair values versus carrying amounts.

The fair values of financial assets and liabilities, together with the carrying amounts shown on the balance sheet, are as follows:

28. FINANCIAL RISK MANAGEMENT (continued)

	2024	2023
Fair values		
Cash and cash equivalents	82 373 229	101 852 980
Receivables from exchange transactions	1 650 448	1 366 880
Receivables from non-exchange transactions	49 010	4 558
Payables from exchange transactions	(10 550 408)	(7 873 264)
Accrual for committed projects	(324 138)	(11 434 745)
Payables from non -exchange transaction	(2 907 731)	(2 978 339)
Unutilised third-party funds	(23 743 324)	(23 927 645)
	43 519 199	**57 010 425**

29. FRUITLESS AND WASTEFUL EXPENDITURE

	2024	2023
Fruitless and Wasteful expenditure confirmed during the year	120 837	258 821
Details of fruitless and wasteful expenditure		
Interest on late payments	31 370	6 066
Rental paid due to late cancellation of lease agreement	-	19 285
Penalties paid on late cancellation of event	–	15 065
Unplanned and not approved on renovation of an office	62 213	103 108
Costs incurred due to missed flights and no shows at booked hotels	27 254	31 019
Damage to laptop due to liquid spillage	-	11 019
Damages to laptops due to negligence	-	2 512
Stolen laptop from unlocked vehicle	-	13 737
Payroll Fraud	-	56 126
	120 837	**258 821**

30. IRREGULAR EXPENDITURE

Section 51(e) of the PFMA requires the Accounting Authority of a public entity to take effective and appropriate disciplinary steps against any employee of the public entity who:

(a) Contravenes or fails to comply with a provision of this Act;

(b) Commits an act that undermines the financial management and internal control system of the public entity; or

(c) Makes or permits an irregular, fruitless and wasteful expenditure.

	2024	2023
Irregular Expenditure - current	-	1 143 923
Irregular expenditure is presented inclusive of VAT		
Incidents/cases identified/reported in the current year include those listed below:		
Disciplinary steps taken/criminal proceedings		
KZN office space utilised without a signed lease agreement	-	335 273
Non-competitive bidding process	58 650	-
Grant approvals not in compliance with policy and qualifying requirements per request for funding proposal issued	750 000	-
	808 650	**335 273**

31. BUDGET DIFFERENCES

Material differences between budget and actual amounts

The budget approved by the board is prepared on the cash basis of accounting, which means that expected cash inflows and outflows are budgeted for without taking into account the non-cash items such as depreciation, losses on disposal of assets, and leave provision are not budgeted for, whilst capital expenditure is budgeted for. The budget approved by the board covered the period from 1 April 2023 up to 31 of March 2024. Variances between the final adjusted budget and actuals in excess of 10% are considered material and the reasons thereof are explained below.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. For details of these changes please refer to pages xx to xx in the annual report.

31.1. Other income - R622 297

The positive variance on other income of R622 297 is due to incidental revenue received such as unplanned recoveries from the insurers for losses and recoveries from aff for fruitless and wasteful expenditure incurred that are by their nature not budgeted for.

31. BUDGET DIFFERENCES (continued)

31.2. Transfer from accumulated funds - (R28 621 070)

The transfer from Accumulated Funds represents the portion of the cash surplus declared for 2022-23 financial year that was approved for roll over into 2023-24 financial year by National Treasury. The related committed expenditure was incurred and paid in the 2023-24 financial year. The revenue related to these funds is not recognised in the Statement of Financial Performance for the 2023-24 financial year, as it was received and recognised in the Statement of Financial Performance of the previous financial year (2022-23).

31.3. Other grants - Third party funds - R185 359

The positive variance on other grants is due to the fact that third party funds are not budgeted for due to the unpredictable nature of this income. During the third quarter of the financial year management adjusted the budget for other grants based on actual revenue recognised up to the end of the third quarter and an additional unplanned amount of R185 359 was recognised in the fourth quarter of the year.

31.4. Recoveries from projects - R63 387

Recoveries from projects arise from instances where funds previously disbursed to a project and expensed are paid back by a project because the project failed to use the funds in compliance

31.5. Research, monitoring and evaluation costs - R890 032

The underspending on research and evaluation costs is due to a research study that was planned to be procured for the year, but did not materialise due to unsuccessful tender processes during the year. A tender was advertised for the study on two occasions and in the first process, an inadequate number of responses were received, and in the second attempt, the bids received were found to be nonresponsive.

31.6. NDA-funded capacity building costs - R1 254 592

The underspending on capacity building costs was due to lower spend on travel in the final quarter of the year than was anticipated. The programme met the annual operational targets set for capacity building with lower spend than was budgeted for.

31.7. Disbursements to NDA-funded projects -R6 462 721

The understanding on disbursement of funds to projects was partly due to late submission of projects for approval by board resulting in projects worth R3 087422 that were approved in the last month of the financial year, and failure by some of the funded projects to meet conditions for release of second tranche payments due to them and delays in procuring assets for some of the funded projects due to lengthy tender process.

31. BUDGET DIFFERENCES (continued)

31.8. CSO volunteer programme - R2 356 010

The underspending on the volunteer programme was due to delays in issuing of request for proposals (RFP) calling for CSOs to submit funding applications. An RFP calling CSOs to apply for funding was issued at the end of the third quarter and no funding was awarded due to procedural challenges identified during technical review of applications received.

31.9. Consulting and professional Fees - R6 338 842

The underspending on consulting and professional fees was due to two planned projects (Organisational structure review and Change management) that were allocated funding at the beginning of fourth quarter during the budget adjustment process and public procurement processes commenced towards the end of the fourth quarter. The tender processes were concluded in the last month of the financial year and the execution of the projects will commence in the new financial year.

31.10 CSO development programme implementation costs - R540 245

The under-spending is mainly due to savings in monitoring costs due to approval of projects with single tranche payments which requires less monitoring, and the approval of grants to NDA-funded projects late in the financial year.

31.11. Accommodation and travel - R5 867 533

The underspending on travel is due to lower travel undertaken by staff that was anticipated during the mid - term budget review. The budget for travel was adjusted upwards during the mid term budget review in anticipation of high travel.

31.12 Capital expenditure - R3 517 360

The budget is prepared on a cash basis of accounting, where capital expenditure is budgeted for as an outflow of cash. The actual capital expenditure is reported under additions in the statement of financial position in the property, plant and equipment note and is not recorded under actual expenditure in the statement of financial performance, as it is a capital expense.

31.13 General expenses - R2 443 767

The under spending is attributable to the budgeted activities that did not occur during the year in areas such as marketing and communications and stakeholder Management, as well as savings on printing and stationery, repairs and maintenance and office relocations.

31.14 Relocation of offices - R73 195

The overspending on relocation of offices is due to the unplanned additional costs incurred during the relocation to the new office in the Limpopo province. The offices were not ready for occupation as agreed with the landlord resulting in an additional day required to move to the office.

32. EVENTS AFTER THE REPORTING DATE

There were no significant events after the reporting date.

33. DEPRECIATION AND AMORTISATION

	2024	2023
Property, plant and equipment	3 987 365	2 897 038
Intangible assets	946 031	393 952
	4 933 396	**3 290 990**

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UNLOCKING POTENTIAL

THE NATIONAL DEVELOPMENT AGENCY

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