



NDA

National
Development
Agency



NATIONAL DEVELOPMENT AGENCY

2022/23 ANNUAL REPORT



social development

Department:
Social Development
REPUBLIC OF SOUTH AFRICA



sassa
SOUTH AFRICAN SOCIAL SECURITY AGENCY

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“The very right to be human is denied every day to hundreds of millions of people as a result of poverty, the unavailability of basic necessities such as food, jobs, water and shelter, education, health care and a healthy environment.”

Nelson Mandela





NATIONAL DEVELOPMENT AGENCY

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PART A GENERAL INFORMATION



1.1 Public Entity's General Information

Registered name of the public entity	National Development Agency
Registration numbers and/or other relevant numbers (e.g. FSP)	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
Registered office address	26 Wellington Road, Parktown, 2193 Postal address PO Box 31959, Braamfontein, 2017
Contact details	Tel: (011) 018 5500 E-mail: info@nda.org.za Website: www.nda.org.za
External auditors' information – external auditors' name and address	Auditor General of South Africa 4 Daventry Street Lynnwood Bridge Office Park Lynnwood Manor Pretoria 0081
Bankers' information – Name and address of bank	Standard Bank Head Office 184 Hyde Lane Hyde Park Sandton 2196 Investec Head Office 100 Grayston Drive Sandown Sandton 2196 First National Bank 3 First Place Kerk & Simmonds St Bank City Johannesburg 2000
Acting Company Secretary – Full name and professional designation	Adv. Kesiame Moloi

1.2 List of Abbreviations

AGSA	Auditor General South Africa
ASB	Accounting Standards Board
BEE	Black Economic Empowerment
B-BBEE	Broad-Based Black Economic Empowerment
CARA	Criminal Asset Recovery Account
CEO	Chief Executive Officer
COO	Chief Operations Officer
CFO	Chief Financial Officer
COIDA	Compensation for Occupational Injuries and Diseases Act
CSO	Civil Society Organisation
COVID-19	Corona Virus Disease
DDM	District Development Model
DSD	Department of Social Development
ECD	Early Childhood Development
EE	Employment Equity
ENE	Estimates of National Expenditure
ERAP	Emergency Response Action Plan
EXCO	Executive Committee
FNS	Food and Nutrition Security
GBV	Gender-based Violence
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
NRF	National Revenue Fund
NT	National Treasury
NVC	New Venture Creation
OHS	Occupational Health and Safety
PES	Presidential Employment Stimulus
PFMA	Public Finance Management Act
PPC	Parliamentary Portfolio Committee
PPE	Personal Protective Equipment
PPPFA	Preferential Procurement Policy Framework Act
SASSA	South African Social Security Agency
SCM	Supply Chain Management
UIF	Unemployment Insurance Fund
VEP	Victim Empowerment Programme

1.3 Executive Authority's Overview



Poverty is inhumane and deprives our people of a future where they can contribute to the growth of our country and economy. The reality is that, until marginalised communities are empowered to join the mainstream economy, it will take years before we can speak of achievements in levelling the playing fields between the haves and have-nots.

If we are to succeed as a country, the role played by the National Development Agency (NDA), through empowerment of emerging civil society organisations (CSOs) and Cooperatives operating in poor communities, cannot be minimised. The NDA plays a big role in bridging knowledge and skills gaps between those who are educated and exposed to socio-economic opportunities and those whom, due to the legacy that gave them an education aimed at producing workers, instead of persons who own the means of production and thus change the structure of the economy, find themselves consistently on the periphery of developmental initiatives.

As I present this penultimate report during my tenure, I am proud to report that the NDA ran a tight ship during the year under review, which ensured that it received an unqualified audit without findings. This is a significant improvement from prior years which were marred by control deficiencies related to the evaluation of bids that resulted in material non-compliance with supply chain management prescripts. Internal control deficiencies on supply chain management were identified in the current year, however, they were not material.

The appointment of a new Board that resumed duties in January 2023 brought about some stability to the NDA. This also contributed to the speedy clearance of funding requests that could only be approved by the Board, as delegated in the NDA Act. As a result, the NDA was able to surpass its annual target of 95% disbursement of funds to applicant CSOs so that they could continue with their community empowerment initiatives.



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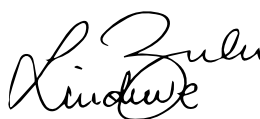
The partnership between the NDA and the Unemployment Insurance Fund (UIF) on the implementation of the New Venture Creation programme for UIF beneficiaries was finalised after months of delays. This will see UIF beneficiaries being empowered with entrepreneurial skills to boost their businesses and hopefully contribute to the taxation system in the future.

CSOs are the voice of the voiceless and those in marginalised communities need to be capacitated in order to assist government's service delivery efforts. To this effect, the NDA capacitated 3124 CSOs to strengthen their institutional capacity. The Programme managed to mobilise and support more CSOs in need of funding post the Covid-19 pandemic which had a negative effect on finances of the CSO sector.

I have impressed upon the NDA the urgency to finalise the new Turnaround Strategy and find a new Chief Executive Officer that will ensure that the strategy is duly implemented and start showing some return on investment when it comes to supported programmes and projects. We desperately need this as we can only rebuild our economy through ensuring that our marginalised communities also partake in the economic growth of our country.

The NDA, together with South African Social Security Agency (SASSA), will continue to work synergistically, wherein one focuses on development interventions and the other on social protection interventions. The two agencies, together with the Department of Social Development (DSD) as a portfolio, will continue to empower our communities in order to address and reverse abject poverty in our country.

I would like to express my sincere gratitude to the NDA Board for providing strategic direction and upholding governance in the NDA and executive management for holding the fort in the Board's absence. Most importantly, I would like to thank NDA staff, not only for their continued hard work, but also for their personal contributions to the victims of the KwaZulu-Natal floods in April last year. Nangomso!



Ms Lindiwe Zulu, MP
Minister of Social Development



1.4 Foreword by the Accounting Authority



The NDA Board officially assumed its role in January 2023, following Cabinet concurrence and subsequent appointment by Minister of (DSD), Ms Lindiwe Zulu, in December 2022. The Board had a mammoth task of turning things around as it considered the cumulative quarter three organisational performance characterised by subdued performance in critical service delivery areas of the organisation.

One of the immediate tasks the Board was seized with was to consider the grant funding proposals from different provinces. The eventual approval of these proposals for grant funding by the Board, following thorough engagement with NDA Management, led to the ultimate achievement and surpassing of the annual target of 95% disbursement of funds, and importantly contributed marginally towards the creation of work opportunities.

Another important task the Board had to consider was the finalisation of the Turnaround Strategy which the NDA Management was tasked with developing as far back as May 2021. At the point of appointment of the Board, the Turnaround Strategy had been fully drafted and was awaiting presentation to the Board. Following a string of Board and Management engagements on the direction and the posture of the Turnaround Strategy, the meeting held at the beginning of March 2023 resolved to refocus the NDA towards creating sustainable livelihoods in communities by using and tapping into already existing assets in communities. The Board further resolved to entrench the use of Social Enterprises as a channel to create value in communities.

Finally, the Board defined the Department of Social Development (DSD) in anthropomorphic terms, as a being that has two legs, one leg being the welfare leg (SASSA) and the other leg being the development leg (NDA). As such, in fulfilling the developmental aspirations of the DSD portfolio, the NDA will, as its strategic outcome, focus its targeted interventions on reduction of number of social grant beneficiaries and municipal indigents in order to reduce dependency on welfare interventions, and the resultant burden on government across the social protection floor.

The Board recognises that this ambitious target will require extensive collaboration with a number of stakeholders across government, the CSO community and the private sector.

To this end, the Board approved the NDA Stakeholder Partnership Framework which will, amongst others, define parameters for stakeholder engagement and resource mobilisation for funding of development interventions and social enterprenurial initiatives. The Board has further endorsed the District Development Model for coordination and provision of seamless community economic interventions by development partners led by the NDA.

The 2022/2023 financial year has been a torrid year for the NDA by any stretch of the imagination. I therefore want to congratulate the Management team of the NDA, particularly the acting CEO, Mr Magongo who navigated the NDA ship against all odds to achieve an unprecedented unqualified audit without findings. I recognise the fact that there were no significant internal control deficiencies in supply chain management, performance information and the financial statements. Performing demanding responsibilities of the accounting officer and the accounting authority at the same time, and still steering the agency to its first clean audit in recent years is no mean feat, and it is deserving of applause and commendation.

A special thank you goes to the Audit and Risk Committee led by Ms Fungai Mushohwe, who for three quarters of the financial year, provided much needed governance guidance to the NDA Management, in the absence of a statutory Board.

The NDA Board takes note of your sterling contribution in the review of performance information, the management accounts, information technology and riskManagement in the agency. It is these selfless efforts that have resulted in the overall improvement of the control environment within the agency and the ultimate attainment of the clean audit.



Ms. Nozabelo Ruth Bhengu
Accounting Authority

Date: 29 September 2023



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NDA Board 2022/23 – 2025/26

Ms Nozabelo Ruth Bhengu **Chairperson**

Ms Bhengu is a Development Practitioner 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; Chairperson of the National Development Agency Board (NDA) under the Department of Social Development in South Africa and a Steering Committee Member of the Silk Road NGO Cooperation Network Forum.



She understands policies and programmes designed to reduce poverty and uplift underdeveloped communities. She has 17 years' experience, as a former Member of Parliament, where 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.

In addition, she also has 15 years' experience as a member of the National Executive Committee of the African National Congress, where she is still serving in the Economic Transformation Committee. She strongly believes in the decolonisation of the mindset and the economy to address issues of inequality, uneven levels of development and poverty in South Africa.

Ms Bhengu is the developer of the Cooperatives Based Community Economic Development Model which gave birth to ICCED in 2016. As a development activist, she is able to train the trainers, participants and facilitate development projects.

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).



Mr Thembinkosi Matthews 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.



Mrs 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.



Ms Happy Ralinala
Board Member

Ms 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 Nomthandazo Lichie 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 of 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 audited by the Auditor-General. The Annual Report is complete, accurate, and free from any 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, the Annual Report fairly reflects the operations, performance information, human resources information and financial affairs of the entity for the financial year ended 31 March 2023.



Mr. Bongani Magongo
Acting Chief Executive Officer

29 September 2023

NDA EXCO



Mr Bongani Magongo
Acting Chief Executive



Ms Susan Khumalo
Chief Operations Officer



Ms Karen Muthen
Chief Financial Officer



Ms Hajra Mansour
Chief Audit Executive



Mr Simon Baloyi
Acting Executive:
Development
Management & Research



Ms Reekeletseng Hlapolosa
Executive: Corporate Services



Adv. Kesiamo Moloi
Acting Company Secretary

NDA PROVINCIAL MANAGERS



Mr Ardiel Soeker
Western Cape



Mr David Potlako Ntlatleng
North West



Ms Gillian Mahange
Limpopo



Ms Mapule Phora
Gauteng



Ms Yoliswa 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 premier 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, (Act No 108 of 1998), in November 1998 as amended, and reports to the Parliament of the Republic of South Africa through the Minister of Social Development. Its primary mandate is to contribute towards the eradication of poverty and its causes by granting funds to civil society organisations (CSOs) to:

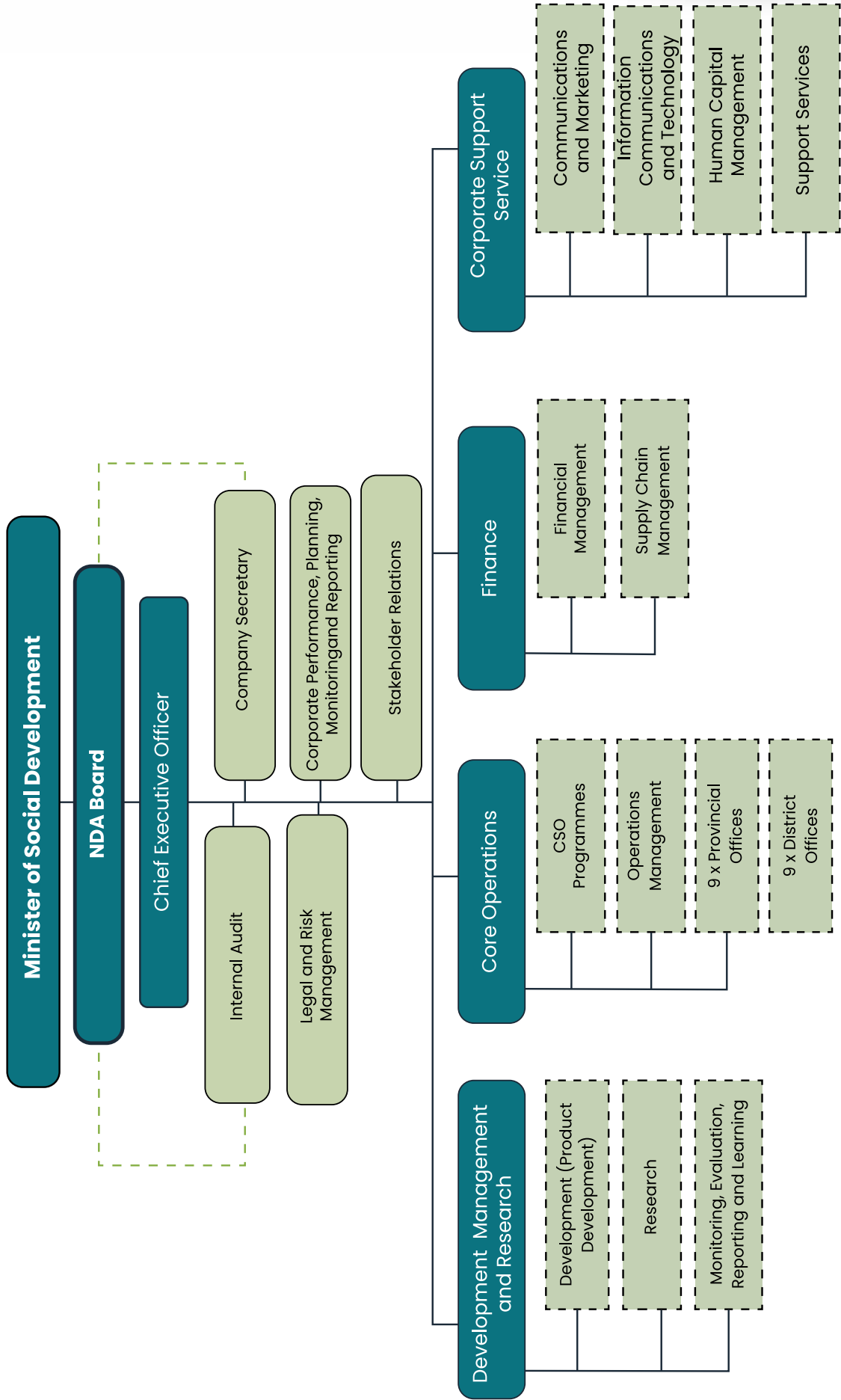
- Implement development projects in poor communities.
- Strengthen the institutional capacity of CSOs that provide services to poor communities.

The secondary mandate is to:

- a. Promote (i) consultation, dialogue, and sharing of development experience between CSOs and relevant organs of state, and (ii) debate on development policy; and
- b. Undertake research and publications aimed at providing the basis for development policy. The agency is required to implement programmes that respond to the following areas of responsibilities:
 1. The NDA must -
 - (a) 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.
- (a) Develop, conduct, and coordinate policy relevant to its objects referred to in section 3 of the NDA Act;
 - (b) Contribute towards building the capacity of CSOs to enable them to carry out development work effectively; and
 - (c) Create and maintain a database on CSOs, including, but not limited to, the scope and subject matter of their work and their geographical distribution, and share the information in that database with relevant organs of State and other stakeholders.
2. The NDA may –
 - (a) Grant money from its funds –
 - (i) in accordance with such criteria and procedures as the NDA determines; and
 - (ii) with due regard to the NDA’s primary object referred to in the NDA Act to any CSO for any project or programme that an organisation intends to
 - (b) Make recommendations with regard to legislation and policies directly or indirectly constraining effective development in the Republic.
 - (c) Exercise any power conferred by any other provision of this Act; and
 - (d) Generally, do everything which is necessary to achieve its objects referred to in Section 3 of the NDA Act
 3. 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.
 4. 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-
 - (a) 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; and
 - (b) in respect of each financial year of the organisation, a comprehensive, narrative report containing-
 - (i) an analysis of every project or programme in respect of which that grant is made and a description of all other activities of the organisation; and
 - (ii) an audited financial report not later than the date prescribed by regulation in terms of section 13 of the NDA Act.
 5. 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 have to incur in order to comply with subsection (4).

1.8 Organisational Structure



PART B

PERFORMANCE INFORMATION



2.1 Organisational Performance Overview

2.1.1 Service Delivery Environment

The NDA has consistently implemented the CSO Development Model, particularly in the areas of mobilisation, formalisation, and capacity-building of CSOs. A process of institutional needs assessments, underpinned by consultations and engagements with communities, preceded our mobilisation and formalisation efforts. The mobilisation programme provides the NDA with a platform to interface with CSOs and community structures at a local level. These organisations and structures are comprised of community members who are active in the implementation of poverty eradication initiatives. A CSO typically consists of five to 10 or more members and as such has the potential to expand the reach of a mobilisation programme within a community.

In the financial year under review, the NDA assessed CSOs to identify their support needs. The needs identified include registration, compliance with registration requirements, capacity for governance, funding, and access to markets for goods produced. Based on the results of the assessments, the NDA supported the CSOs by providing relevant capacity-building training, and grant funding, linking CSOs to other funders and markets, and assisting with the registration of unregistered CSOs with relevant authorities.

The NDA assisted CSOs to formalise their structures by way of instituting governance mechanisms and other institutional processes. Through this process, the NDA sought to assist such organisations to formally organise themselves to be able to qualify for support. The CSOs were assisted to develop constitutions and set up governance structures to be able to meet registration requirements. In many instances, the development practitioners incubated these organisations through processes such as opening bank accounts, making representations to local municipalities and traditional leaders to obtain land or premises from which to operate, and linking them to funding resources.

Furthermore, the NDA assisted CSOs in successfully registering with appropriate legislative authorities. The formal registration of these CSOs marked an important step towards access to resources and participation in the economy. CSOs were assisted to comply with registration provisions, either as non-profit organisations (NPOs) or Co-operatives. After the mobilisation and formalisation process, the NDA empowered the CSOs by building their capacity in the fulfillment of its primary mandate which requires the strengthening of the institutional capacity of CSOs that provide services to poor communities. A total of 3124 CSOs were trained in CSO-Management related programmes such as governance, financial Management, community development practice, and conflict Management. Each CSO was represented by at least two delegates. As a result, the NDA increased the capacity of civil society by impacting over 6000 leaders.

In fulfilling its mandate of mobilising resources and acting as a conduit for the disbursement of the same funds to CSOs, in the pursuance of their developmental aspirations, the NDA raised R103.5 million in the financial year under review. These resources were solely raised from the UIF. This collaboration with the UIF is aimed at supporting UIF beneficiaries in New Venture Creation (NVC).

The NDA has furthermore grant-funded 98 CSOs and enabled them to address poverty relief to the vulnerable and poor in our society. They have ensured that the NDA makes inroads in ridding society of the dire effects of poverty, especially in areas where these CSOs operate. The grant funding focuses on assisting CSOs with seed funding that enables them to provide services to communities. The funding specifically targets CSOs that do not meet the funding requirements of most funding institutions. NDA aims to unlock the potential of CSOs for more funding and increase their sustainability. As a result of the funding:

- Children within the Early Childhood Development Centres (ECDs) were able to access ECD services that meet the norms and standards of the sector. This increased their development prospects and provided an opportunity for caregivers to be involved in economic activities;
- Household food security has been improved through support to communal food gardens and small-holder farmers;
- Household income from the funded CSOs and Co-operatives involved in economic activities have been increased thereby increasing the asset base in their respective communities.

Through the grant funding programme and the volunteer programme, the NDA created 3 175 work opportunities. These work opportunities ensure that economically disadvantaged families have their quality of life improved through participation in the NDA supported community projects.

In fulfilling the mandate as per Section 4 of the NDA Act, 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 partnerships with other social partners to mobilise financial resources for the benefit of CSOs. The following partnerships were implemented during the financial year:

i. CARA Victim Empowerment Programme

The programme is funded through the Criminal Asset Recovery Account (CARA). The overall purpose of the programme is to identify, partner with and empower CSOs in the 9 provinces through grant funding. Over 300 CSOs that provide services to victims of crime and abuse have been funded. In addition to the grant funding, the CSOs have undergone a capacity building and mentoring programme aimed at enhancing their capacity to implement their programmes in communities and to ensure their sustainability beyond the NDA direct financial support. The funded CSOs are involved in the following programmes:

- Family strengthening and child development in order to reduce the likelihood of child abuse and neglect.

- Social crime prevention focusing on the structural drivers of gender-based violence.
- Social behaviour change programs focusing on boys and men.
- Welfare services focusing on social protection, maximization of human potential, and on fostering self-reliance and participation in decision-making.

ii. Volunteer Programme

The NDA implemented the volunteer programme in partnership with the Presidential Employment Stimulus Package (PES). The PES was established by the President in response to the devastating economic impact of the Covid-19 pandemic. It aimed to create jobs and strengthen livelihoods through supporting meaningful work while the labour market recovered. It also recognised the crisis as a moment of opportunity for change – for new ways of working, and new forms of innovation, in response to a crisis of unemployment that pre-dates the pandemic.

The programme provided work opportunities to volunteers, mainly women and young people. They were involved in functions that have enhanced their skills and capacity and increased their chances of full participation in sustainable economic activity, namely:

- Conducting household and community profiling in identified municipalities in support of the District Development Model approach;
- Conducting home visits as family finders in communities;
- Conducting pre-proposal groundwork with prospective CSOs requiring grant funding;
- Supporting the SASSA with the intake of the R350 Social Relief of Distress Grant, particularly in rural areas;
- Assisting with information dissemination and community education on services offered by the NDA, SASSA and DSD;
- Disseminating correct and relevant development information in local languages to build community awareness;
- Collecting data on poverty levels, support required and impact of projects on poverty eradication in communities.

iii. District Development Model

The NDA piloted the implementation of the District Development Model (DDM) in 10 Districts around the country. The DDM seeks to improve the integration of national, provincial, and local programmes. The NDA played a significant role in co-ordinating the different role players and bridging the gap between communities and all stakeholders that provide services at a local level. To this end the NDA has worked with stakeholders to develop viable programmes that contributed towards the finalisation of the District One Plan, integrating budgeting, planning, and implementation of service delivery programmes.

iv. Research and Evaluation

To contribute towards the realization of the secondary mandate, the NDA undertook three research studies and three evaluations. After that the NDA successfully hosted virtual dialogues which aimed to share the research findings and receive further inputs into the topical areas as researched by other stakeholders and institutions. The dialogues undertaken are captured hereunder, while the research and evaluation studies undertaken are presented further below:

A. Dialogues

The following dialogues were held by the NDA during the 2022/2023 financial year.

- The Role and Contribution of Co-operatives towards the South African Economic Reconstruction and Recovery plan
- The COVID-19 Responses to Food and Nutrition Security on Vulnerable Population Groups in South Africa
- Sustainable Food Value as a Pathway Out of Poverty - A Case for South Africa
- Exploratory Study on Skills Development Interventions in Strengthening the Institutional Capacity of CSOs
- Policy Disjuncture Between Economic Transformation and Job Creation in South Africa

B. Research Studies

1. Sustainable Food Value as a Pathway Out of Poverty - A Case for South Africa

This study builds on a novel conceptual approach that integrates the principles of agro-food value chains, sustainability dimensions, and civil society organisations. The qualitative interviews used exploratory questions to better understand the intersections of the dimensions of sustainability (economic, ecological, social, and institutional governance) and agro-food value chain segments.

While CSOs are present in all segments of agro-food value chains, those surveyed in this study are not all equally involved in farming, agro-processing, and food distribution. CSOs that mainly farm with crops and livestock make up slightly less than 42% of all study participants. In sharp contrast, CSOs that primarily process foods, including the preparation of cooked meals, form 64% of those surveyed.

The study was aimed at producing a body of information and evidence on how policies, strategies, and programmes can be used in addressing development and sustainable ways to strengthen the food value chain processes inclusive of CSOs. The following are the key findings and recommendations from the research study:

Findings

- When exploring CSOs that are active in at least two segments of the value chain, which commonly happens, it was revealed that distributing food and sharing Food and Nutrition Service (FNS) information were the most frequent ways in which they serve needy people.
- Ninety-five percent of the CSOs that produce and distribute food for the benefit of needy people rarely do so beyond the borders of their local municipalities.
- CSOs that prepare and distribute cooked food, the dominant value chain activity in this study, get their ingredients mainly from retailers and wholesalers.

- CSOs often struggle to sustain or upscale their food and nutrition services due to multiple obstacles.
- Funding obstacles remain decisive determinants of the economic sustainability of CSOs as their actual expenditures exceed the funds they receive from government and other private donors.
- Related to the funding problem is the lack of enough land for those who seek to expand their farming activities.
- Inadequate education/skills also hinder them from successfully applying for funding in instances where it is available.

Recommendations

- The government should strengthen institutional governance, particularly working on reducing corruption, and assist CSOs more effectively during crises that result in economic instability and rising prices. This will help to ensure that CSOs maintain or expand their work to cater for a potential increase in people who fall on hard times or find themselves with no income and/or food.
- The work of CSOs should be strengthened by providing them with the necessary and sufficient resources, particularly funding, upskilling their personnel, and creating a conducive environment for them to operate productively.
- Since the state is the main source of funding for the CSOs. Increasing state support is likely to have a major impact on CSOs' ability to perform. Assistance with performance monitoring and evaluation would help to provide evidence of returns on investment, which in turn could be used to secure more funding from both state and non-state actors.

2. Exploratory Study on Skills Development Interventions in Strengthening the Institutional Capacity of Civil Society Organisations (CSOs)

The research study was aimed at investigating the efficacy of the capacity-building programme in improving the institutional capacity of the CSOs. The capacity development programme focused on organizational development and compliance related to financial Management and institutional

governance. Three broadly clustered findings on the implementation of the capacity development programme are stated below:

Findings

- The practical delivery of quality training, manuals, and follow-up mentoring and support was found wanting. The quality of support was often said to be sacrificed for quantity. Additionally, the training offered was said to be generic and not targeted at the specific needs of the variety of CSOs. Moreover, it was indicated that the demand far outstrips supply and the NDA lacks financial resources to cover all the struggling CSOs.
- There was too much focus on compliance in the training. While many newly established CSOs need support to meet fiduciary responsibilities, and such training remains critical, there is a concern that top-down training is being used to control CSOs and that government compliance regulations ought to be suited to the capacities of CSOs.
- The training programmes were too generic and did not address the changing nature and context of CSOs, nor did they address the changing relationship between CSOs and the state.

Recommendations

- The DSD and the NDA should organise themselves to activate that level of support from the rest of government. A mapping exercise can identify avenues for capacity development that could include Sector Education and Training Authorities (SETAs), the National Skills Fund (NSF), development finance institutions, universities, Technical Vocational Education and Training (TVET) colleges, professional bodies, and research councils.
- The NDA could position itself to coordinate Corporate Social Investment (CSI) work with the private sector so that key development priorities receive coordinated effort. Such coordination would enable the NDA to equitably direct CSI funding to the relevant CSOs and South Africa's development priorities.

- The NDA could position itself as a partner to the sector to help shape an apex body for CSOs. Working through such an apex body would enable better coordination of programmes including pooling of resources, sourcing additional funding dedicated to building the capacity of smaller players, and driving campaigns for meaningful participation of communities in the economy to eradicate poverty.
- These considerations for positioning capacity development differently require the NDA to develop internal capacity to build networks, lobby, collaborate, and where required execute large complex projects. Working across government, the private sector and CSOs will require dedicated effort and a clear strategy so that no mixed signals are sent.

3. Policy Disjuncture Between Economic Transformation and Job Creation in South Africa

The aim of this research study was to understand the development, economic and transformation failures in job creation in South Africa. The study raised the following as the key findings:

Findings

- For economic policies to be effective, they need to be supported by effective implementation by the government through the intelligent crafting of performance plans as well as rigorous monitoring and evaluation. Achieving these two fundamental aspects of planning, monitoring and evaluation will encourage the investor community to support the country and businesses within the country, which will benefit the private sector, with civil society helping to ensure accountability.
- The research indicated that South Africa's progressive economic policies, in particular Broad-Based Black Economic Empowerment (B-BBEE), needs to be augmented with policies that elevate the attraction of investments to create jobs as the highest national priority for all organs of state.
- No job creation is possible without foreign and domestic direct investment, and vast

investments are required to reach National Development Plan (NDP) employment targets. Any incarnation of the Country Investment Strategy and Industry Master Plans represents a major step forward. The most important matter now is not their improvement but rather their implementation.

- South Africa needs a policy environment enabling a "United Civil Society Front" for CSOs to formally sit at the investment negotiating table with the government and the global investment community in implementing the Country's Investment Strategy and the various Industry Master Plans.

Recommendations

- Handing over power to citizens living in impoverished communities will help bridge the trust gap between impoverished communities and the private sector as well as between impoverished communities and the government. Both are essential for buy-in to the implementation of the Country Investment Strategy and various Industry Master Plans.
- Develop and maintain a central Job Creation Performance Model that indicates the impacts that different government processes have on investments, direct jobs, and indirect jobs respectively.
- Create a dedicated Impoverished Community Investment Committee under the umbrella of the Country Investment Strategy's Investment Fast Track Committee that specifically focuses on investments that will uplift specific impoverished communities.
- Formalise public-private investment models that allow impoverished community members to become equity partners with large private, institutional, and corporate investors using government supplied seed-capital in business ventures that leverage impoverished community assets such as land and water.
- Allow accredited CSO operated trusts that are exclusively mandated to provide services to specific impoverished communities to meet B-BBEE ownership requirements that are preventing otherwise viable investments that will employ impoverished communities.

Allocate a targeted percentage of government spending towards projects on the Impoverished Community Job Creation Projects Register. This will ensure a poor community specific view in the implementation of the Country Investment Strategy and Industry Master Plans.

C. Evaluations

1. Evaluation of Income-Generation projects funded by the National Development Agency from 2018 to 2020

The aim of the evaluation study was to assess the extent to which income-generation projects were able to support vulnerable communities during COVID-19. The following are the key findings and recommendations:

Findings

- There are livelihood benefits that have accrued to the project members, especially from the satisfaction of being able to go to work as opposed to the psychological effect of being unemployed and staying in one place during workdays.
- Some of the beneficiary organization's members also benefit from the projects through having food to feed their own families leading to positively impacting the lives of their families as well.
- Having a job also provides reduced vulnerability, especially for women who could be victims of Gender Based Violence (GBV) as a result of not having a job.
- In terms of economic benefits, the income does make a difference, especially given that these are people who were never employed before. Even though it is not enough, it can help to cover some of the basic needs. The nature of income generation projects is designed to generate income and make a profit, especially given that most of them are registered as co-operatives. In the case of the projects supported by NDA, it is in very few cases where profit has been generated.

Recommendations

- Target support for projects that have already demonstrated success rather than starting from scratch.
- To curb infightings among cooperative members; lobby and consider pre-incorporation training and intensify governance training.
- To curb project turnaround before approvals, consider different adjudications depending on the size of the grant.
- Partnerships with markets to ensure the selling of products and sustainability of CSOs.
- Encourage and incentivize youth participation and skilling in community projects. This can be done through partnerships with organisations targeted at youth such as the Youth Development Agency.
- Consider multiyear funding to cater to holistic project needs and improve sustainability.
- Assist projects to have their products comply with international standards in order to target exports.

2. Evaluation of the Criminal Asset Recovery Account (CARA) Fund to Gender-based Violence and Femicide (GBVF) implemented by the National Development Agency (NDA) through CSOs

The evaluation study was aimed at assessing the extent to which the contract between DSD and NDA was implemented. The following were the findings and recommendations:

Findings

- Delayed disbursements: While the North West and Northern Cape achieved 100% disbursements, Gauteng, Mpumalanga, Limpopo, and the KwaZulu-Natal still had upward of R1 million each left to disburse. The delay in disbursing the funding to CSOs was because of COVID-19 as the NDA was not able to conduct physical verification and due diligence of shortlisted CSOs, due to lockdown and social distancing measures.

- There was no formal monitoring and evaluation framework developed for the CARA programme. As such, in addition to not having the Theory of Change (which was developed as part of this evaluation), the programme also did not have a set of indicators (beyond activities), or targets (beyond activities), and did not formally assign roles and responsibilities for monitoring and evaluation.
- The indicators for the CARA programme were purely output-based (i.e. completion of activity and number of CSOs funded). The lack of outcome indicators for the NDA to report on has a downstream effect on the monitoring and evaluation requirements from CSOs, which were not aligned to specific indicators (each CSO specified their indicators and targets). This in turn limited the ability of the NDA to consolidate any outcome reporting beyond outputs quantitatively. Instead, all outcomes would need to be, and are, measured qualitatively at an individual CSO level.
- CSOs were generally happy with the support they received from the NDA, but some mentioned the need for further support around other non-financial topics, such as monitoring and evaluation (as this is a requirement from all funders, including the NDA).
- A review of the experience and expertise of VPK and Makhophila who were appointed service providers to provide coaching and mentorship to CSOs suggests that while they are accredited to provide training around governance, financial Management, and project Management, their profiles suggest that they have limited expertise or experience to give training on GBVF.

Recommendations

- The DSD as custodian of the CARA funding: The position of the DSD as the custodian of the CARA funding for Victim Empowerment Programme (VEP) and Emergency Response Action Plan (ERAP) should be absolute, irrespective of the implementing agency contracted to implement the programme. Further, this should be communicated clearly to all stakeholders involved at all levels of implementation and in the call for proposals.
- Establish collaborative relationships prior to the implementation of programmes: The DSD and the NDA are part of the same portfolio, working towards the achievement of the same objectives. Programmes such as the CARA programme should be designed, developed, and implemented as a collective, with collaboration and cooperation prioritised in all programme activities. This relationship should be well-defined and documented prior to the commencement of the programme to ensure accountability. This includes defining the roles and responsibilities of all stakeholders, across all levels, as well as signing MoUs and project charters to ensure that these are all commonly understood.
- Determine and define programme objectives at the design stage: The objective of the funding must be clarified and commonly understood by the DSD and implementing agency and should be the foundation upon which the programme design is built. Without understanding the pathways to the achievement of these objectives and the preconditions and assumptions that could potentially derail the programme (i.e. the Theory of Change), the programme design will never be appropriate. Note, that the Theory of Change developed for this evaluation can be updated as needed for future funding rounds. Furthermore, important aspects of the programme should be decided upfront at the design stage, such as the amount of funding to be awarded to each CSO (keeping in mind the trade-off between quantity and quality) and the mix of established and emerging CSOs, to ensure the appropriateness of the support provided (i.e. established and emerging CSOs require vastly different amounts of support). In addition, the definition of emerging and established CSOs should be clarified.
- Establish a monitoring and evaluation framework for the programme: Linked to the

recommendation above around determining programme objectives and establishing a programme Theory of Change, a monitoring and evaluation framework should be developed for the programme, with indicators and metrics that go beyond the completion of activities for monitoring and reporting purposes. If the intention is to help CSOs implement projects that will address GBVF objectives, then systems need to be in place to collect the data that will allow the measurement of such contribution. Where possible, the indicators should be aligned to the broader policy framework, such as VEP or ERAP, even if these are amended.

- Expand the reporting requirements for the programme: The reporting requirements for the programme should be expanded to ensure alignment with the monitoring and evaluation framework and to assess programme outcomes. Expanding the reporting tools used by the CSOs to include quantitative data will allow for the reporting of achievements against set targets and metrics (instead of abstract objectives). The reporting tool should include a common set of metrics to allow for comparison and consolidation across all funded CSOs while leaving room for the submission of qualitative information and narratives. This will support the measurement of outcomes and the contribution to GBVF objectives as mentioned above.
- Ensure the input and consultation of GBVF experts in the programme: Priority areas for GBVF should always be front of mind. While the high-level objectives may be specified in the Theory of Change, the on-the-ground needs and priorities for the GBVF sector must be factored into programme design and delivery. Doing this requires consultation with experts in the sector who have an up-to-date view of these priorities and can guide the programme implementer. Furthermore, technical experts should be engaged throughout programme implementation. This can be achieved by identifying all the points in programme implementation that could require technical expertise within the sector, and ensuring that there is representation from sector experts

on the panels, committees, and teams for such. This also includes the appointment of a mentor(s) to develop the capacity of emerging CSOs.

- Ensure clear and effective programme communication across all stakeholders: All communication around the programme should be both clear and timely, and undertaken for each level of stakeholder in a coordinated fashion to prevent misunderstanding and misinterpretations. This includes the CSOs, which should be kept updated on their application status, application success, programme delays, and the expected disbursement of funding tranches to ensure that they can plan effectively.
- Clarify important programme information in calls for proposals and at briefing sessions: Requests for Proposals should clearly define the programme objectives, funding limits, eligibility or selection criteria, and proposed timelines so that the CSOs are well-informed prior to preparing proposals. Further, the number of briefing sessions should be increased to expand geographical reach and prevent overcrowding. This can be done by offering virtual briefing sessions, which can also assist in overcoming high travel costs for CSOs. Adequate time for the preparation of proposals (time between the release of the RFP and submission date) should be allowed for applicants.
- Consult a broad range of stakeholders in designing the programme: A broad range of appropriate stakeholders should be consulted in the design or redesigning of the programme to ensure its appropriateness. Given the complexities of the sector and the fact that much of the knowledge sits within civil society, this may require partnerships. Implementing partners should also be consulted during this process to validate their understanding of the programme, and its design, and to secure their buy-in.
- Ensure that grants are disbursed as per agreement: Funding tranches should be disbursed as per the agreement with CSOs, especially when time sensitive. Delays in

disbursement affected the ability of CSOs to implement their programmes and ERAP funding was implemented after the programme period ended. This should be actively addressed in future funding rounds.

- Implement the mentorship component of the programme: The mentorship component of the programme should be implemented as planned to avoid undermining the implementation of projects by emerging CSOs and the achievement of outcomes.

3. Evaluation of Social Services projects funded by the National Development Agency

The aim of this evaluation study was to evaluate the extent to which the NDA funded social services projects were able to assist the vulnerable communities in creating economic and conducive living environments. The following were the findings and recommendations of the study:

Findings

- Project turnaround times: According to key informants, the current NDA approval is the same for both small and large grants.
- Access to markets: Currently, most social services projects sell their products to communities in which they are operating. The income they receive from such sales is not enough to sustain them.
- Multiyear funding: According to both key informants and social services projects, the current 12 months contract is not enough to provide for the needs of the projects. It would be prudent for NDA to consider multiyear funding in order to cater to holistic project needs and improve sustainability.
- Operational costs: The current NDA funding focuses mostly on equipment and tools, whereas organisations also need funding for operational costs.

- Accredited training: Most short courses offered by the NDA to social services projects are not accredited. Accredited training offers a high level of credibility. Trained individuals can also access other opportunities.

Recommendations

- NDA must establish a niche area in which the organisation will provide support to social services projects. The action requires a clear definition of the social services programme according to the NDA. This should also include the targeted social services projects and activities that will be supported in the future.
- Successful implementation of the social services programme in the future requires co-operation among several stakeholders. These include government departments; other government agencies; donors and the private sector. The purpose of the co-operation is to ensure proper coordination and development of concrete partnership agreements. The agreements will ensure that the CSO needs are holistically assessed and provided for. Interventions that will result from the established partnerships will include top-up funding, market access, and technical training.
- To ensure training offered by the NDA is beneficial to the CSOs and their members, there is a need for the agency to undergo the process of accreditation for the CSO training programme.
- There is a need for a review of the current NDA procedures regarding the social services programme. The review aims to initiate improvement of these procedures. These should include among others the following elements:
 - The application process
 - Turnaround times for adjudication
 - Qualifying criteria
 - Due diligence
 - Needs assessment
 - Exit strategies

2.1.2 Organisational Environment

i. Unqualified audit opinion for the 2022/2023 financial year

The overall audit outcome of the NDA for the 2022/2023 financial year is unqualified without findings. This reflects an improvement from the previous year's audit outcome, which was also unqualified, but with findings. In the prior year, the NDA had control deficiencies relating to the evaluation of bids that resulted in material non-compliance with supply chain Management prescripts. Internal control deficiencies in supply chain Management were identified in the current year, however, they were not material.

ii. Audit results

- The annual financial statements were submitted to the Auditor General South Africa (AGSA) for auditing on 31 May 2023.
- AGSA did not identify material misstatements in the financial statements submitted for auditing.
- AGSA did not identify significant internal control deficiencies in the financial statement preparation and related business processes.
- AGSA commended the Management of the NDA for maintaining a good control environment for financial reporting, and advised that it is also critical that Management regularly monitors the implementation of controls to maintain the 'unqualified opinion without findings'.

The NDA incurred a deficit of R23 844 645 in the current year, however, the deficit was funded by the prior year's surplus which was retained after approval was sought from the National Treasury to fund expenditure that was disclosed as commitments in the prior year.

Net cash flows from operating activities of R43 022 267 were negative in the current year due to expenditure that exceeded the revenue collected. The entity obtained approval from the National Treasury to retain prior year surplus funds of R53 028 335, which funded the negative cash flows. The NDA is thus not in an adverse financial position and remains a going concern. AGSA did not identify material non-compliance with legislation

on financial Management for reporting in the auditor's report.

iii. Organisational Performance

The year under review was characterised by slow performance in the first two quarters. There was however a marked improvement across all three programmes in the final two quarters of the year which resulted in an overall organisational performance achievement of 9 targets against a total of 12 which represents a total percentage performance of 75%. Despite the absence of a permanent CEO throughout the entire fiscal year and a Board vacancy for a substantial duration within the same period, this level of performance was successfully attained. All three targets were not achieved are in Programme 1:

- Information and Communications Technology (ICT) strategy and architecture aligned to NDA business model approved and implemented.
- A new organisational structure aligned to the NDA business model approved and implemented.
- Percentage (%) reduction of non-compliance resulting in Irregular, Fruitless and Wasteful (IFW) expenditure reported.

1. ICT Strategy and Organisational Structure

The non-achievement of the targets on the ICT Strategy and the Organisational Structure was necessarily occasioned by a delay in the finalisation of the turnaround strategy. The alignment to the turnaround strategy was so key that these two targets could not be prudently pursued outside the guidance and parameters of the yet to be finalised turnaround strategy. Extensive work of assessment of the ICT environment was however undertaken towards the development of the ICT strategy and architecture. This assessment was crucial in identifying current technology gaps and future technology requirements to respond adequately to the turnaround strategy. Both targets will be pursued in 2023/2024 financial after the finalisation and approval of the turnaround strategy by the Board.

2. Irregular Expenditure

In the previous financial year 2021/2022, the NDA had in its annual financial statement a total of about R175 million in irregular expenditure which dated back to the 2012/2013 financial year, of this amount a total of R98,8 million was condoned by the National Treasury in March 2022. This reduced the balance of these irregular expenditure contracts worth R 77,3 million remained in the annual financial statement of the NDA and carried over to the 2022/2023 financial year for processing and conclusion. During the financial year, inclusive of the current period, the Legal function of the NDA has processed Irregular, Fruitless, and Wasteful expenditure that dates back to 2013/2014 that were still appearing in the NDA financial statements.

The NDA Independent Loss Control Committee (LCC) since its appointment in July 2022, has processed and completed the determination test on 17 irregular expenditure contracts valued at R18.2 million and the reports thereto have been referred to Management for action. An additional two high-value contracts for implementing the New Venture Creation (NVC) programme that was funded by the UIF and the Volunteer Programme of the NDA valued at R50.3 million which were both referred for investigations are all at the consequence Management phase in the process, including referral to law enforcement agencies. Of these, a total of R15.0m worth of contracts are currently in the process of having condonation requests drafted for submission to the National Treasury. This is because all of these contracts were found to be in violation of National Treasury regulations.

On fruitless and wasteful expenditure reported by the financial Management function of the NDA, there are 15 officials cases of fruitless and wasteful expenditure the LCC has concluded and recommended disciplinary and recovery processes to be implemented against these officials. These fruitless and wasteful expenditures are recommended for recovery of R170,8 thousand. This money to be recovered involved incidents of missed flights, no-shows at hotels booked, traffic fines, late cancellations of venues

and accommodation, interest charges on late payments, and renovations in offices without authorisation. All these cases are currently being processed by the Human Resources function to recover the money and apply consequence Management to the officials identified and confirmed by the LCC.

iii. Human Resources

To optimise the organization's performance, most positions in the annual recruitment plan were successfully filled, ensuring the fulfillment of our mandate. The recruitment for the positions of CEO and Company Secretary, however, could not be filled and thus remained vacant by the end of the financial year.

In the year under review, the outcome of the skills audit which was conducted in the 2020/2021 financial year continued to be the focal point and the basis for training and development. This was to ensure that highly skilled human resources exist to deliver on the NDA mandate. Training interventions based on the skills audit were accordingly implemented for different employees in need.

The NDA strives to be a high performing organisation and for that to be achieved, a conducive working environment is necessary and must be created for NDA employees so that employees attain a work/life balance. To this end, the Employee Health and Wellness programme implemented a plan focusing on life skills workshops such as Resilience, Basic Counselling for Management, Physical and Mental health matters in an effort to equip employees to cope with the residual effects of the COVID-19 Pandemic. The programme continues to offer a 24/7, 365 psycho-social counselling portal to assist employees and their immediate families.

The journey towards cultivating a seamless Performance Management process continued in the year under review with the Implementation of the Performance Management Development System online system. This process started in the year 2021 and the uptake improved from the previous year. The year 2021/2022 was the first year the organisation was utilising the system for all the activities in the Performance Management cycle.

v. Information Technology

The ICT unit is responsible for providing a reliable and secure information and technology environment as well as systems that support the business of the organisation. The ICT unit conducted a survey to gather information on the ICT training needs and based on the outcome of the survey, ICT was able to analyse and develop an End-User training plan on applications and ICT Platforms. Over 90% of the NDA staff were trained on applications and ICT platforms to improve on adoption of technology. In the year under review, the focus of ICT was primarily on:

- Improving Information security by conducting vulnerability assessments and penetration testing to identify the gaps and strengthen the security controls.
- Digitising the operations and services to improve efficiency and ensure business continuity through cloud platforms.
- Increasing user adoption for digital transformation.
- Developing the ICT strategy and architecture aligned with the Turnaround strategy

The transition from Great Plains System to Dynamics 365 Business Central

Business Central System is a Microsoft Dynamics system that optimises as well as automates business processes, making them more supportive, effective, and efficient. The project was one of the initiatives that are contributing towards Digital Transformation within the NDA and it is hosted within the Azure platform which is a cloud space. This platform is less reliant on internal infrastructure and provides an advanced security interface.

Over 99% of the planned work had been achieved which included: process analysis, compilation of the functional requirements, the configuration of the platform, development of the system, master data clean-up, user acceptance testing, user training, and development of the SCM module. The system rollout was pending the commencement of the new fiscal year. Other modules that will form

part of the system in the 2023/2024 financial year are the Fixed Assets Verification and Contract Management modules.

ICT Cyber Security

The NDA experienced several ICT security attacks which prompted the organisation to initiate the process to review its ICT environment. A review of current ICT security policies against ISO27001 aimed at identifying the gaps and the cyber security strategy has been rolled over into the financial year 2023/2024. The following activities were however completed in the 2022/2023 financial year:

- Web application assessment;
- Infrastructure vulnerability assessment and penetration testing covering social engineering exercise;
- Wireless network security assessment;
- Firewall configuration review;
- Physical security assessment;
- Internal infrastructure vulnerability assessment; and
- Mobile application assessment.

v.i Marketing

The NDA used different communication platforms and tools to communicate with both internal and external stakeholders. These ranged from digital media platforms, publications, mainstream media, and events to promote the NDA brand awareness amongst its key stakeholders and also to keep stakeholders informed of developments within the organisation. NDA information was shared with stakeholders through 20 external events, 26 updates on the website, 34 bulletins (this includes the annual report and the annual performance plan), and on social media platforms that yielded over 200, 000 engagements and reach. Free publicity was generated for the organisation through profiling NDA funded programmes and projects, as well as responding to issues that were affecting the organisation at the time. This was supplemented with paid-for publicity to the value of R200 000.

The NDA participated in several ministerial programmes ranging from oversight visits to NDA-funded projects and community outreach events. These engagements ranged from NDA funded projects such as Silokotho in Pinetown, KwaZulu-Natal, and Mfesane in the Western Cape which focused on job creation for the youth, and the Ministerial Outreach to Lavender Hill in the Western Cape during the International for Substance Abuse and Illicit Trafficking Commemoration in June 2022 held at Lavender Hill High School Hall.

The Ministerial Outreach touched not only on issues of substance abuse, gangsterism, unemployment, and poverty but also touched on issues of teenage pregnancy and school dropouts. The focus on teenage pregnancies was to make young people aware of their sexual and reproductive rights and address risky behaviour which, in the end, keeps teenagers trapped in the cycle of poverty.

The NDA further participated in the following events:

- Eastern Cape food handover in August 2022 in Flagstaff, in the OR Tambo District Municipality to address the children's malnutrition in partnership with Hopewell World Wide, the Catholic Development Centre, and Eastern Cape government representatives; and
- The facilitation of the SARS Mobile Tax Unit to rural Postmasburg in the Northern Cape as part of capacitating CSOs by the NDA provincial office, in partnership with Anglo American's Kolomena mine and the Tsantsabane Local Municipality.

The NDA, as part of the Presidency's task team, played an important role in the Presidential Social Sector Summit held in August 2022 at Boksburg in Gauteng. This was a two-day session that deliberated on the outcomes of provincial sessions and the way forward in drafting a charter signed by the President. The highlight of the event was the signing of the Presidential Social Sector Summit charter.

The NDA organised the commemoration of International Day for Poverty Eradication in Cedarville in the Alfred Nzo District Municipality. The event brought together many government stakeholders who assisted the community of Cedarville to register for identity documents and birth certificates, address malnutrition as well as to sensitise all stakeholders about the need to come up with solutions aimed at assisting that community to be linked to economic means for sustainable livelihoods.

Employee engagements

Employees are ambassadors of any organisation and it is therefore important that they are kept informed of organisational performance, their benefits, and responsibilities to the organisation. To this extent, 12 employee engagements were executed, ranging from organisational strategy, annual performance plan, quarterly reports, policies, etc. These efforts ensured that employees were kept abreast of key developments in the organisation.

vii. Finance

Migration of the financial system from Great Plains to Business Central

The NDA awarded a digitisation tender in February 2022 for the migration of the financial system from Great Plains to Microsoft Dynamics 365 Business Central, in efforts to improve financial Management against the approved budget, analysis and reporting, the ERP system, Management of fixed assets, integration of the travel Management system with the financial system and implementation of an automated contract Management system. Implementation of the system began in May 2022, with an environmental assessment and training of key finance and SCM system users, on the standardised Business Central functionality, which was finalised in September 2022.

Business analysis workshops were subsequently held during September and October 2022, and Functional Requirements Documents were developed and approved for the automation and customisation of important financial business processes on Business Central, such as:

- Automation of the supplier contract register
- Automation of the CSO contract register (grant funding)
- Automation of Fixed Asset Management
- Lease smoothing calculations for year-end reporting
- Payroll import and integration with Sage VIP
- Development of the Travel Portal and integration with Business Central.

The implementation of the Business Central financial system is expected to bring about long-awaited improvements in the Management of travel expenditure against the budget, the effective Management of the duration of supplier contracts, implementation of fixed asset bar-code scanning in the asset Management module to aid asset verification, as well as improved financial analysis and reporting. The financial control environment and Management review and reporting processes are thus expected to be significantly enhanced over the future financial years.

Budget and expenditure Management

Throughout the 2022/2023 financial year, monthly Management reporting on actual year to date expenditure against the approved budget was presented by finance, and approved monthly by the executive committee, and quarterly by the Board, thus communicating budget utilisation regularly to ensure effective budget Management by executives and business managers who were additionally supplied with weekly automated financial reports from the finance system, reporting spend to date against the business unit budget. Additionally, the finance unit continued to provide financial Management assurance on the financial implications of approximately 150 business unit requests to the accounting officer over the financial year, as well as assessment of

grant funding applications through participation in the various Management committees.

Following the 2021/2022 Surplus Declaration process, the National Treasury requested the NDA to return R18,1 million of unspent funds to the fiscus. It should be noted that approval was however granted to retain R53 million in 2021/2022 surplus funds to provide for expenditure already committed in that year.

The mid-year budget reprioritisation was undertaken to reallocate funding towards certain pressure points. Following approval by the Interim Accounting Authority, regular monthly reporting commenced against the 2022/2023 reprioritised budget which culminated in the 2022/2023 Annual Financial Statements reconciliation between the initial approved budget, the reprioritised budget, and actual expenditure outcomes for the year.

The 2023/2024 budget preparation and refinement culminated in the submission of the NDA's Estimates of National Expenditure (ENE) for the 2023-2026 MTEF period. The ENE financial information and budget narrative for 2023/2024 FY were duly finalised accordingly, which subsequently culminated in the finalisation and communication of the 2023/2024 appropriation by the National Treasury in February 2023. Due care was taken to align the 2023/2024 MTEF Budget to the Annual Performance Plan, and both were approved by the Board on 31 January 2023. Additionally, the 2023/2024 Procurement Plan was developed by the SCM unit incorporating submissions from business units, aligned with their operational plans, and approved by the Board by the end of March 2023.

The newly developed travel Management portal, integrated with the business central financial system, will go a long way in enabling proper Management and utilisation of the travel budget and prevention of overspending on budget allocations per cost centre.

Additionally, in alignment with an executive committee decision taken in the 2020/2021 financial year, and as per the cost-saving initiatives proposed to the National Treasury during budget approval, the size of provincial office space has been consistently reduced, over the tenders for office space issued during the 2021/2022 financial year, which were implemented in the 2022/2023 financial year, in order to save costs on the administrative operational budget.

Throughout the financial year, finance and supply chain units continued to identify, assess, record, report, and refer irregular fruitless, and wasteful expenditure, on a monthly and quarterly basis to the accounting officer and the various governance committees. Through the stringent compliance assurance employed by supply chain and finance Management, irregular expenditure decreased by 52% year-on-year from R701,0 thousand (32 transactions) in the 2021/2022 financial year, to R335,3 thousand (five transactions) in the 2022/2023 financial year. Finance payment controls have been further improved to include such checks and assessments, including the verification of banking details via the NDA's banking service provider, to mitigate fraudulent supplier payments.

Furthermore, towards the end of the financial year, the finance unit revised the Finance Policy and Debt Management Policy which are currently under consideration following Management consultation. The SCM unit similarly revised the Supply Chain Management policy which incorporates new preferential procurement provisions. The policy was approved by the Board on 31 January 2023, subsequent to which SCM staff were duly trained on the revised procedures, the new preferential procurement provisions, and other provisions contained in the approved policy

viii. Supply Chain and Asset Management

In efforts to address the 2021/2022 AGSA audit findings and to prevent non-compliance, the NDA

streamlined SCM processes during the financial year and implemented improved Management review and quality assurance controls. In addition to that, a supply chain quality assurance document was developed to ensure the validity and accuracy of various SCM processes as well as to mitigate any potential gaps. Our tender and quotation processes were improved with mandatory Management reviews at every critical stage. The implementation of all these revised procedures has resulted in improved audit outcomes for the 2022/2023 financial year, as there were no material findings in the area of supply chain Management.

Six amendments to the 2022/2023 Procurement Plan were submitted to National Treasury during the financial year. Twelve procurement transactions were completed through tender processes, and one tender was adjudicated and cancelled after the financial year end:

- Mentorship and coaching of CARA CSOs – May 2022
- PPE for volunteers on the Volunteer Programme – July 2022
- Mentorship and coaching of CARA CSOs (NC, KZN, FS) – September 2022
- Research study – the role of CSOs as peacemakers during civil unrest – November 2022;
- Cyber Security assessment – December 2022;
- Research study – How does lack of jobs and income streams affect SA Youth – January 2023;
- Microsoft Software Licences – January 2023;
- Research study – Relationship between National Skills Development Strategy and NGO service delivery – March 2023;
- Provincial Office Space – Northern Cape – March 2023;
- Employee wellness services – March 2023;
- Supply and Delivery of 40 laptops – March 2023;
- Supply and Delivery of 30 laptops and 15 desktops – awarded in May 2023;
- Replacement of IT Fortinet Firewalls – cancelled in July 2023, due to an inadequate specification from the user department that resulted in compliance challenges.

During the financial year, 343 purchase orders were issued to the value of R10,8 million, and 23 appointment letters for procurement to the value of R15,7 million were issued either through the Quotations Committee or Bid Committee processes. In relation to preferential procurement, the total procurement spend awarded during the financial year of R26,5 million:

- R23,4 million (88,1%) was spent on B-BBEE Level 1 entities;
- R1,2 million (4,7%) was spent on B-BBEE Level 2 entities;
- R14,4 million (54,2%) was spent on EME's (emerging micro-enterprises);
- R3,2 million (12,1%) was spent on QSE's (qualifying small enterprises);
- R7,8 million (29,4%) was spent on youth-owned enterprises;
- R8,3 million (31,5%) was spent on women-owned enterprises;
- R20,5 million (77,4%) was spent on black-owned enterprises; and
- R1,9 million (7,4%) was spent on enterprises located in townships.

The mid-term asset verification was executed during October and November 2022, and the 2022/2023 mid-term asset verification and disposal reports were approved in February 2023. The 2022/2023 year-end asset verification was completed by 31 March 2023, and the 2022/2023 verification, reconciliation, and disposal reports were subsequently approved and submitted to the AGSA for auditing. There were no material findings on asset Management during the 2022/2023 audit by AGSA.

ix. Organisational Performance Challenges

The NDA was beset by a number of challenges in the 2022/2023 financial year, chief of which was the governance gap occasioned by a lack of a Board and a permanent CEO. This phenomenon resulted in the acting CEO assuming the accounting authority responsibilities in addition to the accounting officer responsibilities legislatively conferred to him by the PFMA, an unenviable task that required thorough checks and balances to avoid conflating these key responsibilities which naturally feed into each other.

Another key challenge was the cyber-attacks that affected the Great Plains financial system, the Travel business portal as well and the procurement portal. These cyber-attacks were disruptive to the extent that the Travel Business portal was damaged beyond repair. The SCM processes and Management of travel spend were also affected negatively.

Lastly, there were human resource shortages in some parts of the organisation which resulted in over-stretching the current workforce beyond their primary responsibilities. Efforts were made to supplement the current workforce with temporary staff to ease the burden of extreme work pressure. It is anticipated that through the implementation of the new organisational structure in the forthcoming financial year, the NDA will attend carefully to this anomaly to ensure sufficient allocation of personnel within its budget means.

2.2 Key Policy Developments and Legislative Changes

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

2.3 Strategic Outcome-Oriented Goals

The NDA has endorsed the following outcomes over the Medium-Term Strategic Framework:

OUTCOME	OUTCOME INDICATOR	FIVE-YEAR TARGET
Good Governance	Effective systems in place to achieve good governance	Unqualified audit without findings
	Amendment of the NDA Act	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	Strategically position and embed capacity building model for South Africa
	Fund strategic poverty eradication initiatives	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

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 organization to pursue the goals and objectives as articulated in the Strategic Plan of the organization.

The Human Resources function provides integrated human capital Management and administration. Human Resource Management and Development, as a function, has evolved from a transaction orientated to a strategic function that enables the business to achieve its strategic objectives. In institutionalizing this strategic 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;
- Maintenance of financial records;
- Management and safeguarding of organization's resources;
- Exercise of sound budgetary practices and policies, co-ordination and Management of organizational budget processes;
- 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 operational and strategic 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.



i. Programme 1 – Outcomes, Outputs, Output Indicators, Targets, and Actual Achievements

Outcome	Output	Output indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Performance 2022/2023	Actual Performance 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for variance
Good Governance	Irregular, fruitless, and wasteful expenditure report	Percentage (%) reduction of non-compliance resulting in Irregular, Fruitless and Wasteful (IFW) expenditure reported	0%	56.30%	80%	0%	The deviation from the planned target is 80%. This KPI could not be achieved. However, a total of R65 235 528.28 which represents 82.8% of the total Irregular, Fruitless and Wasteful expenditure of R 78,752,277.99 is in the process of finalisation towards request for condonation.	The annual target was not met due to the lengthy processes of consequence Management and investigations required by IFW frameworks to meet the requirements for condonation and removal of IFW expenditure.
	ICT Strategy and Architecture	ICT strategy and architecture aligned to NDA business model approved and implemented	New indicator	New indicator	Approval and implementation of ICT strategy and architecture aligned to NDA Business Model	The target was not achieved	The target was not achieved. The Service Provider was appointed and could only develop the AS-IS assessment of the current NDA ICT Architecture.	The To-Be ICT architecture could not be developed due to the need to align it to the Turnaround Strategy which was delayed due to extensive consultation by Management.

i. Programme 1 – Outcomes, Outputs, Output Indicators, Targets, and Actual Achievements (continued)

Outcome	Output	Output indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Performance 2022/2023	Actual Performance 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for variance
Good Governance	Revised organisational structure	A new organisational structure aligned to the NDA business model approved and implemented	New indicator	New Indicator	Approval and implementation of new organisational structure aligned to the NDA business model	The target was not achieved	The target was not achieved. The achievement against this KPI was limited to the development of the Terms of Reference, which could not be further engaged as the TOR could not precede the approval of the Turnaround Strategy.	The New Organisational Structure was not developed due to the need to align it to the Turnaround Strategy which was delayed due to extensive consultation undertaken by Management.
Establishing effective public-private partnership modalities to effect development goals	NDA Partnership Model	NDA Strategic Partnership Model aligned to NDA business model approved	New indicator	New Indicator	Approval of NDA Strategic Partnership Model aligned to NDA business model	The NDA Strategic Partnership Model aligned to the NDA business model was approved by the Board	No deviation from the planned target	None

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 Premier Development Agency in the country. This programme focuses on creating effective poverty eradication impact through utilising pertinent mechanisms and channels of poverty eradication, including but not limited to the support of CSOs. The Programme provides a comprehensive package that is aimed at developing CSOs to their full potential to ensure that CSOs, 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 resources mobilisation component of this sub-programme aims at mobilising 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 co-ordinated and implemented in the Districts.



i. Programme 2 – Outcomes, Outputs, Output Indicators, Targets, and Actual Achievements

Outcome	Output	Output indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Performance 2022/2023	Actual Performance 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for variance
Sustainable CSOs that provide development services to deprived communities and demographics	Resources Mobilised	Rand value of resources raised from NDA partnerships to fund CSO development interventions	R15,7m	R54,5m	R35m raised from NDA partnerships	R103 555 421.88	R68 555 421,88	The NDA managed to finalise the partnership with UIF on the implementation of the NVC programme for UIF beneficiaries.
	Increased work opportunities created as a result of CSO development interventions	Number of work opportunities created as a result of CSO development interventions	2049	750	3,000 work opportunities created	3175 work opportunities created	175 more work opportunities created	The implementation of the second phase of CARA has resulted in more work opportunities created.
	Empowered CSOs that are able to address poverty	Number of CSOs capacitated to strengthen their institutional capacity	1114	2 558	2, 000 CSOs capacitated	3124 CSOs capacitated	1124 more CSOs capacitated	The NDA at the provincial level partnered with other stakeholders such as DSD and Hope World Wide SA who requested the NDA to provide capacity building to their funded NPOs.
		Percentage disbursement of funds for grant funding	100%	98%	95% of funds disbursed	107% of funds disbursed	12%	The Programme managed to mobilise and support more CSOs in need of funding post the Covid-19 pandemic which had a negative effect on CSO's finances.

i. Programme 2 – Outcomes, Outputs, Output Indicators, Targets, and Actual Achievements (continued)

Outcome	Output	Output indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Performance 2022/2023	Actual Performance 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for variance
Sustainable CSOs that provide development services to deprived communities and demographics	Pilot Report	Reviewed CSO development interventions piloted in one district per province aligned to the District Development Model	New Indicator	New Indicator	Piloting reviewed CSO development interventions in one district per province in line with the District Development Model	The pilot was undertaken in 10 districts in nine provinces	1	The target was exceeded following the Presidential Imbizo being undertaken in Sedibeng District Municipality when the NDA had already started the pilot in West Rand District Municipality.

2.4.3 Programme 3 – Research: Performance information

The Research programme of the NDA is assigned the responsibilities of implementing the secondary mandate of the National Development Agency Act, No. 108 of 1988, (as amended), found in Section 2 (a) and (b) of the Act which states: -

Section(2) The secondary objects of the NDA are:

(a:) to promote-

- (i) consultation, dialogue, and sharing of development experience between civil society organisations and relevant organs of state; and
- (ii) debate on development policy; and

(b) to undertake research and publication aimed at providing the basis for development policy.

In order to fulfil the secondary objects of the NDA, the NDA structured the delivery of this mandate into two programmatic areas: which are the research function and the monitoring and evaluation function. The primary focus of the research function is to conduct research that informs development policy and creates platforms for debate and sharing of experience. The monitoring and evaluation serve a dual purpose of producing evaluative experiences that can be shared with the civil society sector and the state organs on effective implementation of development programmes by CSOs funded by the NDA, and providing functional and sound monitoring and evaluation systems to ensure accurate, reliable and valid reporting.



i. Programme 3 – Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	Output	Output indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Performance 2022/2023	Actual Performance 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for variance
Influencing development policy through thought leadership	Research publications	Number of re-search publications undertaken to provide a basis for development policy	5 Research publications	3 Research publications	3 Research publications	3 Research publications Produced	3 Research publications were undertaken to provide a basis for development policy	None
	Evaluation reports	Number of evaluations conducted to inform programme design and implementation	3 Evaluation reports	3 Evaluations	3 Evaluations	3 Evaluations	3 Evaluations were conducted to inform programme design and implementation	None
	Dialogue reports	Number of dialogues held with external stakeholders to inform development policy	5 Dialogues	5 Dialogues	5 Dialogues	5 Dialogues	5 Dialogues held with external stakeholders to inform development policy	None

2.4.4 Strategy to overcome areas of under performance

The IFW target has been included in the 2023/2024 APP, it has however been crafted such that it accurately reflects the work of the NDA, not work that falls outside the sphere of what NDA is responsible for. It is limited to submitting IFW cases to the National Treasury for condonation. The work required for submission of IFW cases has already begun in earnest for the 2023/2023 financial year. The targets for the development of the ICT strategy and organisational structure will commence in the 2023/2024 financial year. The turnaround strategy was approved in July 2023 which gives way for work to commence towards carrying out implementation of these outstanding deliverables.

2.4.5 Changes to planned targets

There were no changes to planned targets in the year under review.

2.5 Irregular Expenditure

Reconciliation of irregular expenditure

Description	2022/2023	2021/2022	2020/2021
	R'000	R'000	R'000
Opening balance	77 343 232,00	175 409 910,00	145 938 150,00
Prior Period Errors			-
As Restated	77 343 232,00	175 409 910,00	145 938 150,00
Add: Irregular expenditure confirmed	335 273,02	701 014,00	29 471 760,00
Less: Irregular expenditure condoned	-	98 752 995,00	-
Less: Irregular expenditure not condoned and removed	-	-	-
Less: Irregular expenditure recoverable	-	14 697,00	-
Less: Irregular expenditure not recovered and written off	-	-	-
Closing balance	77 678 505,02	77 343 232,00	175 409 910,00

Reconciling notes to the annual financial statement disclosure

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure that was under assessment in 2021/2022	-	77 343 232,00
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	-
Irregular expenditure for the current year	335 273,02	-
Total	335 273,02	77 343 232,00

Determination test was completed in respect of R335 273,02 Irregular Expenditure. The Loss Control Committee did not recommended 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	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	335 273,02	54 080 482,00
Irregular expenditure under investigation	-	23 262 750,00
Total	335 273,02	77 343 232,00

Details of current and previous year irregular expenditure condoned

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure condoned	-	98 752 995,00
Total	-	98 752 995,00

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

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure NOT condoned and removed	-	-
Total	-	-

Details of current and previous year irregular expenditure recoverable

	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure recovered	-	14 697,00
Total	-	14 697,00

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

	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure recovered	-	-
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)

	2022/2023	2021/2022
	R'000	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 irregular expenditure

	2022/2023	2021/2022
	R'000	R'000
	-	-
	-	-
	-	-
Total	-	-

2.6 Fruitless and Wasteful Expenditure

Reconciliation of fruitless and wasteful expenditure

Description	2022/2023	2021/2022	2020/2021
	R'000	R'000	R'000
Opening balance	R 1 229 203	R 1 236 256	R 1 230 856
Prior Period Errors			
As Restated			
Add: Fruitless and wasteful expenditure confirmed	R 258 821	R 4 329	R 6 664
Less: Fruitless and wasteful expenditure condoned			
Less: Fruitless and wasteful expenditure not condoned and removed			
Less: Fruitless and wasteful expenditure recoverable		R 11 382	(R 1 264)
Less: Fruitless and wasteful expenditure not recovered and written off			
Closing balance	R 1 488 024	R 1 229 203	R 1 236 256

Reconciling notes to the annual financial statement disclosure

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2021/2022	R 1 229 203	R 1 236 256
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23		
Fruitless and wasteful expenditure for the current year	R 258 821	R 4 329
Total	R 1 488 024	R 1 240 585

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

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure under assessment		
Fruitless and wasteful expenditure under determination		R 1 229 203
Fruitless and wasteful expenditure under investigation		
Total		R 1 229 203

Details of current and previous year fruitless and wasteful expenditure condoned

	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure condoned	-	-
Total	-	-

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

	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure NOT condoned and removed	-	-
Total	-	-

Details of current and previous year fruitless and wasteful expenditure recoverable

	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure recovered	-	-
Total	-	-

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

	2022/2023	2021/2022
	R'000	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)

	2022/2023	2021/2022
	R'000	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 expenditure

	2022/2023	2021/2022
	R'000	R'000
	-	-
	-	-
Total	-	-

2.7 Linking performance with budgets

Programme Name	2022/2023			2021/2022		
	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	120,748	113,827	6,921	123 719	106 219	17 500
CSO Development	143,823	135,302	8,521	138 740	116 007	22 733
Research and Development	13,225	9,306	3,919	10 987	7 496	3 491
	277,796	258,435	19,361	273 446	229 722	43 724

2.8 Revenue Collection

Revenue item	2022/2023			2021/2022		
	Final Budget (R'000)	Actual Receipt (R'000)	Under/ (Over) receipt (R'000)	Final Budget (R'000)	Actual Receipt (R'000)	Under/ (Over) receipt (R'000)
Transfer from National Treasury	219,274	219,274	0	245,970	245,970	0
Other grants, third party funds and donations	0	12,119	(12,119)	0	24,833	(24,833)
Rollover of surplus funds	53,028	0	53,028	22,903	0	22,903
Other Income	719	881	(162)	2,020	1,600	420
Interest received	4,775	5,783	(1,008)	2,553	2,708	(155)
Project recoveries				0	0,5	(0,5)
	277,796	238,057	39,739	273,446	275,111	(1,665)

2.9 Capital Investment

The NDA invested R3,8 million on capital assets during the financial year, with R1,5 million spent on computer equipment, R439 thousand on office equipment, R1,2 million on the financial system development and customisation, and R643 thousand on the completion of outstanding modules relating to the CSO Database and Information Management System.



2.10 B-BBEE Compliance Performance Information

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE 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.

2.10.1 B-BBEE Performance

The B-BBEE verification was performed in accordance with Gazette number 38766 Amended DTI Specialised Generic Scorecard. The NDA was found to be a non-compliant contributor with a 0% B-BBEE procurement recognition level. The financial period measured was 31 March 2023. The NDA scored 12,92 points against a total of 75 points in Supplier and Enterprise Development and Skills Development due to limited expenditure on these elements. The NDA realised significant points totaling 20,47 against a total of 25 points in Management Control and Socio-Economic Development elements. The NDA remains a non-compliant contributor with a B-BBEE Procurement Recognition Level of 0%.

PART C REPORT ON GOVERNANCE



Accountability



Transparency



Responsibility



Fairness



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 as amended (PFMA). 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 that is appointed by the minister in terms of Section 5 of the NDA Act and reports to the DSD 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 to the King IV Report on Principles of Corporate Governance.

The term of the previous Board's came to an end on the 30th of June 2021. The Minister, through 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 Board members recommended for appointment. The minister duly appointed a permanent Board in December 2022 for a three-year period.

3.2 Portfolio/Select Committees

As a National Public Entity of the DSD, 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 has 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 DSD 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. The Board further submits performance and financial information results every quarter. The following reports have been submitted to the Executive Authority:

2022/2023	Documents Submitted	Due Date for submission	Date submitted by the NDA	Status
Quarter 1	Quarterly Performance Report	31 July 2022	31 July 2022	Approved
Quarter 2	Annual Report 2020/2021	30 September 2022	30 September 2022	Approved
	Quarterly Performance Report	31 October 2022	31 October 2022	Approved
Quarter 3	Quarterly Performance Report	31 January 2022	31 January 2022	Approved
Quarter 4	Quarterly Performance Report	30 April 2023	30 April 2023	Approved

3.4 Accounting Authority

The Board is the accounting authority of the NDA. It is appointed by the Minister of the DSD in terms of Section 5 of the National Development Act, 1998 as amended. The Board adheres to the provisions of the PFMA and fiduciary duties towards the NDA as stipulated in Section 50.

The Board exercises the duty of utmost care to ensure reasonable protection of the assets and records of the public entity; act with fidelity, honesty, integrity, and in the best interests of the public entity in managing the financial affairs of the public entity; on request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the executive authority or that legislature; and seek, within the sphere of influence of that accounting authority, to prevent any prejudice to the financial interests of the state.

Furthermore, 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

The role of the Board/accounting authority is as follows:

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.

3.4.1 Board Charter

During the period under review, the Board developed and reviewed its Board Charter to align its principles of corporate governance as outlined in the King Report Vol IV. The Charter serves as a code of conduct for the Board and governs the members, committees, meetings, and overall responsibilities and powers of the Board of the NDA. The Board continued to implement and apply the approved Board Charter and Terms of Reference of Committees.

3.4.2 Composition of the Board

As indicated above, the Board served with just nine members of the required eleven members. This was due to a resignation and a declined appointment by two members due to deployment in other positions within the public and/or private sector. In addition to the above, the Board has two independent members appointed in terms of the PFMA to constitute the Audit and Risk Committee. A third member of the Audit and Risk Committee was seconded from the DSD during the interim period when the NDA did not have a permanent Board for the composition of an effective and functional committee.

The composition of the Board and Board committees enhanced proper oversight and assurance of the quarterly and annual reports of the NDA. The Board has been able to continue with its function and role towards the NDA immediately after its appointment despite the reduction of Board membership which comprises nine members in comparison with the eleven members prescribed by the NDA Act.

The Board has in the meantime advised the minister on the vacant positions of two Board members of the NDA and the department is in the process of finalising the recruitment process to replace the two Board members of the NDA.

3.4.3 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.



The Board served with just nine members of the required eleven members. This was due to a resignation and a declined appointment by two members due to deployment in other positions.

Name of Committee	No. of meetings	Committee Members
Management and Programmes		Ms. Nozabelo Ruth Bhengu Chief Livhuwani Matsila Dr. Olwethu Sipuka Ms. Happy Ralinala Mr. Mojalefa Mohoto Ms. Nomtandazo Moyo
Audit and Risk		Ms. Fungai Mushohwe Mr. Mochele Noge Ms. Tanya Smith Ms. Happy Ralinala Mr. Pieter Pretorius Mr. Alfred Mudau*
Human Resources and Remuneration		Dr. Olwethu Sipuka Ms. Sibongile Mncwabe Mr. Thembinkosi Josopu Ms. Happy Ralinala Mr. Pieter Pretorius
Social and Ethics		Ms. Tanya Smith Ms. Nozabelo Ruth Bhengu Ms. Nomtandazo Moyo Mr. Thembinkosi Josopu Ms. Sibongile Mncwabe

*Seconded to the Audit and Risk Committee until the appointment of the Board on 3 December 2022.

3.4.4 Remuneration of Board members

Name of Member	Board fees	Other Expenses (claims/allowances/reimbursements)	Total
Ms. Nozabelo Ruth Bhengu	R 140 062	-	R 140 062
Chief Livhuwani Matsila	R 96 138	-	R 96 138
Ms. Happy Ralinala	R 80 100	-	R 80 100
Dr. Olwethu Sipuka	R 86 869	-	R 86 869
Ms. Tanya Smith	R 96 120	-	R 96 120
Mr. Thembinkosi Josopu	R 72 090	-	R 72 090
Ms. Fungai Mushohwe	R 71 790	-	R 71 790
Mr. Mochele Noge	R 48 870	-	R 48 870
Ms. Sibongile Mncwabe	-	-	-
Ms. Nomtandazo Moyo	-	-	-
Mr. Mojalefa Mohoto	-	-	-
Mr. Pieter Pretorius	-	-	-
Mr. Alfred Mudau	-	-	-

3.5 Risk Management

The NDA Board has adopted the enterprise-wide risk Management Framework which is in line with the Public Sector Risk Management Framework, COSO, ISO 31000, and 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. Management of the NDA has developed a risk register to ensure effective control and Management of risks associated with the entity and its strategic objectives/outcomes.

The risk register is reviewed by EXCO and periodically (quarterly) reported to the Board's Audit and Risk Committee, which is responsible for the oversight and assurance of the risk Management process. The NDA Board 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:

- Training of managers on reporting on risk Management software
- Integration of risk report to performance report and reporting risk Management on a monthly basis
- Implemented risk assessments at the operational level through a risk system
- Developed and reviewed the ethics related policies such as code of ethics, conflict of interest, and whistleblowing policy
- Implemented gift register as per gift policy
- Assisted in the development of a combined assurance framework and combined assurance Terms of Reference
- Awareness of ethics Management through the implementation of ethics report

3.6 Internal Control Unit

The internal control system applied by the NDA is effective, efficient transparent, and in line with the PFMA and treasury regulations requirements. Areas of weakness that identified during the audits are addressed by Management on an ongoing basis and monitored through the audit turnaround strategy.

3.7 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 that was designed to manage the prioritised and significant risks in the NDA, and for the year under review, except for the external

quality assurance review, the following audits that were planned were completed during the financial year under review:

- Review of Performance Information
- Review of Annual Financial Statements
- Follow up on Audit Findings
- Review of Procurement
- Review of the Risk Management
- Review of Irregular, fruitless, and wasteful expenditure
- Review of Performance Management Process
- Follow-up Review of Marketing and Communications
- ICT Audit
- Review of CSO Development model
- Review of Stakeholder Management

3.8 Compliance with laws and regulations

The NDA continued to comply with relevant laws and prescripts. The NDA developed a compliance checklist in terms of which compliance with laws and regulations is monitored. The checklist is periodically reviewed and monitored.

3.9 Fraud and Corruption

The NDA's Fraud Prevention Plan manages the fraud risk and raises the level of fraud awareness among NDA's internal and external stakeholders. NDA is also implementing the ethics maturity report and ethics risk assessment report. Furthermore, the NDA's whistle-blowing policy is in place to support the Fraud Prevention Plan and the tip-off anonymous hotline has been provided to internal and external stakeholders.

3.10 Minimising conflict of interest

The Public Services Act and its Regulations of 2016 require 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 is required to declare any conflicts of interest they might have at the start of every meeting for Board Members and NDA staff to facilitate the recording of any interest that might impact the NDA. Further, in every Management or

Board and Board Committee meeting, declaration of interest forms part of agenda items and is completed and signed. Where there is an interest declared, the member would be requested to recuse himself/herself when the item is discussed. There is room for improvement in minimising conflict of interest policy by incorporating initiatives such as NDA employees not doing business with the state and employees seeking permission/approval to perform work outside public service.

3.11 Code of Conduct

The purpose of the NDA Disciplinary Code of Conduct ('Code') is to promote exemplary conduct by assisting both employer and employees to know and understand the minimum standards of conduct and the expected behaviour required of employees of the NDA. This code is directly linked to the NDA Values and Ethics which act as a guideline

to employees on what is expected of them from an ethical point of view, both in their conduct and in their relationships with others. Between June and July 2021, this policy was workshopped and distributed to staff members to ensure that they were aware of the salient clauses on the policy and conform their conduct to the NDA Values.

3.12 Health, Safety and Environmental Issues

In line with Section 8(a) of the Occupational Health and Safety Act 85 of 1993, "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". To this end, the Safety Representatives were appointed in all offices and the Occupational Health and Safety Committee was established the focus in the reporting period was to ensure that each office was fully compliant in terms of the following provisions:

- Quarterly Health and Safety inspections
- Display of OHS Act in all offices
- Provision of first aid boxes with adequate contents
- Establishing the procedure for record incidents and Management thereof

3.13 Social Responsibility

NDA staff were provided with the banking details of the three CSOs above to donate money to a CSO of their choice in KZN. In addition, staff donated clothes, blankets, and other resources for victims of the floods. Boxes containing donations were sent to the KwaZulu-Natal office, which in turn, were transported to a community hall whereby the MEC for Social Development, handed them over to members of the identified communities in need. various communities who attended.

On the 18th of July 2022, Hope World Wide South Africa organized a Nelson Mandela Day event held at Ebenezer Creche and Pre-School at Mmotong village. The NDA team attended the event and participated in the packaging and distribution of food parcels to the identified 135 beneficiaries who received food parcels on the day. The NDA team

assisted with food parcel preparations, and sign-off sheets in line with the beneficiaries' checklists. Thereafter, the team tidied up the distribution place used on the day.

On the 18th of July 2022, NDA together with the Eskom Group Executive Distribution, Monde Bala, and the Cape Coastal Cluster Management visited the Cingela Centre for the elderly, to spend their 67 minutes for Mandela Day as part of giving back to communities. NDA employees, together with other cluster employees engaged in different activities at the centre such as fixing the electricity inside and outside the centre, cleaning, gardening, and planting vegetable seeds. The NDA staff also contributed money to top-up catering for the elderly.

3.14 Company Secretary

The Company Secretary coordinates the following on behalf of the Board:

- Annual schedule and compliance calendar.
- Overall administrative support and record keeping of all proceedings of meetings.
- Advice and guidance on corporate governance matters.
- Continuance, training on corporate governance principles.
- Ensures that the Board reviews and approves all quarterly and annual performance reports, quarterly and annual financial results, five-year Strategic Plans, mid-term expenditure framework, and Annual Report.

The above function is carried out in accordance with the PFMA and King Report IV on Principles of Good Corporate Governance.

3.15 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, the operation of adequate systems, and control processes, and the preparation of 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 as amended (PFMA). The operations of the committee are governed by the Audit and Risk Terms of Reference which provide guidelines with regard to, amongst other things, membership, authority, and 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 this 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 the Internal Audit Function, the Committee can report on the effectiveness of the internal control systems and assess whether the Internal Audit Function is fulfilling its roles 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 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, the committee 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 appreciates the appointment of a fully functioning Board by the Executive Authority, during the year under review, which further strengthened the control environment and supported the work of the committee. 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

The monitoring of 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. The Committee confirms that, during the year under review, several weaknesses around performance measurement and SCM

which had been identified in the previous financial year, were rectified, and Management instituted and implemented an appropriate corrective action plan in the current 2022/2023 financial year.

Evaluation of Financial Statements

The committee reviewed the draft annual financial statements before submission to the Auditor General as follows:

- Reviewed and discussed the unaudited annual financial statements to be included in the annual report with Management.
- Reviewed and discussed the unaudited information on pre-determined objectives to be included in the annual report with Management.
- Reviewed for changes in accounting policies and practices.
- Reviewed the Agency's compliance with legal and regulatory provisions.
- Reviewed explanations for significant fluctuations compared to the previous year.
- Reviewed explanations for variances between the financial statements and budgeted amounts.
- Reviewed any new or proposed legislation that may have an impact on policies, the financial statements, and disclosure therein.
- Enquired from Management as to the adequacy, reliability, and completeness of supporting information as supporting these financial statements.
- The unaudited annual financial statements and performance reports were completed and reviewed on time and therefore the

committee recommended that they get submitted to the office of the Auditor General by the 31st of May 2023.

Auditor's Report

The Committee met and considered the draft and the final Management report and 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 2023. The Committee applauds the Agency for obtaining an Unqualified Opinion with no material findings. The Committee appreciates all the work put into achieving this by Management, under the leadership of the Acting CEO as well as the support from the newly appointed Board of Directors.

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 2023.



Ms. Fungai Mushohwe

Chairperson of the Audit and Risk Committee
National Development Agency

Date: 31 March 2023

PART C HUMAN RESOURCES



4.1 Introduction

The Human Resource (HR) function is responsible for managing and delivering both the strategic and operational HR services to the NDA. At a strategic level, HR partners with business to formulate and define the strategy of the organisation. In so doing, HR interprets the organisation's strategic thrusts into relevant and value-adding HR initiatives in support of the achievement of the organisational objectives.

At an operational level, the HR function translates strategic plans into specific deliverables that will enable the NDA to implement its initiatives. As an enabler, the HR function ensures that the NDA is well-resourced and capacitated to deliver on its mandate and that talent is well managed and nurtured. HR focuses on the delivery of services throughout the HR Value chain, which encompasses Performance Management, Training and Development, Recruitment and Selection, Compensation and Benefits, and HR Compliance.

4.2 Human Resources Oversight Statistics

As of 31 March 2023, the NDA had 181 permanent employees. However, a total of 190 employees had been employed by the NDA during the period under review. The majority of employees i.e. 60 % can be found in programme 2, Office of the COO, and 36% are in programme 1, which is made up of the Finance, Office of the CEO, and Corporate Support Services divisions. Programme 3 consisting of Development Management & Research has 4% of the workforce.

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 employee	Average personnel cost per employee (R'000)
Programme 1	117 293,43	54 105,92	21	63	858,82
Programme 2	135 299,85	75 530,56	29	106	712,55
Programme 3	9 308,52	6 464,07	2	12	538,67
TOTAL	261 901,81	136 100,56	52	181	751,94

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	9 564,29	7	5	1912,86
Senior Management	30 725,66	23	23	1280,24
Professional qualified	76 273,36	56	100	770,35
Skilled	15 505,91	11	34	430,72
Semi-skilled	1 180,90	1	3	393,63
Unskilled	2 850,44	2	16	203,60
TOTAL	136 100,56	100	181	751,94

4.2.3 Performance Reward

Level	Performance rewards (R'000)	Personnel Expenditure (R'000)	% of performance rewards to personnel expenditure
Top Management	248,76	9 564,29	3
Senior Management	981,17	30 725,66	3
Professional qualified	3 511,98	76 273,36	5
Skilled	797,31	15 505,91	5
Semi-skilled	59,25	1 180,90	5
Unskilled	137,46	2 850,44	5
TOTAL	5 735,93	136 100,56	4

4.2.4 Training Costs

The year under review was the second year of the NDA in implementing the outcomes and recommendations of the Skills Audit. The learning interventions were informed by the outcomes of the Skills Audit matrix and the Personal Development Plans (PDPs) of employees. A total R700, 000 has been spent on learning and development interventions in 2022/2023, and 133 employees took up the opportunity for learning and development. There is a consistent increase in the number of employees who are enrolling for studies as it can be seen in the bursaries/study assistance approved in the year under review. Bursaries/study assistance were awarded to 18 employees for the 2023 academic year, to pursue long-term studies towards the attainment of a formal qualification.

Programme	Personnel Expenditure (R' 000)	Training Expenditure (R' 000)	Training Expenditure as a % of Personnel Cost	No. of employees trained	Avg training cost per employee (R' 000)
Programme 1	54 105,92	279,07	0.5	36	7,75
Programme 2	75 530,56	419,28	0.5	96	4,37
Programme 3	6 464,07	1,65	0.025	1	1,65
TOTAL	136 100,56	700	0.5	133	5,26

4.2.5 Employment and Vacancies

Programme	2021/2022 No. of Employees	2022/2023 Approved Posts	2022/2023 No. of Employees	2022/2023 Vacancies	% of vacancies
Programme 1	57	69	63	6	9
Programme 2	114	115	106	9	8
Programme 3	13	13	12	1	8
TOTAL	184	197	181	16	8

Levels	2021/2022 No. of Employees	2022/2023 Approved Posts	2022/2023 No. of Employees	2022/2023 Vacancies	% of vacancies
Top Management	5	6	5	1	17
Senior Management	24	24	23	1	4
Professional qualified	101	108	100	8	7
Skilled	34	38	36	2	5
Semi-skilled	3	5	3	2	40
Unskilled	17	16	14	2	13
TOTAL	184	197	181	16	8

4.2.6 Employment Changes

Levels	Employment as at 01 April 2022	Appointments	Terminations	Employment as at 31 March 2023
Top Management	5	1	1	5
Senior Management	24	0	1	23
Professional qualified	101	2	3	100
Skilled	34	1	1	34
Semi-skilled	3	3	3	3
Unskilled	17	1	2	16
Total	184	8	11	181

4.2.7 Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	1	8
Resignation	11	84
Dismissal	0	0
Retirement	1	8
Ill health	0	0
Expiry of contract	0	0
Other	0	0
Total	13	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
Senior Management	14	12	2	2	0	0	0	0
Professional qualified	36	59	4	4	0	1	0	1
Skilled	3	25		1	0	1	0	0
Semi-skilled	1	18		1	0	1	0	1
Unskilled	1	1		0	0	0	0	0
Total	56	116	6	8	0	3	0	2

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	7	8	0	1	0	1	0	0
Professional qualified	59	70	1	2	0	1	0	1
Skilled	31	31	2	3	0	1	0	1
Semi-skilled	2	7		1	0	0	0	0
Unskilled	12	13	1	1	0	0	0	0
Total	113	132	4	8	2	4	0	2

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

PART E

AUDITED ANNUAL FINANCIAL STATEMENTS



Report of the Auditor-General to Parliament on National Development Agency

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the National Development Agency (NDA) set out on pages, which comprise the statement of financial position as at 31 March 2023, 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 NDA as at 31 March 2023, 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.

Other matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

National Treasury Instruction No. 4 of 2022/2023: PFMA Compliance and Reporting Framework

7. On 23 December 2022, National Treasury issued Instruction No. 4: PFMA Compliance and Reporting Framework of 2022/2023 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 29 and 30 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of NDA. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees.

- I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

- The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with 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.
- 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

- 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.
- A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor’s report.

Report on the audit of the annual performance report

- 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 against predetermined objectives for the selected programme presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
- I selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected a programme that measures the public entity’s performance on its primary mandated functions and that is of significant national, community, or public interest.

Programme	Page numbers	Purpose
Civil society organisations development		Poverty eradication through grant allocation to civil society organisations (CSOs)

- I evaluated the reported performance information for the selected programme 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 of its mandate and objectives.

16. 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
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and 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 what was committed to in the approved initial or revised planning documents
- the reported performance information is 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.

17. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

18. I did not identify any material findings on the reported performance information of civil society organisations development.

Other matter

19. I draw attention to the matter below.

Material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of civil society organisations development. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

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. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

25. 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 programme presented in the annual performance report that have been specifically reported on in this auditor's report.

26. 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.

27. 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

28. 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

29. 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.

30. I did not identify any significant deficiencies in internal control.



Pretoria

29 July 2023



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

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

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 at 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

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.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to 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

1. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Sections - 51(1)(b)(i), 51(1)(b)(ii), 51(1)(e)(iii), 53(4), 54(2)(c) Sections - 54(2)(d), 55(1)(a), 55(1)(b), 55(1)(c)(i); 57(b)
National Treasury Regulations issued in terms of the PFMA	Regulations - 16A3.2, 16A6.1, 16A6.2(a) & (b) Regulations - 16A6.3 (a) & (b), 16A6.3(c), 16A6.6, 16A.7.1 Regulations - 16A.7.3, 16A.7.6, 16A.7.7, 16A8.3; 16A8.4, Regulations - 16A9.1(b)(ii), 16A9.1(d), 16A9.1(e); 16A9.1(f), Regulations - 16A9.2(a)(ii), 8.2.1 and 8.2.2, 30.1.1, 30.1.3(a) Regulations - , 30.1.3(b) , 30.1.3(d), 30.2.1, 31.1.2(c) Regulations - 31.2.1; 31.3.3; 33.1.1, 33.1.
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Section - 2(1)(a) and (b); 2(1)(f)
Preferential Procurement Regulations of 2017 (PPR)	Regulations - 4(1) & 4(2); 5(1) & 5(3); 5(6); 5(7) ; 6(8), 7(8), Regulations - 8(2); 8(5); 9(1); 10(1)&(2) & 11(1)
Preferential Procurement Regulations of 2022 (PPR)	Regulation 4(4)
Construction Industry Development Board Act 38 of 2000	Section - 18(1)
Construction Industry Development Board Regulations	Regulations - 17, 25(7A)
Prevention and Combatting of Corrupt Activities Act 12 of 2004	PRECCA 34(1)
National Treasury Instruction note 4 of 2015/16	Paragraphs - 3.4
National Treasury Instruction 4A of 2016/17	Paragraphs - 6
National Treasury Instruction 07 of 2017/18	Paragraphs - 4.3
National Treasury Instruction 01 of 2021-22	Paragraphs - 4.1
SCM Instruction Note 02 of 2021-22	Paragraphs - 3.2.1, 3.2.4, 3.3.1,
PFMA SCM instruction note 03 of 2021/22	Paragraphs - 4.1, 4.2 (b), 4.3, 4.4, 7.2, 3.2.4 (b)

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended March 31, 2023

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Annual Financial Statements for the year ended March 31, 2023

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GBV	Gender Based Violence
AGSA	Auditor General South Africa
BEE	Black Economic Empowerment
CEO	Chief Executive Officer
GRAP	Generally Recognised Accounting Practice
COO	Chief Operating Officer
CFO	Chief Financial Officer
CSO	Civil Society Organisation
COVID-19	Corona Virus Disease
DSD	Department of Social Development
ECD	Early Childhood Development
EXCO	Executive Committee
IAS	International Accounting Standards
ICT	Information and Communication Technology
NDA	National Development Agency
NPO	Non-Profit Organisation
NT	National Treasury
NEDLAC	National Economic Development and Labour Council
PPE	Personal Protective Equipment
PFMA	Public Finance Management Act, No.1 of 1999
PPPFA	Preferential Procurement Policy Framework Act
SASSA	South African Social Security Agency
UIF	Unemployment Insurance Fund
ASB	Accounting Standards Board
CARA	Criminal Asset Recovery Account
MP	Member of Parliament
PPE	Property, Plant and Equipment
NRF	National Revenue Fund
LCC	Loss Control Committee

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended March 31, 2023

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 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 are given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with the 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 judgments and estimates.

The NDA Board acknowledges that it is ultimately responsible for the system of internal financial control established by the entity and places considerable importance on maintaining a strong control environment. To enable the fulfillment of these responsibilities, the NDA Board 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 NDA and all employees are required to maintain the highest ethical standards in ensuring the NDA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk Management in the NDA is on identifying, assessing, managing, and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the NDA endeavours to minimise it by ensuring that appropriate business processes, controls, systems,

and ethical behaviour are applied and managed within predetermined procedures and constraints. The NDA Board believes, 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 Board has reviewed the entity's cash flow forecast for the year to 31 March 2024, and, in light of this review and the current financial position, it is satisfied that the NDA has access to adequate resources to continue in operational existence for the foreseeable future. The NDA is financially dependant 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 have been examined by the entity's external auditors and this is supported by their report.

The annual financial statements set out on page 5, which have been prepared on the going concern assumption, were approved by the Board on 28 July 2023, and were signed on its behalf by:



Ms. Nozabelo Ruth Bhengu
Chairperson of the Board

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended March 31, 2023

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023

			Restated
	Note(s)	2023 R	2022 R
ASSETS			
Current Assets			
Cash and cash equivalents	3	101,852,980	148,718,612
Receivables from exchange transactions	4	1,366,880	1,512,382
Receivables from non-exchange transactions	5	4,558	17,831
		103,224,418	150,248,825
Non-Current Assets			
Property, plant and equipment	6	4,107,510	5,161,202
Intangible assets	7	4,626,198	3,195,631
		8,733,708	8,356,833
Total Assets		111,958,126	158,605,658
LIABILITIES			
Current Liabilities			
Payables from exchange transactions	9	7,873,265	6,771,621
Payables from non-exchange transactions	10	2,978,338	3,197,401
Provisions	11	17,668,081	13,686,407
Short-term employee benefits	12	10,955,497	10,208,505
Accrual for committed projects	13	11,434,745	9,935,655
Unutilised third party funds (deferred income)	14	23,927,645	35,746,382
		74,837,571	79,545,971
Total Liabilities		74,837,571	79,545,971
Net Assets		37,120,555	79,059,687
Accumulated surplus		37,120,555	79,059,687
Total Net Assets		37,120,555	79,059,687

*See Note 32

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended March 31, 2023

STATEMENT OF FINANCIAL PERFORMANCE

			Restated
	Note(s)	2023 R	2022 R
Revenue			
Non-exchange revenue			
Transfer revenue	15	219,274,000	245,970,000
Other grants-third party funds and donations	16	12,119,000	24,832,743
Recoveries from projects		-	500
Total revenue from non-exchange transactions		231,393,000	270,803,243
Exchange revenue			
Other income	17	881,358	1,599,856
Finance income	18	5,782,806	2,708,135
Total revenue from exchange transactions		6,664,164	4,307,991
Total revenue		238,057,164	275,111,234
Expenditure			
Mandate expenses			
Disbursements to NDA funded projects		(17,721,726)	(12,802,798)
Disbursements to third party funded projects		(8,650,000)	(24,550,000)
Third party funded capacity building costs	21.3	(3,469,000)	(32,743)
CSO development programme implementation costs	21.1	(5,598,758)	(3,744,921)
Research, monitoring and evaluation costs		(2,842,124)	(1,758,560)
NDA funded capacity building costs	21.2	(3,416,488)	(2,917,113)
Mandate staff costs		(81,994,631)	(77,696,304)
CSO volunteer program (COVID response)	23	(20,915,650)	-
Total mandate expenses		(144,608,377)	(123,502,439)

*See Note 32

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended March 31, 2023

STATEMENT OF FINANCIAL PERFORMANCE (CONTINUED)

			Restated
	Note(s)	2023 R	2022 R
Administration expenses			
Accommodation and travel	21.4	(8,852,384)	(3,302,367)
Audit fees		(3,249,735)	(4,319,612)
Board fees	19	(1,059,003)	(337,854)
Consulting and professional fees	21.5	(6,662,576)	(4,826,861)
Depreciation and amortisation		(3,290,990)	(3,259,007)
Operating leases	21.6	(9,595,274)	(11,718,201)
Admin staff costs	20	(68,501,656)	(65,618,567)
IT communication costs		(7,341,875)	(5,333,539)
Relocation of offices		(180,000)	(180,000)
Increase in allowance for losses		-	(227,399)
Loss on disposal of assets	6	(175,502)	(131,665)
General expenses	21.7	(8,384,437)	(6,923,794)
Total administration expenses		(117,293,432)	(106,178,866)
Total expenditure		(261,901,809)	(229,681,305)
(Deficit) surplus for the year		(23,844,645)	45,429,929

*In 2022/2023, software license was reclassified from general expenses to IT communication costs and staff recruitment costs from Admin staff costs to general expenses.

* In 2021/2022, the increase in allowance for losses relates to a write-off for irrecoverable lease deposits relating to leases terminated in the 2016/2017 and prior financial years, that was approved for write-off by the Accounting Officer due to non-collection by the NDA, and subsequent prescription.

*See Note 32

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended March 31, 2023

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus / deficit	Total net assets
	R	R
Opening balance as previously reported	33,620,783	33,620,783
Adjustments		
Prior year adjustments	8,975	8,975
Balance at April 1, 2021	33,629,758	33,629,758
Changes in net assets		
Surplus for the year as restated*	45,429,929	45,429,929
Total changes	45,429,929	45,429,929
Balance at April 1, 2022 as restated*	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 March 31, 2023	37,120,555	37,120,555

*See Note 32

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended March 31, 2023

CASH FLOW STATEMENT

	Note(s)	2023 R	2022 Restated* R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Transfer revenue		220,301,403	246,931,211
Interest income		5,770,268	2,708,717
Other receipts		364,382	357,804
		226,436,053	249,997,732
Payments			
Employee costs		(143,355,276)	(133,709,275)
Suppliers		(63,238,659)	(53,423,789)
Funded projects		(44,762,811)	(34,557,597)
Northern Cape provincial department of Social Development		-	(3,838,886)
Surplus surrendered to National Revenue Fund (NRF)		(18,101,574)	-
		(269,458,320)	(225,529,547)
Net cash flows from operating activities	24	(43,022,267)	24,468,185
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(2,018,846)	(1,312,936)
Purchase of other intangible assets	7	(1,824,519)	-
Net cash flows from investing activities		(3,843,365)	(1,312,936)
Net increase/(decrease) in cash and cash equivalents		(46,865,632)	23,155,249
Cash and cash equivalents at the beginning of the year		148,718,612	125,563,363
Cash and cash equivalents at the end of the year	3	101,852,980	148,718,612

*See Note 32

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended March 31, 2023

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis						
	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Performance						
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Other income	-	718,894	718,894	881,358	162,464	31.1
Interest received - investment	1,995,428	2,779,024	4,774,452	5,782,806	1,008,354	31.2
Total revenue from exchange transactions	1,995,428	3,497,918	5,493,346	6,664,164	1,170,818	
REVENUE FROM NON- EXCHANGE TRANSACTIONS						
TRANSFER REVENUE						
Government grants & subsidies	219,274,000	-	219,274,000	219,274,000	-	
Other grants third party funds and donations	-	-	-	12,119,000	12,119,000	31.3
Transfer from accumulated funds	-	53,028,335	53,028,335	-	(53,028,335)	31.4
Total revenue from non-exchange transactions	219,274,000	53,028,335	272,302,335	231,393,000	(40,909,335)	
Total revenue	221,269,428	56,526,253	277,795,681	238,057,164	(39,738,517)	

*See Note 32

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended March 31, 2023

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (CONTINUED)

Budget on Cash Basis						
	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Performance (continued)						
EXPENDITURE						
Admin staff costs	(62,126,009)	(708,970)	(62,834,979)	(68,501,656)	(5,666,677)	31.5
Board meeting fees	(1,100,779)	(524,000)	(1,624,779)	(1,059,003)	565,776	31.6
Relocation of offices	-	-	-	(180,000)	(180,000)	31.7
Operating leases	(10,466,028)	-	(10,466,028)	(9,595,274)	870,754	
Third party funded CSOs	-	-	-	(8,650,000)	(8,650,000)	31.8
NDA funded capacity building costs	(5,233,064)	161,115	(5,071,949)	(3,416,488)	1,655,461	31.9
Research, monitoring and evaluation costs	(3,698,075)	(3,232,473)	(6,930,548)	(2,842,124)	4,088,424	31.10
NDA grant funded CSOs	(14,000,000)	(8,099,378)	(22,099,378)	(17,721,726)	4,377,652	31.11
CSO development programme implementation costs	(8,728,276)	(1,977,056)	(10,705,332)	(5,598,758)	5,106,574	31.12
Third party funded capacity building	-	-	-	(3,469,000)	(3,469,000)	31.13
Volunteer programme	-	(30,000,000)	(30,000,000)	(20,915,650)	9,084,350	31.14
Mandate staff costs	(83,171,700)	930,851	(82,240,849)	(81,994,631)	246,218	
General Expenses	(10,514,325)	(2,648,087)	(13,162,412)	(8,384,437)	4,777,975	31.15
Capital expenditure	(1,022,100)	(1,500,000)	(2,522,100)	-	2,522,100	31.16
IT communications costs	(6,173,591)	(158,333)	(6,331,924)	(7,341,875)	(1,009,951)	31.17
Audit fees)	(4,738,273)	-	(4,738,273)	(3,249,735)	1,488,538	31.18
Consulting and professional fees	(5,644,648)	(7,399,670)	(13,044,318)	(6,662,576)	6,381,742	31.19
Accommodation and travel	(4,652,560)	(1,370,252)	(6,022,812)	(8,852,384)	(2,829,572)	31.20
Total expenditure	(221,269,428)	(56,526,253)	(277,795,681)	(258,435,317)	19,360,364	
Deficit before taxation	-	-	-	(20,378,153)	(20,378,153)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	(20,378,153)	(20,378,153)	

*See Note 32

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ACCOUNTING POLICIES

1. ACCOUNTING POLICIES

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:

- GRAP1: Presentation of financial statements
- GRAP2: Cash flow statements
- GRAP3: Accounting policies, changes in accounting estimates and
- GRAP9: Revenue from exchange transactions
- GRAP 13: Leases
- GRAP 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.

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ACCOUNTING POLICIES

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 1,39:1, shows that the NDA has sufficient current assets to cover its short-term liabilities. 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, and based on the cash holdings at the end of 2022/2023 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

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ACCOUNTING POLICIES

1.6 Property, plant and equipment (continued)

- 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 including 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 age and in the condition expected at the end of its useful life. In practice, the residual value of assets in the NDA is insignificant, and therefore immaterial in the calculation of the depreciable amount, as assets are usually donated at the end of their useful life. The useful life is the period over 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 in an 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.

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ACCOUNTING POLICIES

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 the 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 the value in use. The replacement cost of the asset to replace the asset's gross service potential is assessed and is then depreciated to reflect the asset in used condition. If the recoverable service amount of the asset, 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 below:

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
Computer 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:

- On disposal, including disposal through a non-exchange transaction; 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 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.

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ACCOUNTING POLICIES

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 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.

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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

Computersoftware,other	3-11years
Intangible assets under development	12years
Othersoftware	18years

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.

Operating leases - lessee

The NDA has 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.

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ACCOUNTING POLICIES

1.8 Leases (continued)

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 recognized as an integral part of the net consideration agreed for the use of leased assets, irrespective of the incentives' nature or form or the timing of payment. NDA recognizes 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

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ACCOUNTING POLICIES

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.

1.9 Financial instruments (continued)

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 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.

Impairment of financial instruments

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.

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ACCOUNTING POLICIES

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

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.

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ACCOUNTING POLICIES

1.10 Employee benefits (continued)

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 obligating 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.

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ACCOUNTING POLICIES

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 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.

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ACCOUNTING POLICIES

1.12 Commitments (continued)

Committed projects 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 projects 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.

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ACCOUNTING POLICIES

1.15 Revenue from exchange transactions (continued)

The following are regarded as exchange transactions:

- a. Rendering of services
- b. Sale of goods
- c. The use by others of the entity's assets yielding interest, royalties, dividends or similar distributions

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 generalized 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;

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ACCOUNTING POLICIES

1.15 Revenue from exchange transactions (continued)

- 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 the 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 NDA 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 utilization 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 a 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.

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ACCOUNTING POLICIES

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 represent 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 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 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 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.

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ACCOUNTING POLICIES

1.19 Related parties (continued)

Related party transactions that are normal supplier or client relationships on terms and conditions 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, and process of dealing with and reporting 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 recognized 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 recognized 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 recognized 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.

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ACCOUNTING POLICIES

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 the reporting date and the date when the financial statements are authorized for issue. Adjusting events after the reporting date are those that provide evidence of conditions that existed at the 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 the 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.

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2. LEGAL FORM AND REGISTERED OFFICE OF THE NDA

The NDA is a schedule 3A national public entity in terms of the PFMA that was established in terms of the National Development Agency Act, Act No. 108 of 1998, as amended. The NDA grants funds to CSOs that implement development projects in poor communities and strengthen the institutional capacity of these organisations, through capacity-building training as mandated by the National Development Agency Act.

The Entity's registered offices are as follows:

26 Wellington Road
Parktown
Johannesburg
2193

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	20,502	23,719
Call and current accounts	34,898,728	115,708,011
Moneymarketsaccounts	66,933,750	32,986,882
	101,852,980	148,718,612

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

- Funds committed to projects to the value of R14 443 370 (2022: R38 349 378) – Refer Note 24.2
- Cash balances held on behalf of third parties to the value of R23 927 645 (2022: R35 746 382) – Refer Note 14
- Funds committed to operational expenditure to the value of R14 177 700 (2022: R14 678 957) – Refer Note 25.1

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Prepayment	-	133,479
Rental deposits	1,285,085	1,309,647
Interest receivable	81,795	69,256
	1,366,880	1,512,382

In 2022, the amount reported under pre-payments relates to the insurance contract where the 12 month premium of R228 821 for the first year was billed in advance at the beginning of the contract in November 2021. The balance of R133 479 relates to the period 1 April 2022 to 31 October 2022.

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Other receivables- sundry staff debtors	4,558	17,831
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Sundry staff debtors in 2022-23 financial year relate mainly to recoveries for handling fees levied on traffic fines incurred by staff, as well as recoveries relating to fruitless and wasteful expenditure. The year-on-year decrease in other receivables is mainly due to a decrease in staff debts relating to salary overpayment and travel expenses, that were fully recovered during the financial year.

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Figures in Rand

6. PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impair	Carrying value
	R	R	R	R	R	R
		2023			2022	
Furniture and fixtures	3,981,597	(3,602,673)	378,924	4,371,342	(3,628,454)	742,888
Motor vehicles	302,708	(294,299)	8,409	302,708	(287,572)	15,136
Office equipment	2,215,961	(1,705,579)	510,382	2,052,663	(1,632,180)	420,483
Computer equipment	11,191,327	(7,981,532)	3,209,795	11,354,315	(7,371,620)	3,982,695
Total	17,691,593	(13,584,083)	4,107,510	18,081,028	(12,919,826)	5,161,202

Reconciliation of property, plant and equipment – 2023

	Opening balance	Additions	Disposals	Depreciation before change in estimate	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

Reconciliation of property, plant and equipment – 2022

	Opening balance	Additions	Disposals	Depreciation before change in estimate	Change in estimate	Total
Furniture and fixtures	1,041,649	64,310	(12,856)	(352,160)	1,945	742,888
Motor vehicles	75,677	-	-	(60,541)	-	15,136
Office equipment	689,233	1,513	(3,673)	(278,385)	11,795	420,483
Computer equipment	5,089,603	1,247,113	(115,136)	(2,281,517)	42,632	3,982,695
	6,896,162	1,312,936	(131,665)	(2,972,603)	56,372	5,161,202

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Figures in Rand

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Pledged as security

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

Loss on disposal of assets

The loss on disposal of property, plant and equipment relates mainly to write-off of old and non functional laptops that have reached the end of their useful lives and are outside the three year purchased 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 - R 94 745
- > Office equipment - R 51 594
- > Furniture - R 29 163

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

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.

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8. CHANGES IN ESTIMATES

Property, plant and equipment - 2023

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	Carrying value
	R	R	R	R	R
Computer Equipment	233,558	89,853	(143,706)	(89,853)	(54,338)
Office equipment	5,415	2,182	(3,233)	(2,182)	(1,054)
Furniture	22,907	8,312	(14,595)	(8,312)	(6,326)
Motor vehicles	15,135	6,727	(8,409)	(6,727)	(1,682)
	277,015	107,074	(169,943)	(107,074)	(63,400)

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 R169 943.

Intangible assets

In terms of GRAP 31- Intangibles, the useful lives of all intangible assets were reviewed by Management at year end, the useful lives of these assets were kept the same as in the previous financial year resulting in a nil effect.

9. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	6,136,079	4,987,606
Operating lease liabilities	1,737,186	1,784,015
	7,873,265	6,771,621

10. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

UIF Covid-19 stipends accrual	2,744,000	2,744,000
Other creditors	-	240,807
Staff creditors	234,338	212,594
	2,978,338	3,197,401

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Annual Financial Statements for the year ended March 31, 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2023 R	2022 R
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10. PAYABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

The UIF funding agreement was amended on 22 August 2022 with a new provision and a commitment to the NDA totaling R103,555,421.88. However, these funds have not yet been received to continue with the implementation of the UIF programme. As a result, the service providers appointed to disburse stipends to trainees have suspended services, and the accrual remained due but unpaid, as at 31 March 2023.

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

11. PROVISIONS

Provision for performance bonus

Opening balance	13,686,407	5,916,873
Performance bonus payout	(5,761,558)	(37,752)
Provision raised	9,743,232	7,807,286
	17,668,081	13,686,407

The provision for a performance bonus represents a probable payment for a performance bonus related to the 2021/2022 and 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. The increase in the provision for performance bonuses in the 2022/2023 financial year is due to the annual increase in the total cost to the company of employees, which is used as a basis to compute the bonus due to employees.

12. SHORT- TERM EMPLOYEE BENEFITS

Leave provision

Opening balance	9,370,895	9,663,579
Provision raised in the current year	2,014,902	1,416,318
Leave payout during the year (annual and long service)	(1,267,577)	(1,709,002)
	10,118,220	9,370,895

Accrual for 13th Cheque

Opening balance	837,610	804,107
Provision raised in the current year	3,313,320	3,364,118
13th cheque payout during the year	(3,313,653)	(3,330,615)
	837,277	837,610
	10,955,497	10,208,505

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	2023 R	2022 R
Opening balance	9,935,655	7,165,180
Approved NDA funded projects during the year	34,046,220	9,560,750
Cash disbursed to NDA funded projects during the year	(32,409,255)	(6,765,550)
Adjustment to volunteer accruals raised in prior year	(137,875)	(24,725)
	11,434,745	9,935,655

The accrual for committed projects comprise amounts approved for grant funding to CSOs where contractual payment conditions have been met, but amounts have not yet been paid to these CSOs by year end. It also includes the balance owing to CSOs which participated in the 2022-23 volunteer programme.

The cash disbursed to NDA funded projects during the year, includes payments made against accruals, accruals for volunteer CSOs in 2021-22 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)- 2023

Name of Funder	Opening balance	Interest received during the year	Management fee	Expenditure	Balance
DSD: Limpopo	72,059	2,394	-	-	74,453
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
	35,746,382	1,027,403	(727,140)	(12,119,000)	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 cash disbursements to CSOs granted funds to implement victim empowerment programmes to victims of Gender Based Violence funded from the CARA funds.

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14. UNUTILISED THIRD PARTY FUNDS (DEFERRED INCOME) - 2022

Name of Funder	Opening balance	Interest received during the year	Management fee	Expenditure	Balance
DSD: Limpopo	73,684	3,118	-	(4,743)	72,059
DSD: North West	470	-	-	(470)	-
DSD: Mpumalanga	66,350	-	-	-	66,350
DSD: Kwazulu Natal	93,813	-	-	-	93,813
DSD: Free State	757,369	14,278	-	-	771,647
South African Social Security Agency (SASSA)	596,566	18,372	-	-	614,938
Adopt an ECD Campaign Funds	1,614,447	-	-	-	1,614,447
Gautrain Management	32,352	-	-	-	32,352
Anglo American (Kolomela mine)	15,250	-	-	-	15,250
Nelson Mandela Children's Fund	552,329	-	-	-	552,329
Unemployment Insurance Fund	79,186	-	-	(28,000)	79,186
National Department of Social Development (CARA funds)	51,940,000	872,025	(1,473,000)	(24,550,000)	5,044,986
Gauteng DSD	3,785,000	53,886	-	(3,838,886)	26,789,025
	64,679,802	961,679	(1,473,000)	(28,422,099)	35,746,382

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, as well as training provided to CSOs funded by DSD Limpopo.

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.

The expenditure of R3 838 886 represents the balance of funds that was returned to Gauteng Department of Social Development.

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	2023 R	2022 R
15. NON EXCHANGE REVENUE		
Operating grants		
Transfer revenue	219,274,000	245,970,000

16. OTHER GRANTS - THIRD PARTY FUNDS

Other grants		
Utilised portion of conditional grant (UIF)- third party funded capacity building	-	28,000
Utilised portion of conditional grant (CARA) - third party funded projects (CSOs involved in Gender Based Violence support)	12,119,000	24,550,000
Utilised portion of conditional grant (DSD: Limpopo)- third party capacity building	-	4,743
Donation received from the Chinese Embassy	-	250,000
	12,119,000	24,832,743

17. OTHER INCOME

Management fees	727,140	1,473,000
Insurance refunds	98,226	78,193
Sundry Income	55,992	48,663
	881,358	1,599,856

Sundry income in 2022-23 financial year mainly includes funds recovered from staff in terms of the study assistance policy and recoveries from employees for fruitless and wasteful expenditure incurred.

Sundry income in 2021-22 financial year mainly includes the recoveries from staff members relating to irregular, fruitless and wasteful expenditure and studies funded by the NDA.

Insurance refunds relate to amounts paid to the NDA by the insurer for insurance claims lodged with the insurer for lost and stolen assets.

18. FINANCE INCOME

Interest earned on cash balances	5,782,806	2,708,135
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The significant increase in interest earned on cash balances in 2023 financial year compared to 2022 is attributable to delays in the implementation of plans and budgets during the year, resulting in the entity holding large cash balances during the year compared to 2022 and therefore earning more interest.

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19. EXECUTIVE AND NON-EXECUTIVE MANAGEMENT REMUNERATION

Executive

2023								
	Designation	Appoinment date	Termination date	Basic Salary	Employer benefits contributions	Perfor- mance bonus	Long Service Recog- nation	Total
Mr. B Magongo	Acting Chief Executive Officer	1/9/2012		1,733,003	525,827	98,349	-	2,357,179
Ms. S Khumalo	Chief Operating Officer	1/12/2018		1,349,555	412,448	-	-	1,762,003
Ms. H Mansour	Chief Internal Auditor	24/11/ 2005		1,754,045	266,162	-	6,452	2,026,659
Mr. S Baloyi	Acting Research and Development Executive	1/11/2021		164,370	15,420	-	-	179,790
Mrs. K Muthen	Chief Financial Officer	1/12/2019		1,527,393	234,786	150,407	-	1,912,586
Ms. R L Hlapolosa	Corporate Services Executive	1/7/2021		1,520,295	240,596	-	-	1,760,891
				8,048,661	1,695,239	248,756	6,452	9,999,108

2022

	Designation	Appoinment date	Termination date	Basic Salary	Employer benefits contributions	Total
Ms. C T H Mzobe	Acting Chief Executive Officer	1/11/2016	31/10/2021	1,133,641	311,997	1,445,638
Mr. B Magongo	Acting Research and Development Executive	1/09/2012		1,529,486	494,102	2,023,588
Ms. S Khumalo	Chief Operating Officer	1/12/ 2018		1,336,328	361,267	1,697,595
Ms. H Mansour	Chief Internal Auditor	24/11/2005		1,681,775	256,067	1,937,842
Ms. L Dhlamini	Acting: Corporate Services Executive	1/07/2020	30/06/2021	40,002	3,855	43,857
Mrs. K Muthen	Chief Financial Office	1/12/2019		1,464,143	225,999	1,690,142
Ms. R L Hlapolosa	Corporate Services Executive	1/07/2021		1,096,600	169,854	1,266,454
				8,281,975	1,823,141	10,105,116

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

Non- executive

2023

	Appointment date	Members' fees
Ms. NR Bhengu	3/12/2022	140,062
ChiefLMatsila	3/12/2022	96,138
Ms. H Ralinala	3/12/2022	80,100
Dr. O Sipuka	3/12/2022	86,869
Mr. TM Josopu	3/12/2022	72,090
Ms. TTSmith	3/12/2022	96,120
Mrs.FMushohwe	3/10/2020	71,790
Mr. M Noge	3/10/2020	48,870
		692,039

2022

	Appointment date	Termination date	Members' fees	Allowances	Total
Mr. O Sipuka	1/4/2019	30/6/2021	31,104	-	31,104
Mr. T F Mopeloa	1/4/2019	30/6/2021	15,552	-	15,552
Ms. Z S Ndlovu	1/4/2019	30/6/2021	49,606	32,000	81,606
Mrs. F Mushohwe	30/10/2020		107,162	-	107,162
Mr. M Noge	3/10/2020		63,550	-	63,550
Mr. A Hanekom	1/4/2019	30/6/2021	38,880	-	38,880
	-	-	305,854	32,000	337,854

Loss control committee

2023

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

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.

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			2023 R	2022 R
20. STAFF COSTS				
Department Mandate staff costs				
	2023	Percentage split	2023	Percentage split
CSO development salaries	75,530,557	50 %	71,959,033	50 %
Research salaries	6,464,074	4%	5,737,271	4%
Administration and Governance staff costs				
Corporate services	20,524,996	14 %	20,501,077	14 %
Office of the COO	1,849,754	1 %	1,697,595	1 %
Research and development	3,465,456	2 %	3,158,503	2 %
Internal audit	7,004,543	5 %	6,659,110	5 %
Office of the CEO	10,198,812	7 %	11,645,852	8 %
Finance and supply chain	11,062,364	7 %	10,913,228	8 %
Other staff administrative costs				
Staff training costs	769,263	1 %	562,247	- %
Performance bonus	9,743,232	6 %	7,807,286	5 %
Provision for leave expense	1,330,983	1 %	275,636	- %
Long service recognition	909,171	1 %	1,140,672	2 %
Temporary staff and contractors	1,105,573	1 %	761,973	1 %
Staff relocation costs	227,396	- %	-	- %
Compensation fund	129,781	- %	95,110	- %
Employee wellness	159,527	- %	171,342	- %
PPE materials for staff (COVID 19)	20,805	- %	228,936	- %
	68,501,656	46 %	65,618,567	46 %
	150,496,287	100 %	143,314,871	100 %

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	2023 R	2022 R
21. ADDITIONAL DISCLOSURE NOTES ON EXPENDITURE		
21.1. CSO development programme implementation costs		
Travel costs	4,922,132	3,388,450
Ministerial events	12,650	78,918
Venue hire and catering	612,962	247,628
Other	51,014	29,925
	5,598,758	3,744,921
21.2. NDA funded capacity building costs		
Travel costs	1,138,484	1,237,947
Venue hire and catering	2,121,257	1,598,594
Training manuals	88,585	-
Participants transport costs	68,162	80,572
	3,416,488	2,917,113
21.3. Third party funded capacity building		
UIF covid-19 stipends	-	28,000
Venue hire and catering	-	4,743
CARA CSOs Mentoring	3,469,000	-
	3,469,000	32,743
21.4. Accommodation and travel		
Subsistence and travel claims	1,097,756	523,586
Accommodation	2,714,013	1,176,918
Airfares	2,899,650	927,965
Car rental	2,140,965	673,898
	8,852,384	3,302,367

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	2023 R	2022 R
21. ADDITIONAL DISCLOSURE NOTES ON EXPENDITURE (CONTINUED)		
21.5. Consulting and professional fees		
Legal fees	806,614	1,680,417
IT security fees	18,453	288,121
System support and maintenance	255,601	520,564
Turnaround strategy	2,776,100	1,445,550
Digitisation of CSO initiatives	621,269	-
Other	2,184,539	892,209
	6,662,576	4,826,861

Other consulting fees relates to the cost for the three forensic investigations conducted in the year, the cost for the risk and compliance toolkit, IT related consulting and verification of the entity's BEE status.

The amount of R2,7 million and R1,4 million in 2023 and 2022 financial years respectively relate the development of a turnaround strategy for the NDA. The turnaround strategy seeks to refocus the NDA towards building an enabling business revenue growth in order to create jobs in deprived communities. The NDA intends to make a fundamental change in deprived communities to transition these communities from government dependency to economic independence and self reliance. Through this strategy the NDA can improve the attractiveness of communities by exposing and identifying under-utilised economic assets in deprived communities, developing the skills base of communities to make them attractive for targeted investment, and mobilising financial and non financial resources from across government to fund community's equity. The Strategy also aims to align the NDA's internally organisational processes, systems and governance to ensure that the NDA identifies and and develops the most impactful and financially sustainable projects.

The decrease in IT security fees in 2022-2023 financial year is due to the once -off services procured and expenses in 2021-2022 financial year.

21.6. Operating leases

Head office rental	5,777,539	5,664,123
Copies and printers	488,167	778,133
Other office sites	3,329,568	5,275,945
	9,595,274	11,718,201

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	2023 R	2022 R
21. ADDITIONAL DISCLOSURE NOTES ON EXPENDITURE (CONTINUED)		
21.7. General expenses		
Bank charges	60,313	111,043
Interest paid	6,067	728
Consumables	64,733	97,307
Document Management and offsite storage	1,012,902	292,497
Insurance	291,004	298,059
Postage and courier	57,635	59,693
Printing and stationery	584,276	621,986
Municipal charges- leased buildings	2,021,780	2,244,706
Repairs and maintenance	495,386	1,107,956
Staff welfare	128,218	180,604
Subscriptions and membership fees	26,724	26,289
Telephone and fax	125,086	156,299
Staff recruitment costs	619,694	324,428
Catering	272,209	88,061
Promotional materials	1,012,514	699,227
Travel Management charges / fees	512,189	322,726
Seminars and Board workshops	1,090,626	292,185
Occupational health and safety	3,081	-
	8,384,437	6,923,794

The below explanations are for areas with significant change from the 2021/2022 financial year to 2022/2023 financial year:

Document Management and offsite storage

The increase in expenditure is due to implementation of a new document Management system in 2022/2023 which included development of a new file plan for NDA and relocation of records from old service provider to the new service provider.

Repairs and maintenance

The reduction in repairs and maintenance costs in 2022/2023 compared to 2021/2022 is due to once off redesigning of head office space done in 2021-22 financial year.

Promotional materials

The increase in cost is due to promotional material procured and committed in 2021/2022 financial year, but expensed and paid in 2022/2023 financial year.

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21. ADDITIONAL DISCLOSURE NOTES ON EXPENDITURE (CONTINUED)

Seminars and Board workshops

The increase in costs is due to the Board induction, Board strategy workshop and CSI workshops held in 2022/2023 financial year, these workshops were held for 1st time in 2022/2023 financial year.

Travel Management fees

Travel Management fees increased significantly in 2022/2023 due to significant increase in travel expenditure in 2022/2023 after relaxation of Covid-19 restrictions that limited travel in 2022 financial year.

21.8. Disbursements to funded projects

Disbursements to NDA funded projects

Payments made to CSOs approved in the current year	6,616,939	-
Accruals for CSOs approved in the current year (not yet paid)	7,822,358	9,560,750
Payments made to CSOs approved in the previous financial years (commitments)	3,282,429	3,242,048
	17,721,726	12,802,798

Disbursements to third party funded projects

CARA funded projects

Payments made in the current year relating to CARA funded projects	8,650,000	24,550,000
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22. IT COMMUNICATION COSTS

Software licenses	4,495,180	2,760,247
IT communication costs	2,846,695	2,573,292
	7,341,875	5,333,539

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	2023 R	2022 R
CSO Management fees and volunteer stipends	20,028,050	-
PPE for volunteers	887,600	-
	20,915,650	-

In 2021/2022 financial year, the NDA received an adjustment to its annual allocation in November 2021, to the amount of R30 million awarded from the Presidential Youth Employment Stimulus Package, to support the employment of youth through the volunteer programme. A request for proposals was issued in the last quarter of the financial year, and processes to adjudicate the selection of CSOs for programme implementation were concluded before year end.

Implementation of the programme started in September 2022 of the 2022/2023 financial year, and an amount of R20 million has been disbursed to CSOs participating in the volunteer programme. The late implementation of the programme is due to delays in the approval of funding to participating CSOs.

24. CASH (USED IN) GENERATED FROM OPERATIONS

(Deficit) surplus	(23,844,645)	45,429,929
Adjustments for:		
Depreciation and amortisation	3,290,990	3,259,007
Gain on sale of assets and liabilities	175,502	131,665
Movements in provisions	3,981,674	7,769,534
Adjustment to prior year earnings	7,080	8,975
Surplus surrendered to National Revenue Fund (NRF)	(18,101,574)	-
Changes in working capital:		
Receivables from exchange transactions	145,502	104,595
Decrease in other receivables from non-exchange transactions	13,273	121,664
Payables from exchange transactions	1,101,648	(3,080,953)
Increase/ (decrease) in taxes and transfers payable (non-exchange)	(219,062)	(2,854,106)
Increase/ (decrease) in unspent conditional grants and receipts	(11,818,737)	(28,933,419)
Increase/ (decrease) in short-term employee benefits	746,992	(259,181)
Increase/ (decrease) in accrual for committed projects	1,499,090	2,770,475
	(43,022,267)	24,468,185

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	2023 R	2022 R
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25. COMMITMENTS

25.1 Authorised non-recurring operational expenditure

	2023 Operational Commitments		2022 Operational Commitments	
	Within 1 year	In second to fifth year	Within 1 year	In second to fifth year
Approved and contracted	10,273,204	-	7,139,270	-
Approved but not yet contracted	2,755,818	-	4,904,802	-
Total approved commitments before 31 March	13,029,022	-	12,044,072	-
Approval process commenced before year end, but approved and contracted after year end	1,148,678	-	2,634,885	-
	14,177,700	-	14,678,957	-

25.2 Committed project funds

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	4,995,464	6,402,577
Approved by 31 March and not yet contracted	363,556	-
Approval process commenced before year end, but approved and contracted after year end	-	1,696,801
Volunteer programme	9,084,350	30,000,000
	14,443,370	38,099,378

Donation from the Chinese Embassy

Donation committed to stakeholder activities through a restriction on use	-	250,000
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25. COMMITMENTS (CONTINUED)

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:

	2023 Lease Commitment		2022 Lease Commitment	
	Within 1 year	In second to fifth year	Within 1 year	In second to fifth year
Minimum lease payment due	9,691,897	8,105,577	9,666,986	17,424,476
Total approved lease payments due	9,691,897	8,105,577	9,666,986	17,424,476
Lease commitment approved, but not yet contracted	1,098,721	1,557,876	991,469	3,099,439
	10,790,618	9,663,453	10,658,455	20,523,915

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

Commitment for contracts approved and contracted against third party funding contract (UIF)	69,973,014	70,150,000
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26. CONTINGENCIES

26.1. Contingent 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.

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26. CONTINGENCIES (CONTINUED)

Pennar 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 organizational structure. A proposal 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 awaiting 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 2020/2021 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:

- Some learners were paid in excess of the permitted stipend amount per student;
- Some stipends were paid to the incorrect beneficiary account;
- Certain bank statements confirming payments made to learners are outstanding, resulting in unverified payments;
- 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.

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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, Ms. Lindiwe Zulu, MP, is the Executive Authority of the entity. The NDA received its 2021/2023 budget allocation to the value of R219 274 000 (2022: R245 970 000) 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 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 2000 learners over a period of 12 months, and a Postgraduate Diploma in Business Management for Cooperatives for 1000 learners). 70% of the learners were required to be UIF beneficiaries. The total funding agreement amounted to R 132 300 000, and a Management fees 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 2000 learners. The outstanding commitment from the UIF on the contract was 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 R 103 555 421 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.

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27. RELATED PARTIES (CONTINUED)

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 - 2023

Related party	Opening balance	Interest where applicable	Expenditure	Balance	Commitment
South African Social Security Agency	1,614,447	-	-	17,424,476	-
Unemployment Insurance Fund	5,044,986	-	-	5,044,986	103,555,422
National Department of Social Development	26,789,025	962,055	(12,846,140)	14,904,941	-
	33,448,458	962,055	(12,846,140)	21,564,374	103,555,422

The expenditure amount under National Department of Social Development of R12 846 140 includes the Management fee payable to NDA of R727 140.

28. FINANCIAL RISK MANAGEMENT

The entity has exposure to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- 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.

NATIONAL DEVELOPMENT AGENCY

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2023 R	2022 R
28. FINANCIAL RISK MANAGEMENT (CONTINUED)		
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:		
Cash and cash equivalents	101,852,980	148,718,612
Receivables from exchange transactions	1,366,880	1,512,382
Receivables from non-exchange transactions	4,558	17,831
	103,224,418	150,248,825

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:

	Carrying amount	Contractual cashflows	6 months or less	12 months
31 March 2023				
Trade and other payables	10,851,605	10,851,605	10,851,605	-
Accrual for committed projects	11,434,745	-	11,434,745	-
Unutilised third party funds	23,927,645	-	-	23,927,645
	46,213,995	10,851,605	22,286,350	23,927,645
31 March 2022				
Trade and other payables	9,969,018	9,969,018	9,969,018	-
Accrual for committed projects	9,935,655	9,935,655	9,935,655	-
Unutilised third party funds	35,746,382	35,746,382	-	35,746,382
	55,651,055	55,651,055	19,904,673	35,746,382

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28. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 maximize 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:

Fair values

Cash and cash equivalents	101,852,980	148,718,612
Receivables from exchange transactions	1,366,880	1,512,382
Receivables from non-exchange transactions	4,558	17,831
Payables from exchange transactions	7,873,265	6,771,617
Accrual for committed projects	(11,434,745)	(9,935,655)
Unutilised third party funds	(23,927,645)	(35,746,382)
	75,735,293	111,338,405

29. FRUITLESS AND WASTEFUL 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:

- Contravenes or fails to comply with a provision of this Act;
- Commits an act that undermines the financial Management and internal control system of the public entity; or
- Makes or permits an irregular, fruitless and wasteful expenditure.

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended March 31, 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2023 R	2022 R
29. FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)		
Fruitless and wasteful expenditure confirmed in the current year	258,821	1,574
Details of fruitless and wasteful expenditure- current year		
Interest on late payments	6,066	-
Rental portion paid due to late cancellation of lease	19,285	-
Penalties charged on late cancellation of an event	15,065	-
Unplanned additional costs incurred due to renovations on the office space not approved by the delegated authority	103,108	-
Costs incurred resulting from missing flights and accommodation no-show	31,903	-
Late cancellation of booking for accommodation	-	1,545
Penalty on courier service cancelled late	-	29
Damage to the laptop due to liquid spillage	11,019	-
Damage to the laptop due to negligence	2,512	-
Stolen laptop from the unlocked vehicle	13,737	-
Payroll fraud	56,126	-
	258,821	1,574
Losses suffered		
Loss and damages to assets	34,799	40,150
Travel related losses	1,430	-
Other financial losses	4,020	-
	40,249	40,150

The loss amount of R40 249 in the 2022-23 financial year relates to lost and stolen laptops, unaccounted for petty cash funds, and travel related losses for hotel bookings not utilised.

NATIONAL DEVELOPMENT AGENCY

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2023 R	2022 R
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.		
Irregular Expenditure – current year	335,273	695,928
Details of transgressions		
Competitive bid process not followed for the insurance services	-	202,716
Competitive bid process not followed for storage and records Management services	-	195,196
Expenditure incurred for venue hire in contravention of the cost containment measures	-	292,186
Competitive bid process not followed for copiers and printing services	-	5,830
KZN provincial office space utilised without a signed lease agreement	335,273	-
	335,273	695,928

31. BUDGET DIFFERENCES

Material differences between Budget and Actual amounts

The budget is prepared and approved by the Board on the cash basis of accounting, which means that expected cash inflows and outflows are budgeted for, without taking into account the matching of expenses to income for the period as is required by the accrual basis of accounting. Non-cash expense items such as losses, depreciation, amortisation and leave provision are not budgeted for, whilst capital expense items are budgeted for. The approved budget covers the financial period from 1st of April 2022 to the 31st of March 2023. Variances in excess of 10% between the final adjusted budget and actual expenditure are considered material in amount, and are explained below. In addition, the NDA does not budget for the receipt of third party funds which are accounted for in separate reports to funders.

31.1 Other income (+ R1 62 464)

Other income received by the NDA is incidental in nature and highly unpredictable. The variance between budgeted and actual sundry income is mainly due to higher than expected Management fees earned on third party projects (CARA), insurance refunds and staff debt recoveries.

31.2 Interest received (+R1 008 354)

The higher than budgeted interest income is attributable to higher cash balances which were held in the NDA bank accounts due to delays in the implementation of the planned budget.

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended March 31, 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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31. BUDGET DIFFERENCES (CONTINUED)

31.3 Other grants and third party funds (+ R12 119 000)

The NDA does not budget for third party funds, which are highly unpredictable and are often not based on long-term agreements with funders, but on funding made available by partners as and when resources are available to support projects of common interest. The variance is due to the continued implementation of the CARA funding agreement concluded in the 2020-21 financial year, which resulted in R8,6 million being disbursed in the 2022-23 financial year to 64 CSOs involved in providing GBV support services, and R3,5 million expensed towards mentoring of CARA CSOs.

31.4 Transfer from Accumulated Funds (-R 53 028 335)

The transfer from Accumulated Funds represents the portion of the cash surplus declared for 2021-22 financial year that was approved for roll over into 2022-23 financial year by National Treasury. The related committed expenditure was incurred and paid in the 2022-23 financial year. The revenue related to these funds is not recognised in the Statement of Financial Performance for the 2022-23 financial year, as it was received and recognised in the Statement of Financial Performance of the previous financial year (2021-22).

31.5 Admin staff costs (-R5 666 677)

The over-spending in admin staff costs is mainly attributable to the performance bonus provision raised for the 2022-23 financial year amounting to R9, 7 million. This provision was not budgeted for, but raised following a preliminary assessment of the cash available from the 2022-23 allocation.

31.6 Board meeting fees (+ R565 776)

The underspending on Board fees is due the later than expected appointment of the Board which commenced duties in the fourth quarter of the financial year.

31.7 Relocation of offices (lease incentives)(-R180 000)

The expenditure of R180 000 relates to lease incentives in the form of tenant installations granted by landlords in terms of the lease agreements.

31.8 Third party funded CSOs (- R 8 650000)

The amount of R8 650 000 relates to cash disbursements made to CARA funded CSOs, which are not budgeted for by the NDA and are funded from third party funds.

31.9 NDA funded capacity building (+R1 655 461)

The underspending on capacity building is due to savings in cost of implementation resulting from free venues that were provided by other partners during implementation of the programme.

31.10 Research, monitoring and evaluation costs (+R 4 088 424)

Research and evaluation studies were procured and committed in the last quarter of the financial year, but not yet expensed by financial year end. The under-spending in the 2022-23 financial year is due to the timing of procurement of three research and three evaluation studies towards the end of the financial year up to the budgeted amount, in order to enable the implementation of these studies from the start of the new financial year.

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Annual Financial Statements for the year ended March 31, 2023

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31. BUDGET DIFFERENCES (CONTINUED)

31.11 NDA grant funded CSOs (+ R 4 377 652)

The under-spending in grant funding is due to projects that were approved and committed at the end of the fourth quarter, but which have either not yet been contracted, or have not yet met the conditions for disbursement as per the Grant Funding Agreement.

31.12 CSO development implementation costs (+ R5 106 574)

The under-spending is mainly due to the delayed spending on developing a mentoring and coaching framework which was contracted late in the financial year, and savings in project monitoring costs due to the approval of grants to NDA funded projects late in the financial year.

31.13 Third party funded capacity building (- R3 469 000)

The amount of R3,4 million relates to mentoring costs for the CARA CSOs which is not budgeted for by the NDA, but funded through third party CARA funds.

31.14 CSO Volunteer programme (+ R9 084 350)

The underspending is attributable to delays in the approval of grant funding to CSOs participating in the Volunteer Programme, and the subsequent utilisation of funds received to implement this project as part of the presidential youth employment stimulus programme. At the end of March 2023 funds to the value of R17 833 930 has been disbursed on this programme.

31.15 General expenses (+ R 4 777 975)

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.

31.16 Capital expenditure (+ R2 522 100)

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.

31.17 IT communication costs (- R1 009 951)

The overspending on IT communication costs is attributable to higher software license costs than was budgeted for. The Microsoft licenses are US dollar based, these costs have increased significantly in 2022-23 due to the weak rand.

31.18 Audit fees (+ R1 488 538)

The underspending on audit fees is due to the timing difference between the budget for audit fees and invoicing of budgeted activities by the Office of the Auditor General.

31.19 Consulting and professional fees (+ R6 381 742)

The underspending in consulting costs is due to planned activities that were not implemented such as the review of the NDA organizational structure and completion of the alignment of the IT strategy to the new business model, which awaits the finalisation of the turn-around strategy. Other planned projects such as the ICT Audit, Risk Audit and the Quality Assurance Review of the Internal Audit function were procured late in the financial year, and no spend on these projects were incurred by financial year end.

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Annual Financial Statements for the year ended March 31, 2023

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31. BUDGET DIFFERENCES (CONTINUED)

31.20 Accommodation and Travel(- R2 829 572)

The overspending on accommodation and travel is mainly due to high travel costs incurred by provincial staff members to attend quarterly review meetings at Head Office, as well as travel costs relating to the strategy session held by the Office of the COO for all programme 2 staff relating to the assimilation of the NDA's turnaround strategy.

REASONS FOR MATERIAL ADJUSTMENTS TO THE ORIGINAL APPROVED BUDGET

The NDA revises its original annual approved budget after the end of the second quarter of each financial year in accordance with the requirements of the finance policy. The mid-year budget reprioritisation is intended to align the budget to revised priorities considering the year to date expenditure recorded at the end of the second quarter, to reallocate budget savings to areas of budget overspending, and to incorporate the National Treasury approved rollover from the previous year into the current year budget.

The reasons for material adjustments to the Revenue and Expenditure budget are provided below:

Revenue Adjustment- R56 526 253

The reasons for material adjustments to the revenue budget line items are provided below:

Transfer from accumulated funds- R53 028 335

The transfer from accumulated funds represent the surplus funds from the 2021/2022 financial year that was approved for rollover by National Treasury.

Interest received- R2 779 024

The adjustment to interest income is due to the receipt of higher interest income as at the end of the second quarter, than was projected at the beginning of the year, and revised projections of interest income to the end of the financial year.

Other income- R718 894

The adjustment to other income is due to the receipt of sundry income to the end of the second quarter, that was not budgeted for at the beginning of the financial year due to its unpredictable nature.

Expenditure adjustment- R56 526 253

The adjustment to the budget for expenditure line items are as follows:

The budget for the following line items was adjusted for approved rollover of 2021/2022 surplus funds by National Treasury, in order to settle year-end commitments:

- Volunteer programme- R30 000 000
- NDA grant funded CSOs- R8 099 378
- Research, monitoring, and evaluation- R3 232 473
- Consulting and professional fees- R7 399 670
- General expenses- R2 648 087

The budget for the following expenditure line items was adjusted for the reallocation of savings from other line items to fund over-expenditure during the financial year:

- Admin staff costs- R708 970
- Board fees- R524 000
- Accommodation and travel- R1 370 252
- CSO development programme implementation costs- R1 977 056

NATIONAL DEVELOPMENT AGENCY

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2023 R	2022 R
31. BUDGET DIFFERENCES (CONTINUED)		
RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE		
Reconciliation of budget surplus/ (deficit) with the surplus/ (deficit) in the statement of financial performance		
Net surplus per the statement of financial performance	(23,630,650)	45,429,929
Adjusted for: Depreciation and amortisation	3,076,995	3,259,007
Adjusted for: Loss on disposal of assets	175,502	131,665
Adjusted for: Increase in allowance for losses	-	227,399
Net surplus per approved budget	(20,378,153)	49,048,000

	Operating	Financing	Investing	Total
Actual amount on comparable basis as presented in the actual budget and actual comparative statement	(20,378,153)	-	-	(20,378,153)
Basis difference	(22,644,114)	-	(3,843,365)	(26,487,479)
	(43,022,267)	-	(3,843,365)	(46,865,632)

32. PRIOR-YEAR ADJUSTMENTS/RESTATEMENT

In the current year, Management reclassified the following:

- > Management reclassified accruals of Board and LCC remuneration from Non-Exchange Payables to Exchange Payables.
- > Expenditure related to software licenses was reclassified from General Expenses to IT Communication costs.

In the current year, Management identified that Lease Incentives in the form of Tenant installation granted by landlords in terms of lease agreement were not previously recognised in accordance with the requirements of GRAP 13, and IGRAP 13.

Statement of financial position

2022

	Note	As previously reported	Correction of error	Re-classification	Restated
Payables from exchange transactions	9	6,326,330	427,055	18,236	6,771,621
Payables from non exchange transactions	10	3,215,637	-	(18,236)	3,197,401
Accumulated surplus		79,486,742	(427,055)	-	79,059,687
		89,028,709	-	-	89,028,709

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended March 31, 2023

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32. PRIOR-YEAR ADJUSTMENTS/RESTATEMENT (CONTINUED)

Statement of financial performance

2022

	Note	As previously reported	Correction of error	Re- classification	Restated
Other income	17	2,067,229	(467,373)	-	1,599,856
General expenses	21.1	(9,359,613)	-	2,435,819	(6,923,794)
Admin staff costs		(65,942,995)	-	324,428	(65,618,567)
IT communication Costs		(2,573,292)	-	(2,760,247)	(5,333,539)
Relocation of offices (lease incentives)		-	(180,000)	-	(180,000)
Operating leases		(11,938,519)	220,318	-	(11,718,201)
Surplus for the year		45,856,984	(427,055)	-	45,429,929
Total movements		(41,890,206)	(854,110)	-	(42,744,316)

Cash flow statement

2022

	As previously reported	Correction of error	Restated
Cash flow from operating activities			
Other receipts	825,177	(467,373)	357,804
Suppliers	(53,891,162)	467,373	(53,423,789)
	(53,065,985)	-	(53,065,985)

33. EVENTS AFTER THE REPORTING DATE

33.1 Non- Adjusting events after reporting date:

The NDA started the approval process for the following transactions before the end of the financial year but concluded the approval and contracting process after the financial year end. An additional category has been added to commitments to cater for the transactions approved and contracted after the financial year-end.

- **Tender process finalised after year end (R1148678)**

The tender process for the procurement of 30 laptops and 15 desktops was initiated before the end of the financial year, but the approval and contracting fell in the month of May 2023.



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UNLOCKING

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