NDA
National Development Agency

social development
Department: Social Development
REPUBLIC OF SOUTH AFRICA

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SOUTH AFRICAN SOCIAL SECURITY AGENCY

2021/22 ANNUAL REPORT

I have the honour of submitting the Annual Report of the National Development Agency for the period 01 April 2021 to 31 March 2022.

	30 September 2022
Ms Lindiwe Zulu, MP Minister of Social Development	**Date of submission**

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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		
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
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		

1.2 List of ABBREVIATIONS

AGSA	Auditor General South Africa
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
DSD	Department of Social Development
ECD	Early Childhood Development
EE	Employment Equity
EXCO	Executive Committee
FNS	Food and Nutrition Security
GBV	Gender-based Violence
GBVF	Gender-based Violence and Femicide
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
ICT	Information and Communications Technology
IFW	Irregular, Fruitless and Wasteful
IT	Information Technology
KPI	Key Performance Indicator
MP	Member of Parliament
MTEF	Medium-Term Expenditure Framework
NDA	National Development Agency
NPO	Non-Profit Organisation
NT	National Treasury
NEDLAC	National Economic Development and Labour Council
OHS	Occupational Health and Safety
PFMA	Public Finance Management Act
PPC	Parliamentary Portfolio Committee
PPE	Personal Protective Equipment
PPPFA	Preferential Procurement Policy Framework Act
UIF	Unemployment Insurance Fund

1.3 Foreword by the MINISTER

Ms Lindiwe Zulu, MP
Minister of Social Development

We have faced many adversities, as a country and as a department and its supporting entities in the last two years. We have had to mitigate against challenges posed by COVID-19, the 2021 looting which led to the temporary closure of many businesses, resulting in job losses in affected provinces as well as the KwaZulu-Natal Floods disaster. Many civil society organisations (CSOs) in affected communities played a critical and unifying role in assisting us to address these disasters. While we were addressing the issues of poverty, gender-based violence also intensified and we had to do everything possible to address these challenges, in collaboration with CSOs on the ground.

Despite all these challenges listed above, we continued to implement the priorities of the 6th Administration by serving the people of this country in collaboration with these dedicated CSOs. It therefore gives me great pleasure to present this 2021/22 annual report of the National Development Agency (NDA). John Mackey, outgoing CEO of Whole Foods Market, could not have articulated the importance of collaborations in community development better when he said “A healthy society rests on three pillars: business, government and civil society, or non-profits. Each has a distinct and important role to play, and all three need to work together synergistically to create the most value for society.

The National Development Agency (NDA), through its holistic CSO Development approach, continued to play a pivotal role of empowering our grassroots civil society organizations. Its empowerment programmes took CSOs from mobilization, registration to ensure that they are a legal entity that comply with registration requirements, capacity building to be able to run their CSOs effectively, grant funding to kick-start or improve their operations and where possible, linking many of these CSOs to sustainable livelihoods.

CSOs are the voice of marginalized communities. It is through them that we get to know about the plight of our communities and the NDA, in capacitating 2,558 CSOs in CSO management related programmes such as governance, financial management, community development practice and conflict management, keeps giving a voice to our communities, especially those in far-flung areas.

During my community outreach, I visited several NDA funded programmes across the country. I must report that I was impressed by what many of these CSOs are doing, be it in victim empowerment to fight gender-based violence, to income generation projects that empower the youth of our country. A small sample of these projects are mentioned in the body of this report. The NDA also started valuable work in re-inventing itself through its Turnaround Strategy during the year under review. This showed the need to also focus on CSOs in the area of economic development to lift our people out of poverty, while also not neglecting its primary mandate of empowering all emerging CSOs, in collaboration well-established ones.

The results of the Turnaround Strategy also showed the need for improved stakeholder relations if the Agency is to successfully participate in the implementation of the District

Delivery Model. The poverty challenge, which is similar to a global pandemic especially amongst developing countries, cannot be addressed by government alone. In borrowing the words of former Secretary-General of the United Nations, Mr Ban Ki-moon, “Building sustainable cities - and a sustainable future - will need open dialogue among all branches of national, regional and local government. Furthermore, it will need the engagement of all stakeholders - including the private sector and civil society, and especially the poor and marginalized”. We truly share this sentiment, if we are to continue to implement programmes that improve the lives of our people and achieve our deliverable articulated in Vision 2030.

We all know that community development cannot succeed without empowering current and potential victims of gender-based violence in order to normalise our communities and protect all victims of gender-based violence, which are mostly women and children. To this extent, the NDA, through the DSD/ CARA Victim Empowerment Programme, continued to disburse funds to CSOs involved in GBVF so that they could continue to provide their services in their local communities. During the year under review, R24, 55 million was disbursed to CSOs participating in this programme. It is important that we keep on making every effort possible to fight gender-based violence so that we can normalise our communities and restore the principle of Ubuntu in our country.

I wish to extend my heartfelt thanks to the former CEO Mrs Thamo Mzobe, whose term of office came to an end in October 2021, the current acting CEO, Mr Bongani Magongo, who also doubles-up as the Interim Accounting Authority and steering this ship while waiting for the appointment of the new Board and CEO. It would be remiss of me if I forget to thank management and staff of the NDA who continue to serve our communities with dignity and dedication. Nangomso!

Ms Lindiwe Zulu, MP
Minister of Social Development

1.4 Overview by the INTERIM ACCOUNTING AUTHORITY

Mr. Bongani Magongo
Interim Accounting Authority

The 2021/22 financial year was as tempestuous as it was defining for the National Development Agency. It was characterized mainly by the end of the term of both the Board and the CEO. This watershed and defining moment would have ordinarily sunk most organisations to a position of oblivion, subdued organizational performance and constrained service delivery. Not the NDA though, the men and women who answered the clarion call to eradicate poverty in all its forms, rallied in the midst of these mounting and seemingly insurmountable challenges, to put their best foot forward and fervently deliver on the mandate of the NDA.

An achievement of 83% is no mean feat, in a year typified by governance and administrative challenges that should have typically ended in dismay. The pinnacle and crowning moment of our performance was the condonement of R98, 8 million by National Treasury following a relentless process that started in the 2020/21 financial year and culminated in the subsequent removal of this historical irregular expenditure, in the year under review.

A further pivotal and defining moment was the development of the NDA Turnaround Strategy whose inclination was to define a developmental mechanism for the NDA to reposition itself towards rebirthing impactful community-based programmes driven by the civil society organisations (CSOs) and to redefine robust internal business processes to match the ambitious programme of comprehensive development of deprived communities. The Turnaround Strategy essentially sought to define a path to move impoverished communities from the margins of economic development to become active participants in their own holistic development, using sustainable CSOs as catalysts of socio-economic development.

Amidst the ravaging COVID-19 pandemic, defined by shrinking global economy and diminishing resources, the NDA was able to raise R54,5 million against a well-considered annual target of R20 million. This remarkable performance was achieved largely due to forging beneficial partnerships with Harmony Gold, Anglo American (Kolomela and Assmang mine), Eskom Foundation and the National Treasury.

Through the grant-funding programme and the implementation of projects by CSOs, the NDA created 750 job opportunities that were mainly accessed by the unemployed in the deprived communities. These opportunities went a long way in ensuring that the beneficiaries lived above the breadline for the period of their gainful employment.

The NDA, in fulfilment of its secondary mandate of undertaking research aimed at providing a basis for development policy and promoting consultation, dialogue and sharing of development experience between CSOs and relevant organs of state, undertook a range of research studies. The Agency further shared the findings and recommendations of such studies through webinars attended by a range of key stakeholders across government and civil society.

The findings and recommendations were further enhanced by critical engagements that shaped the contribution of these research studies on the development policy of the country's landscape. In our effort to improve programme design and implementation, the NDA conducted evaluations on food security projects and income generation funded by the NDA, which amongst others, revealed that NDA supported interventions were effective and value for money was derived out of the investments made.

I wish to take this opportunity to thank the Minister of Social Development, Ms Lindiwe Zulu, for entrusting me with the responsibility of steering the NDA. Through her leadership, the NDA was able to make remarkable progress in the midst of prevailing challenges. The Deputy Minister of Social Development, Ms Hendrietta Bogopane-Zulu, has been a pillar of support in dealing with and resolving some of the service delivery challenges we experienced on the ground. I also wish to thank the leadership of the Department of Social Development Portfolio, the Acting Director General, Mr Linton Mchunu, and the CEO of SASSA, Ms Totsie Memela-Khambula for their collegial support. Lastly, I wish to thank the NDA management and staff whose fortitude and dedication secured a resounding performance of 83%. I am beholden to the army of Development Officers across the nine provinces who daily face unbearable difficulties in the line of duty but still continue to wear the mantle of servitude in their hearts. Ke a leboga.

Mr. Bongani Magongo
Interim Accounting Authority

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 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 for the judgments made in this informative report.

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 2022.

Mr Bongani Magongo Acting CEO Interim Accounting Authority	30 September 2022 **Date**

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 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, 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 publication aimed at providing the basis for development policy.

Furthermore, 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, foreign governments and other national and international donors for development work to be carried out by civil society organisations.

(b) develop, conduct and co-ordinate policy relevant to its objects referred to in section 3;

(c) contribute towards building the capacity of CSOs to enable them to carry out development work effectively; and

1.7 Legislative and OTHER MANDATES

(d) 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 and 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

(3) Any grant in terms of subsection (2) (a) 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) 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; and

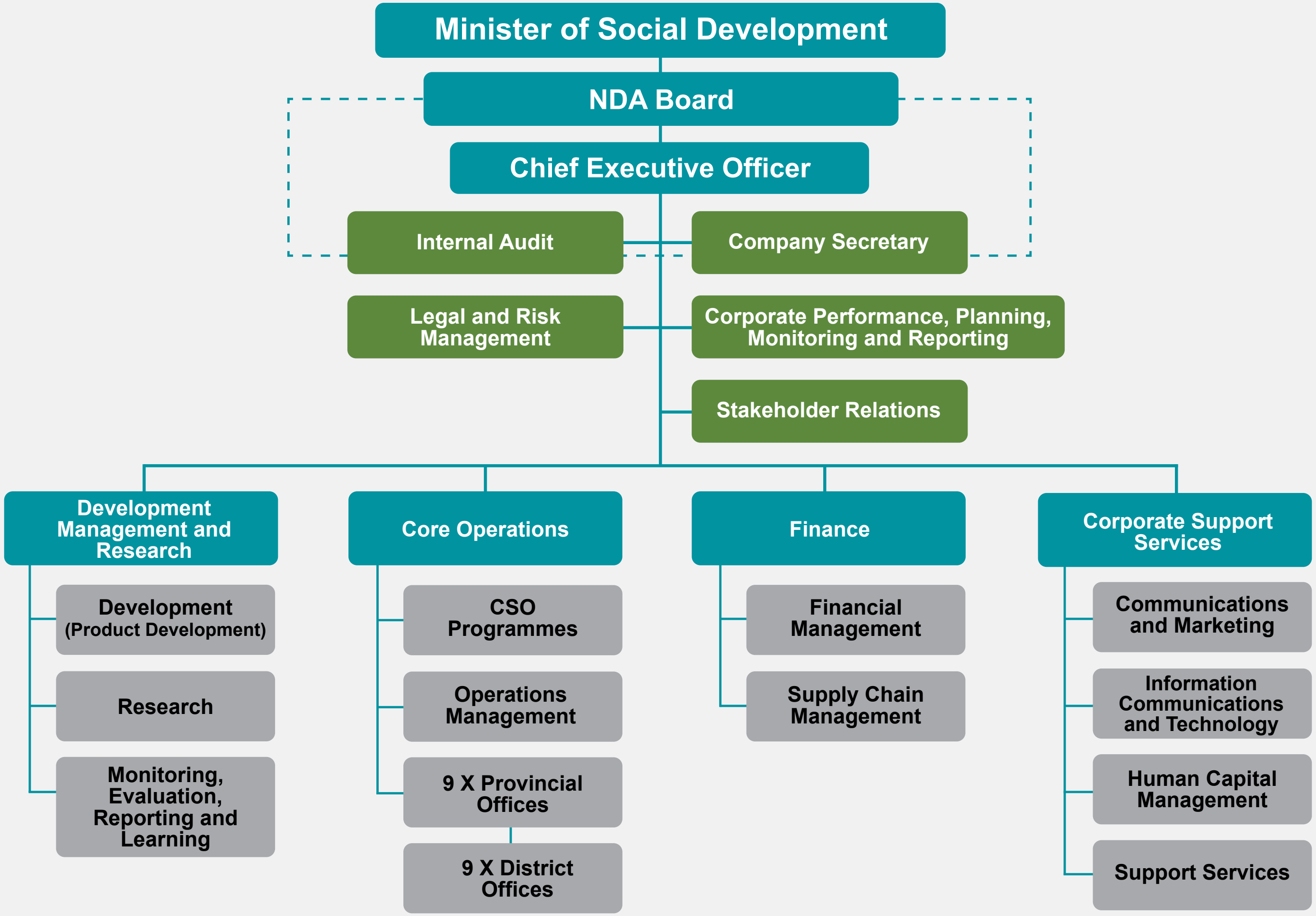
(b) in respect of each financial year of the organisation, a comprehensive, narrative report containing-

(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

(j) an audited financial report not later than the date prescribed by regulation in terms of section 13.

(5) Any grant in terms of subsection (2) (n) 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 Situational
ANALYSIS

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 local level. These organisations and structures are comprised of community members who are active in the implementation of poverty eradication initiatives. A CSO would comprise of 5 – 10, or more members, which means that the mobilisation programme has the potential to reach five to ten times more people within a community.

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

The NDA has assisted CSOs to formalise their structures by way of instituting governance mechanisms and financial 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 have supported these organisations through processes such as; the opening of 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, NDA has assisted CSOs to successfully register with appropriate legislative authorities. The formal registration of these CSOs marks an important step towards access to resources and participation in the economy. CSOs are assisted to comply with registration provisions, as either NPOs or Co-operatives.

Subsequently, through the mobilisation and formalisation process, the NDA empowered CSOs by building their capacity in fulfilment of the primary mandate of the NDA, which requires the NDA to strengthen the institutional capacity of CSOs that provide services to impoverished communities. To this extent, 2,558 CSOs have been trained in CSO management related programmes such as governance, financial management, community development practice and conflict management.

In fulfilling the mandate of mobilising resources and acting as a conduit for disbursement of the same funds to CSOs in the pursuance of their developmental aspirations, the NDA raised R54,5 million worth of financial and non-financial resources in this financial year. These resources have benefitted CSOs in strengthening their managerial ability and ensuring compliance to legislative authorities.

The NDA has furthermore grant-funded 88 CSOs to the value of R13, 29 million, from its own funding, enabling CSOs to address poverty relief to the vulnerable and impoverished in our society. CSOs have ensured that the NDA makes inroads in ridding society of the dire effects of poverty, especially in areas where they operate. Grant funding focuses on

2.1 Situational ANALYSIS

assisting CSOs with seed funding that enables them to provide goods and services to communities. The funding specifically targets CSOs that do not meet the funding requirements of other funding institutions. The NDA aims to unlock the ability of CSOs to access further funding and increase their sustainability. As a result of the funding:

- Children within the ECD Centres were able to access ECD services which 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; and

- Household income from the funded CSOs and Co-operatives involved in economic activities increased thereby increasing living standards, savings and consumption in their respective communities.

Through the grant-funding programme, the NDA created 750 work opportunities which ensured that economically challenged families have their quality of life improved through participation in the NDA supported community projects. In fulfilling its mandate which requires it to "Act as a key conduit for funding from the Government of the Republic, 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 civil society organisations (CSOs). The following partnerships were implemented during this period:

• Department of Social Development (DSD) / CARA Victim Empowerment Programme:

The programme was funded through the Criminal Asset Recovery Account (CARA) third party funds received from DSD. The overall purpose of the programme is to identify; partner and empower, through grant funding, CSOs involved in GBVF support services in the nine (9) Provinces. Since the programme started in the 2020-21 financial year, 296 CSOs have been funded to the value of R70,55 million to provide the following services to victims of crime and abuse:

- Family strengthening to increase family connection, enhance child development, and reduce the likelihood of child abuse and neglect.

- Social crime prevention focusing on the structural drivers of gender-based violence.

- Social behaviour change programmes focusing on boys and men.

- Welfare services focusing on social protection, maximization of human potential and on the fostering of self-reliance and participation in decision-making.

During the 2021-22 financial year, 170 payments were made to the value of R24,55 million to CSOs participating in this programme.

• ESKOM Foundation:

The Foundation partnered with the NDA to support Early Childhood Development Centres in the Eastern Cape and the Western Cape. To this end, the ESKOM Foundation provided a total amount of R3,4m to ECDs in the two provinces.

2.1 Situational ANALYSIS

- ### Harmony Gold:

The organisation provided an amount of R489 000 to ECDs in the Eastern Cape. There were further discussions for the funding support to be implemented in all labour-sending provinces of Gauteng, Free State and North West.

- ### Anglo American, Kolomela & Assmang Mines, Tsantsabane Local Municipality:

The NDA entered a Private Public Partnership with the above organisations to support the Social Labour Plan to the tune of R17m in the Northern Cape.

- ### SASSA and National Lotteries Commission:

The NDA has referred numerous CSOs for grant funding to the NLC. Additionally, Sewing and Agriculture Co-ops were assisted to participate in the SASSA programme for procurement of goods and services as part of the Social Relief of Distress Programme.

- ### Presidential Stimulus Programme Volunteer Programme:

The National Development Agency (NDA) developed and submitted a project proposal to the National Treasury to access funding to the value of R30 million from the Presidential Employment Stimulus Package. The Programme will provide work opportunities to 2300 young people and will be implemented in the 2022/23 financial year.

NDA PROJECTS FIGHTING POVERTY AND SOCIAL ILLS THROUGH CIVIL SOCIETY ORGANISATIONS

The National Development Agency mandate of contributing towards the eradication of poverty is implemented in partnership with civil society organisations (CSOs) through community-based projects. The NDA funded projects are located in communities where there are high levels of poverty, unemployment and little or no economic activity. Furthermore, these communities have high levels of social ills such as substance abuse, crime and gender-based violence. The NDA's approach to funding is designed holistically to also fund CSOs that work with communities to curb social ills and provide services such as early childhood development. The funding is always supported with institutional capacity interventions of the CSOs, these includes financial management, organizational management, conflict resolution, project management and many other developmental interventions. Where technical training is needed, the NDA supports the CSOs to access such interventions. All these efforts are to ensure that the projects are sustainable and provide the much-needed social and economic relief required by the communities.

Eastern Cape – Umthatha Women's Support Centre

The Umtata Women's Support Centre (UWSC) is a registered Non-Profit Organization based in Mthatha, King Sabata Dalindyebo (KSD) Local Municipality in the Eastern Cape Province. It provides free psychosocial services and support within the spectrum of Gender Based Violence, Women's Human Rights, Sexual Reproduction Health and Rights, and Human Trafficking in the area of O.R. Tambo district municipality. UWSC is the brainchild of Young Women Christian Association (YWCA), that set up the Centre because of approaches from

2.1 Situational ANALYSIS

desperate women, police and media reports on crime, especially on women, which also ultimately affects children. It has a GBVF awareness campaign that runs on Umtata Community Radio every Tuesday at 11h20-11h45.

The UWSC, in partnership with the National Development Agency, launched Masiphunge (let's talk over a cup of tea) Women Empowerment Session in December 2021 at Sithebe Village under KSD Local Municipality. Masiphunge is a programme designed to travel on a journey of Healing and Empowerment, specifically for women living in the rural communities. The programme is designed to provide a safe space for women to heal and be well physically, spiritually and psychologically. The launch included inviting key stakeholders within the sector coming to present the programmes they offer to women and victims of GBVF, as well as provide messages of support to the community at large.

The NDA, through the CARA funding, granted the organization R300 000 towards fighting the scourge of gender-based violence, using Masiphunge as a vehicle. The organization was able to implement community programmes that included GBVF awareness campaigns, counselling sessions for women and members of the LGBTQI+ community, women empowerment sessions targeted at people between the ages of 17 to 79 years old, WhatsApp group and face-to-face sessions, amongst others. Through Masiphunge, the organization also encouraged women to report cases of abuse ranging from rape, substance abuse, emotional abuse, physical abuse and economic abuse handled.

Women and youth were exposed to skills development opportunities that play a greater role in transforming their economic statuses and levels of literacy. The programmes kept them occupied and more focused on bettering themselves for growth. Victims of GBVF and their families received both psychosocial, spiritual and emotional support to help them deal with their traumas and ease the burden they carried since the occurrence of the incidents.

All the groups from the various targeted communities are also starting to participate in economic activities that would improve their livelihood. Some have started farming initiatives, sewing and piggery production. Twenty-five (25) women received skills on baking, beading and décor through the Masiphunge empowerment programme. In addition, they will be getting start-up kits to animate their journeys to economic development and improved livelihoods

A Board that is comprised of Five (5) executive members mainly retired and with varying skills governs the CSO. It has a team of 3 Social Workers that provide counselling services to all victims of gender-based violence as the organization seeks to empower victims to be able to stand up for themselves and fight or report gender-based violence behaviour happening to them or to people around them.

2.1 Situational ANALYSIS

Free State – Access 2 Success Primary Co-Operative Limited

Access 2 Success is a primary cooperative registered in 2019, operating in the Free State township of Jerusalem Park in Thabong, next to Welkom. The area is part of the Matjhabeng Local Municipality, which is one of the five local municipalities that form the Lejweleputswa district.

The organisation is run by four women who were unable to, individually, secure employment opportunities. In 2015, they identified and started a two-pronged operation consisting of exclusively organic vegetable production method of permaculture, as well as hollow brick production for fencing and the building of private homes by community members – after identifying and clearing an area used for dumping and using their own member contributions. The permaculture method saves money – uses available resources, saves water, assists in the maintenance and improvement of good quality soil for production and further improves health by producing organic vegetables.

Currently, the project employs 19 workers, 15 of whom are paid per month through the EPWP stipend agreement which has run for a year and extended to April 2023. The other four workers are paid from the organisation's proceeds. They all participate in activities including trench and land preparation, planting and harvesting as well as brickmaking, packing and selling. The Coop makes 150 bricks per day that are sold at R10.00 per brick for hollow and paving types – they will venture into diamond and plaster bricks soon. Most importantly, the Cooperative is undergoing testing by the South African Bureau of Standards (SABS), which will place their product in a premier league. The Small Enterprise Development Agency (SEDA) is assisting with this professionalisation of the enterprise through a linkage by the National Development Agency (NDA).

The NDA funding of R 270 612,50 contributed towards acquiring a sink borehole, 5000L Jojo tank for preserving water, a generator to power a borehole, the construction of a fence for security purposes, crusher and mixing machinery as well as the training of members in Financial Management.

The Cooperative recently built a small office that also operates as a storage. Harmony Gold mine donated five mini tunnels for expansion of the open-air food garden. The Department of Social Development has provided planting implements. The Department of Environment, Tourism and Economic Affairs funded the Cooperative with R50 000,00 which went towards the purchasing of a brick-making machine and the Department of Agriculture assisted with relief funds following recent rainstorms. "We are in a good position to upscale our production of 150 bricks per day as we have the resources and capacity. One of our medium-term plans is to purchase our own vehicle to make deliveries. We also want to separate the businesses – we are looking for land to operate the vegetable garden side of our business," says Cooperative Member, Mrs Lisa Motsamai.

Thabong, Welkom is a declining mining township, with declining economic opportunities, high levels of poverty, lack of access to affordable nutritious vegetables, lack of service delivery and the accumulation of illegal dumping sites. The Cooperative is addressing the lack of employment and income for its members. "We are proud of what we have achieved thus far, we still have big ideas – we want to be a preferred vegetable and brick seller within Matjabeng. We appreciate the support from Harmony Gold; however, the relationship we want with them is to become a supplier to them and not a

2.1 Situational ANALYSIS

CSI project. As soon as we achieve our SABS certification, we will be in an upstanding position to market our products to surrounding businesses and mining clients, in addition to our community. We would also assist with the pothole problem within our community with the resources that we have. Our intention is to stay within the community, so they do not struggle to access our services, even with challenges of crime within the area – we are finding ways to lessen that threat," says Mrs Elisa Makhabane, member of Access 2 Success.

Gauteng - Ipadts 33 Primary Cooperative Limited

Ipadts 33 Primary Cooperative Limited was established by 6 youth and was registered with CIPC as a Cooperative in December 2013, during the launch of the Tshepo 10 000 programme which is targeting the unemployed youth and poverty alleviation in Gauteng. The programme is managed by the City of Tshwane's Economic Development unit. The Cooperative has a SARS tax clearance certificate and is registered with the Central Supplier Database (CSD). The members of the Cooperative are from Mabopane but due to unavailability of space, the project is operating from the industrial site in Zone 15, Garankuwa.

The main aim of the co-operative is to create job opportunities for the unemployed youth of Mabopane, Ga-Rankuwa and surrounding areas through manufacturing of household cleaning detergents. In 2016, the cooperative started manufacturing household cleaning detergents such as pine gels, multipurpose gels, dish washing gels and recently hand washing liquid soaps and foam. The cooperative members saw a niche in the cleaning and sanitation business and they are currently selling detergents to the City of Tshwane Municipality, surrounding schools and the community at large.

In 2018-19, the Cooperative requested an amount of R38 095.32, to sustain the current jobs, expand their current business operations, and produce in larger quantities. The Co-operative wants to sustain the current jobs and expand their current business operations, producing larger quantities of detergents through the procurement of additional raw material and office equipment. Enabling them to increase production and supply to surrounding clinics and other government departments.

In 2021, the Cooperative diversified and started manufacturing cosmetic soaps, hand creams and lotions, using used cooking as the main ingredient. They collect used oil from the spaza shops community and the community at large. Currently they have submitted their cosmetic products for testing at the South African Bureau of Standards (SABS).

The cooperative is supported by the City of Tshwane and they have received institutional strengthening training interventions in Financial and Conflict Management, Cooperative Legislative Act and Project Management from the National Development Agency (NDA).

2.1 Situational ANALYSIS

KwaZulu-Natal – Economic Recovery Programmes

KwaZulu-Natal Province experienced some on the worst disasters in the past year. The July unrest and disastrous floods that followed dealt a huge blow on the social, environmental and economic sectors, as the country was dealing with the COVID-19 pandemic simultaneously. The provincial government has a recovery strategy to ensure that the lives of those who have been hard hit are at least returned to normal or improved for the better. The NDA Provincial Office has been determinedly working to ensure that the Agency plays its part by supporting civil society organisations (CSOs) to implement community development projects for the recovery to be realised.

"Not only do we see the funded co-operatives increasing food security in the province, but we see them as assisting the province in job creation, especially that of young people and thus graduating them out of the Social Grant System. The availability of funded Early Childhood Development Centres frees the parents, especially the mothers of their young children, enabling them to seek out employment, and once employed they are able to move themselves and their children out of the Social Grant System" says Ms Yolisa Ndima, NDA KwaZulu Natal Provincial Manager.

The NDA is encouraged by the involvement and support of the Traditional Leadership, Local Government and the greater community, who have pledged their support to all these projects. The community members have been adamant that no looting, nor damage to the project infrastructure and assets would happen. They promised to protect the projects as part of their commitment and participation in the economic recovery of KwaZulu Natal.

In the 2021/22 financial year, the NDA went all out to capacitate 438 CSOs to ensure that they get back to becoming functional and continue to provide services in their communities. During this time, sixteen Cooperatives and eight (8) Early Childhood Development Centres that participated in this capacity building programme were funded to the tune of R2 714 062.43. The following are some of the economic recovery projects that were funded by the NDA in KwaZulu Natal to support communities to recover from the shocks of the pandemic:

- Amazulu Poultry Farm-Mandeni, ILembe District is a poultry cooperative producing eggs. The R 329 780.00 grant procured more layers and the required equipment. The funding is also assisting in training the youth in the area who will be employed in the project. This funding will also sustain 15 permanent jobs, made up of nine women and six men, of this number six are youth and one disabled person.

- Uhambo-Iwethu-Maphumulo, ILembe District- received R130 071.70 grant to increase its production and meet market demands by purchasing the irrigation system consisting of a pump, pipes and tanks. The Cooperative produces cabbages, tomatoes, onions, green peppers and beans on a 9-hectare land sold to the local community at affordable prices. This funding will also sustain 11 permanent jobs, made up of three women, eight men and lastly the youth make up two of these numbers.

- Sivusa Sizwe -Umdoni, UGU District- this cooperative produces cabbage, butternut, dry beans and spinach. They supply the community, supermarkets in Umzinto as well as the Durban stokvel hub amongst others. The R 272 405.10 grant from the NDA purchased a water pump, pipe and the engine to ensure that they expand their operations. This funding will also sustain five permanent jobs, made up of four women, one man. This number includes three young people.

• Siyaphumelela ECD Centre-Umzumbe, UGU District – the centre has seven female members who are benefiting from the training that will be provided by the NDA. The 33 children benefit from all the learning materials that was procured. The R99 566.50 grant was spent on educational materials, outdoor jungle gym, burglar gates on all external doors and fencing. The NDA will capacitate the Board members of the ECD Centre on Compliance, Governance Financial Manager and Resource Mobilisation, and capacitate the ECD Practitioners on Basic Classroom Practice. This funding will also sustain four women who have been appointed as permanent workers.

The NDA KwaZulu-Natal Economic Recovery Outreach will continue throughout the province in the next financial year targeting the poverty-stricken communities in an attempt to get them out of poverty, into a space where jobs will be created for community members.

Limpopo – Child Welfare South Africa

In a proactive effort to address issues of gender-based violence and all aspects of child protection, the NDA partnered with the Limpopo Child Welfare Society (LCWSA) to run early interventions, as part of the CARA funding programme. The organisation's special focus is the provision of child welfare and development services in all the five districts in the province. Their focus is child protection, psychosocial support and family strengthening. This is done through awareness campaigns, dialogues with stakeholders and training workshops with ECD practitioners, parents/caregivers and community leaders.

The (LCWSA) also hosts camps and workshops with boys and girls to equip them with knowledge on GBV prevention programmes, team building, leadership and community service, HIV&AIDS, education resistance training on alcohol and substance abuse, children's rights as well as Anti-Bullying workshops.

The Welfare Regional Director Mrs Mary Maluleka said, "We want to be proactive in dealing with gender-based violence. Our programmes are geared towards equipping the children to care for themselves and others. It teaches them to take responsibility of their actions and for others when they see that there is a problem".

The organisation noticed that during COVID-19 there were many challenges that children were facing, as there was an increase in the cases reported for child neglect and child abuse in most parts of Limpopo. Children were reported missing and more drownings had been reported. The organisation had to intensify their awareness programme by holding a community awareness campaign to educate parents/caregivers, teachers and community leaders on how to protect children during COVID-19 and beyond. The campaign also empowered the community to understand children's rights as enshrined in the Constitution.

The Educational Awareness Campaign focused on school going boys and girls. The campaign emphasised strengthening communications amongst children with their peers about teenage pregnancy and substance abuse. Community Dialogues to equip parents and teachers on how to communicate with children on their rights and the responsibilities that children have towards the rights were also held.

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The dialogues also provided knowledge on how to detect child abuse and the prevention tools that could be used to this effect.

As one of the efforts to curb GBVF early in children's lives, LCWSA organised three-day camps for the boys under the age of 19. The camps focused on life-skills training where issues like human trafficking, child pornography and children's rights were addressed. "The camps were the last activities of the 12-months programme to empower the boy-child to prevent GBVF, to become gender sensitive, as well as becoming a champion of gender equality. The interventions provided are expected to help change attitudes and behaviours that encourage GBVF incidents in various communities and help eradicate the cycle of violence from spreading to the next generation," said Mrs Mary Maluleke, Director of Child welfare South Africa in Limpopo.

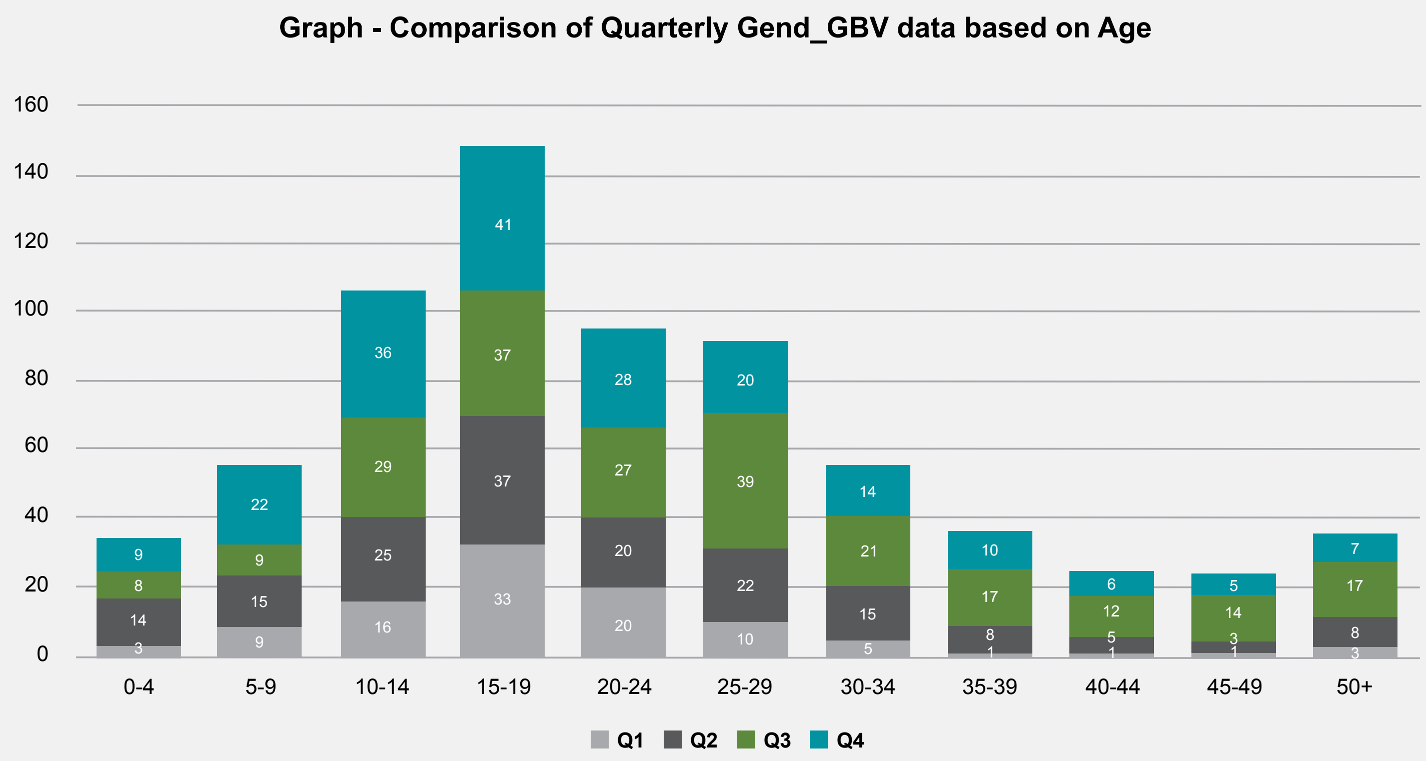
Mrs Sharon Makhale, a social worker at Child Welfare South Africa, Limpopo added that the 12-month programme has been a success. She also noted that more still needs to be done to ensure that individuals (children, women and men) and the community at large understand their basic human rights; and the responsibilities that come with those rights in order to curb the scourge of child abuse and GBVF.

Mpumalanga – Greater Rape Intervention Programme

The Greater Rape Intervention Programme (GRIP) is a registered NGO founded in 2000 with special focus on sexual and domestic violence. Over the years, GRIP has developed a system of operation, which has been used by the National Prosecuting Authority as their blueprint for the Thuthuzela Care Centres, where a case can be tracked from the police stations, through the hospitals to the courts.

Figure 1 - Grip Service Delivery Model

2.1 Situational
ANALYSIS



The GRIP Friends of the Court assisted with 519 cases in Mbombela Court with 167 children below the age of 14.

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ANALYSIS

GRIP is one of 37 CSOs that benefitted from the NDA's R10.8 million Criminal Assets Recovery Account (CARA) funding investment in the Mpumalanga province. GRIP was granted R 300 000.00 in 2020 to increase awareness on Prevention, Response, Care, Support and Healing" of all vulnerable persons affected by the scourge of gender-based violence in Ehlanzeni District Municipality. During the NDA funding period, the organisation increased its operations in the Hospital Care Rooms and in assisting the victims who needed court services.

The table below shows GRIP's interventions in the Bushbuckridge and Thaba Chweu hospitals care rooms:

All Hospital Totals	Domestic Violence	Sexual Violence	PEP Initiated	Known Pos on ART	New Positive	ART Initiated
TOTAL	159	1359	713	182	25	28

Across all hospitals, the predominant service demand is from the 10- to 24-year-old age group. For the CARA programme, 76 awareness campaigns were held reaching 1074 beneficiaries. Apart from communities that benefit from GRIP's activities, the organisation has 24 employees who are qualified first responders and two friends of the court.

North West - Bogela Bontle Beadwork Cooperative

Bogela Bontle Beadwork Co-operative Limited was founded in 2006 by five women who wanted to contribute to the economic empowerment of unemployed rural women. The cooperative is operating in Mafikeng Local Municipality in the North West Province in the Ngaka Modiri Molema District.

All the cooperative members have technical sewing skills and experience of more than 7 years amongst them. At the height of the COVID-19 pandemic, the cooperative supplied different government departments with masks and that assisted their cooperative to survive. The marketing and branding of the cooperative by SEDA assisted the cooperative with local and international exposure.

The NDA provided funding to the project to purchase embroidery machines and materials, as well as capacity building in governance, financial management and Cooperatives Act. The cooperative aims to increase capacity in the production of both traditional and modern design outfits, to produce their own range of products and create job opportunities for members of the local community.

The Coop produces school uniform for matriculants and high school students in the local schools of Ngaka Modiri Molema, beadwork, sewing, beaded corporate gifts, embroidery, home decor, traditional

2.1 Situational ANALYSIS

clothes, knit work, traditional ornaments, traditional paintings and drawings as well as cultural accessories. The Cooperative has also identified the early learning centres as a huge market for uniforms and graduation gowns. The community also purchases traditional and casual wear including beaded designs. The number of people benefitting is five cooperative members (Manco), 4 permanent seamstresses, 6 Temporary workers (as per demand) and 2 Food Garden workers (volunteers).

Northern Cape – Ubunele Primary Cooperative

While many cooperatives took a hard knock during COVID- 19 Pandemic, the opposite was the case for the youth women led cooperative. The young women have made huge strides from the first time the NDA funded the cooperative in 2018. They have since employed four more permanent employees who are responsible for the sewing business. Furthermore, the cleaning and catering section of the business has employed 19 employees of whom 13 are women and six are men.

Ms Sylvia Vaaltyn is the chairperson and founder of the Ubunele cooperative. “I wanted to do something since I could not find employment. I tried catering and cleaning jobs, but I will get a once off contracts, it was not sustainable. In 2017, Ms Vaaltyn attended the Department of Small Business briefing session where they shared information about cooperatives and how the community can benefit. Together with her sister, sister-in-law and two of their friends they decided to start a business and they were registered in 2017.

The five-member youth led cooperative is located in Progress location 14 km from Upington Town. The location is comprised of the elderly and the youth who are there are just roaming the street. There are not too many economic activities occurring in the location. The five young women were trained and mentored by two older women, Ms Leona Kazi and Ms Queen Majikizele who had vast experience in the sewing and manufacturing sector. They worked for many companies in Upington and Cape Town until they retired. The two generations work together successfully and Ms Vaaltyn thinks they get along well and managed to finish their projects in record time due to keeping the young ones in check. They are learning to respect their business and their customers through the guidance of the two elder women.

The NDA granted the cooperative R 44 617.87 to procure industrial machinery in 2018. Further assistance was given to the cooperative by linking them to Northern Cape SMME Trust, that funded the project with further R150 000.00 in the same year. After the funding, four more SASSA contracts were awarded to the cooperative to the value of R 475 980. The cooperative specialises in the producing all sorts of clothing. The biggest clients are soccer teams, schools, the Department of Social Development and Department of Health.

In 2022, the cooperative managed to buy embroidery and screen-printing machines from the profit they made from all their work. The machines were a necessity for them since they used to struggle to brand the apparels they were producing. Currently they have many clients as all the cooperatives and other clothing producers are using their branding machines. They also take advantage of the relationship they have with a fabric manufacturer in Johannesburg, who supplies them with fabric. They now do not have to wait numerous months or drive all the way to Johannesburg for the fabric. They have a formal contract with the company to supply the fabric when it is needed. They are also using this avenue as a business opportunity, as other clothing producers are purchasing fabric from them.

These two women have managed to employ 28 people and are slowly changing the face of their community. Ms Vaaltyn said, “If we could just have a bigger space, we will be able to go bigger. I see how this business is changing lives. I believe we can do much more. For the first time, all of us managed to receive bonuses last December. I am pleased”.

Western Cape – Mfesane NPC

A grant funding partnership between a West Coast based civil society organisation, Mfesane NPC, and government’s poverty eradication entity, National Development Agency (NDA) has established 10 mobile beauty start-up businesses for 10 youth entrepreneurs within the Saldanha Bay and Bergriver Municipalities in the Western Cape to address youth unemployment.

The Job Creation Programme, entirely facilitated by Mfesane NPC, received a R156 817, 54 grant from the NDA to provide human resources and business management workshops. The funds were also used to purchase fully equipped start-up kits for the 10 dynamic hairdressers and nail technicians.

The recruitment process included identifying the skilled candidates through the Mfesane NPC Velddrif and Saldanha Bay Youth Café databases of skilled and unemployed candidates who were selected through an interview process with business and beauty experts. Each candidate completed a skills audit to identify strengths and gaps as well as personal development training needs. The 10 entrepreneurs completed their training programmes and received their start up kits to begin their mobile businesses in August 2021.

“The process has been rewarding for all of us, the Mfesane NPC training and mentorship programme empowers our youth entrepreneurs, as much as possible, to be able to actively grow their business, participate in the economy and become role models to their peers. We have signed partnership agreements and will mentor and coach them until they are more confident, “Mfesane NPC CEO, Mrs Yolandi Afrika. Many of the candidates are already established with an existing client base in their communities of Velddrif, Laingville and Vredenburg. The locally sourced start-up kits will only propel their businesses to ensure that they have all they need to provide full services to their clients.

“My experience with Mfesane has been amazing - helpful and eye opening. The experience made me seek more value in my business and myself. I have been able to broaden my thinking with my business and I am now equipped with the necessary skills. I am already an established natural hair stylist but the lessons and equipment will allow me to offer more services to my clients,” Camoren Titus.

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The candidates completed a vigorous training programme that included refresher workshops and courses in basic leadership and entrepreneurship, bookkeeping, business registration and compliance, mobile literacy, marketing and job readiness. The entrepreneurs have each established their signature brands and individually designed their own logos, business cards and signboards. They will market their services using digital platforms such as Facebook, Instagram and Twitter. The entrepreneur candidates will also complete a 6-week hairdressing course from the Image Exact Hairdressing and Beauty Academy, which they will co-fund themselves as a way to also invest in their business. They will also benefit from Image Exacts Entrepreneurial Development Program that offers mentorship as well as the best practice and networking opportunities.

Mfesane Youth Cafés provide access to skills and personal development training, economic and social development opportunities, and creative spaces where young people are able to express themselves at a local and global scale. The programme provides support, services, and opportunities for the youth that are not in employment, education or training (NEET), and are between 14-25 years of age. The Youth Café's focus is on skills training and job placement. Skills training programmes include woodwork, beautician and nail care, basic computer training, basic graphic design, printing and design, digital skills and customer care training. In addition, the youth is provided with basic life skills training including; leadership, job readiness, entrepreneurship (Give yourself a Job) and career guidance. Mfesane and the entrepreneurs will soon launch a Spa Café, which will host spa days for vulnerable persons, marketing and income generation programmes in various communities in the West Coast.

The entrepreneurs took delivery of their fully kitted start up kits and custom-made uniforms which were delivered to their homes where branding has been erected to signal opening of their businesses.

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RESEARCH AND EVALUATION

The NDA through the Research programme, supported by independent research service providers, managed to undertake three research studies. These studies happened under the persisting COVID-19 challenges that limited physical engagements, resulting in most of the research work being done virtually. Despite these contact limitations, the NDA was able to realise all the targeted research studies for the year. The three research studies undertaken are:

1. Regulatory Frameworks Requirements for the South African Civil Society Sector to promote their active participation in a developmental state - The main objectives of the study were to describe the state of regulatory frameworks of the civil society sector in South Africa and contributory factors. The study produced the following:

- Analysis on the South African and global context on functional regulatory frameworks (legislation, policies, procedures) that promote a well-functioning civil society sector to support democracy and development.

- Clear proposals on regulatory frameworks that can be useful for promoting the working environment of the civil society sector in South Africa.

- Benchmarks from other countries, especially, developing countries on how they have used civil society organisations in advancing their development agenda.

- Proposed and recommended policy debate issues, policy proposals and discussions that can improve the South African regulatory framework for the civil society sector.

2. The role and contribution of cooperatives towards the South African Economic Reconstruction and Recovery Plan - The study was finalised and it essentially:

- Explored the impediments and supportive environments for cooperative businesses participation in responding to the COVID-19 pandemic – the role played by current national polices, legislation and strategies on cooperatives.

- Determined the support and assistance provided by government, private sector and other sectors to cooperative businesses during the COVID-19 pandemic period.

- Explored the way in which cooperatives are structured, configured and provided space to grow and compete with other businesses in the open market system of South Africa.

- Provided solutions, proposals and recommendations on how to expatiate and strengthen the cooperatives sector to become a major player in the radical transforming of the economy of South Africa post COVID-19 pandemic.

3. The COVID-19 Responses to Food and Nutrition Security on Vulnerable Population Groups in South Africa

This study:

- Provided understanding of the South African food and nutrition policies and their response to disasters such as COVID-19 and identified the gaps to be addressed by policies.

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- Determined how South Africa should repurpose current policies to effectively respond to food and nutrition during and after the COVID-19 period.

- Determined the effect that COVID-19 responses have had on poor, unemployed and vulnerable groups and the safety nets put in place to protect these population groups.

- Proposed comprehensive policy measures and a strategy framework for South Africa to respond to COVID-19 effects on food and nutrition security. The study also proposed mitigation measures to protect vulnerable populations.

In the year under review, the following Evaluation studies were undertaken:

EVALUATION OF FOOD SECURITY PROJECTS FUNDED BY THE NDA DURING THE PERIOD OF 2018-2020

The aim of the evaluation study was to assess the NDA food security projects that were implemented between 2018 and 2020. The key elements that were evaluated included:

- Operations, implementation and management of the supported food security projects;

- Whether the support interventions by the NDA were effective;

- Whether the goals were achieved in line with the agreements signed with the NDA;

- Whether there was value for money for the NDA in supporting these food security projects;

- Whether CSOs are likely to succeed after NDA support is withdrawn; and

- Key challenges faced by the CSOs, lessons learnt and recommendations for the future.

Overall, the evaluation established that the NDA food security programme had a positive contribution to the lives of more than 800 beneficiaries and that the investment provided value for money for the NDA. The study revealed that some of the CSOs were not operating during COVID-19 lockdown because either they did not have food, or COVID-19 restrictions led to the delay in some of their activities. The study recommended that the NDA should not wait for pandemics when designing interventions, but plan and incorporate agility as part of its annual risk plans and programmes to deal with any eventuality that may negatively affect programme delivery. This study also recommended the encouragement and incentivisation of youth participation and up-skilling in community projects. This can be done through partnerships with organisations targeted at youth development, such as the National Youth Development Agency.

OUTCOME EVALUATION OF THE NDA-FUNDED INCOME GENERATION PROJECTS, FOCUSING ON WOMEN OWNED CO-OPERATIVES INVOLVED IN SEWING PROJECTS

The aim of the evaluation was to make findings, collect lessons and provide recommendations to the NDA for the improvement of similar programs. The evaluation confirmed the relevance and effectiveness of sewing projects in meeting all income generation objectives. Delays in disbursement have dire negative and unintended consequences on the future of the projects and their ability to meet their outcomes, or to complete within the contracted

2.1 Situational ANALYSIS

timeframe. Most projects that remained sustainable during the COVID-19 lockdowns are those that deviated from their original project model to cater for a different market segment to respond to the current market demand.

The evaluation recommended the flexibility of the grant agreement in response to unforeseen environmental changes that have a potential to disrupt project performance. A policy must be in place to guide the projects on the process to be followed when such a situation occurs. Lessons learned included the importance of the safeguarding of NDA funded equipment, as well as the effects of COVID-19 on the sewing and textile industry, especially those solely focussed on the manufacturing of school uniforms.

OUTCOMES EVALUATION OF UPGRADED NDA ECD INFRASTRUCTURE IN MPUMALANGA PROVINCE TO PROVIDE CONDUCIVE LEARNING ENVIRONMENT

The evaluation study aimed to establish if the required activities for upgrading of ECD facilities were followed. It also set to determine if the sub-programme accomplished the intended goal of providing the children in the Mpumalanga province with the ECD services of care facilities. These services are intended to develop the cognitive, social, emotional, basic literacy and physical skills, necessary for successful school performance.

The key finding indicated that the ECD sectors' inability to generate income might be a challenge in the long run, in terms of the funds required to maintain the centres and to pay the staff. The construction of ECD infrastructure brought short-term results in providing disadvantaged children with improved, conducive environments for teaching and learning, however, the approved average funding of R100, 000 was insufficient to provide better infrastructure and the implementation of other planned activities.

It was recommended that the government should provide effective maintenance of the Centres, and an effective strategy to generate income for the Centres should be developed and adopted during the implementation period as part of the non-financial support provided by the NDA.

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ORGANISATIONAL ENVIRONMENT

Turnaround Strategy

The 2021-22 financial year saw the NDA focus on the development of the Turnaround Strategy in order to improve its developmental and organisational efficiency and responsiveness, as well as ensuring a strategy that supports more effective and efficient service delivery. The development of the Turnaround Strategy was prompted by the need to reinvent an NDA that is financially sustainable and capable of attracting strategic partnerships that will infuse financial and non-financial support towards the implementation of the poverty eradication mandate of the NDA. The process of developing the strategy started by defining and analysing the NDA's Current Model Architecture with respect to the business model, operating model, application architecture, organisational structure, and infrastructure. This initial assessment was undertaken with the view to determine the current gaps for improvement, and to inform the development of the Target Model Architecture. The Target Model Architecture will be developed, taking into account issues and opportunities for improvement, which were identified in the Current Model Architecture.

Scope of Development Work Not Formally Documented – Many of the functions performed by CSO Development Management and Officers, including some of the most important business decisions, are not formally documented by the NDA. These include all the critical business decisions around which communities focus on, establishing the developmental needs of the community and identifying the CSOs to support.

Lack of Impact – There is a perception that NDA projects lack impact. There has been a focus on quantity over quality, e.g. the amount of funds disbursed to CSOs. There is a perceived lack of linkage between strategy and management of CSO development programmes. To effectively measure impact, sufficient monitoring and evaluation will be required to assess how the CSOs have been using the funds to create an impact in their communities, e.g. job creation.

Lack of Sustainability – Creating sustainable development may take more than 12 months; however, NDA's grant funding disbursements usually cover a period of 12 months, in line with the NDA's financial year. CSOs are at various developmental stages and the timeframe for developing them through the CSO development framework does not always align with the funding period. NDA's limited resources often result in CSOs not receiving adequate and consistent support (through capacity building) within the 12-month period for CSOs to become self-sufficient.

Lack of Brand Recognition – People do not know who the NDA is and what it does, even within the communities where the NDA operates regularly. The NDA is often confused with the NYDA. Currently there is a lack of frequency and consistency with respect to marketing and communications. This makes it difficult to influence stakeholder perceptions of the NDA and build brand recognition.

Lack of Responsiveness – There is a perception that regulations and the procurement approval process does not always allow for quick and responsive decisions regarding funding applications. Administrative red tape often prohibits efficient and timely disbursement of funds, which may either result in CSOs shutting down before receiving the funds, or the needs of the CSOs changing within the application period, whereby a deviation request needs to be submitted. This process further delays grant disbursements.

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Budget Constraints – There is a small budget allocation for grant funding (approximately 10%), as compared to operational costs. Additionally, the increases in the annual budget allocation from National Treasury, is insufficient to provide for inflationary increases in fixed operational costs, such as compensation of employees, contractual lease expenditure and IT communication costs. As a result, a smaller proportion of the budget is made available for CSO development work, such as grant funding and capacity building of CSOs, which is the NDA's primary mandate. There is also a perception that administrative costs are excessive.

Against the above context and background, the Target Model Architecture proposes, amongst others, the following:

Communities that NDA must support – While the NDA has traditionally endeavoured to serve the most marginalised of communities the reality is that the resources at its disposal does not enable it to serve even a fraction of those communities. In order to make credible claims about its service offering the NDA needs to focus its efforts and do so formally. Classifying communities in terms of the natural resources, infrastructure, geographical access and business friendliness can assist the NDA to focus on communities with the highest probability of attracting industrial activity in the shortest possible timeframes

Focus of the community support - Once the NDA has clarity on the types of communities it is going to focus on; it has to make a decision on the focus of the support it will provide to the community. The NDA needs to decide on which industries it wishes to promote its communities to when it comes to attracting investments and establishing industrial activity. The NDA also needs to decide on the balance between soliciting improved government service delivery and promoting communities for private sector investment.

Position of the NDA with respect to Government, Businesses and CSOs - While there is consensus that poverty eradication will require a joint effort between government, private sector and CSOs, the exact manner in which these parties collaborate on a community level is not clear. The NDA can act as the integrator on behalf of the community, taking custody of the collaboration efforts between the various government departments, potential investors and CSOs that need to serve a given community.

The above is not an exhaustive list of what the Turnaround Strategy proposes. The Turnaround Strategy further proposes a redefined Business and Service Delivery Model, the institutional review of the Organisational Structure and associated skills requirements as well as the business processes required to operationalise and embed the new business requirements.

2.1 Situational ANALYSIS

CORPORATE SERVICES DIRECTORATE

The Corporate Services Directorate is the axil on which the various parts of the organisation rely on to carry out their respective functions and roles. It is an enabler to the attainment of the organisation's mandate, through provision of support functions namely, Information Technology, Marketing and Communication, Human Resources and Auxiliary services.

Information and Communication Technology

The current ICT Master Systems Plan as well as the ICT strategy's life span coincides with the end of the year under review and thus affords the NDA an opportunity to review and align the plan and the strategy with environmental and business requirements. Digitising the operations and services is one of the priorities for the NDA which includes provision of a stable and secured Information and Communication Technology (ICT) infrastructure. The need for this became more evident during the COVID-19 pandemic where it was observed that the use of ICT systems in increasing the coverage of NDA services and products by delivery through digitalized and automated systems was needed more than ever before.

During the reporting year, the NDA successfully installed fibre and increased the bandwidth at the offices to support improved IT communication. Furthermore, the NDA established a disaster recovery site to ensure business continuity. The NDA also upgraded the intranet to enable information sharing and collaboration. The NDA continued to experience an increase in data consumption due to the majority of employees working remotely. The target to develop an Integrated Portal was strategically delayed, aligning it to the Turnaround Strategy business requirements.

Marketing & Communications

The Marketing and Communications Unit continued to provide support to the organization and its programmes, in terms of keeping both internal and external stakeholders abreast of developments within the organization and publicising successful projects and programmes across the country. Throughout the different COVID-19 alert levels, support was provided to ensure that both internal and external stakeholders had information on protocols and preventative measures that were to be followed to limit infections and the spread of the Corona virus.

The Unit had a good balance of event driven and content driven publicity through the participation and support in several outreach programmes aimed at showcasing the NDA's work in various communities around the country. These outreach activities allowed the organisation to disseminate information on its successful projects and programmes. The collaboration with NEDLAC resulted in participation in provincial dialogues which provided the NDA an opportunity to consult on its Government/CSO Partnership Model.

The Unit used provincial and community media to publicise NDA programmes in respective provinces and this generated a sizeable amount of free publicity. The website was also regularly updated to always ensure availability of information to external stakeholders. This resulted in some media statements being picked and followed up by some media houses, thus contributing to the free publicity. The NDA achieved a reach and engagement of over 326 297 on its social media platforms during the year under review.

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In order to capture the essence of various NDA projects and programmes, 26 publications were produced and disseminated to both internal and external stakeholders. These ranged from information on NDA funded programmes, stakeholder engagements and visits of foreign delegations who were interested in NDA work. Employee engagements were undertaken to ensure that the staff is informed on the turnaround strategy developments and other organizational matters that have an impact on organisational performance.

Auxiliary services

Auxiliary services support the organisation by providing a safe and conducive working environment for the NDA staff and clients. It is tasked with the provision of the following critical services throughout the NDA offices:

- Property management and provision office accommodation
- Provision of cleaning and hygiene services
- Ensuring compliance with Occupational Health and Safety Act requirements
- Records management; and
- Parking management

In the year under review, Auxiliary services continued to ensure that COVID-19 protocols are complied with in terms of cleaning and hygiene services, decontamination of offices and appropriate space utilisation curbing the spread of the virus and minimising the infection rates in the workplace. In addition, the records management project, which aims to ensure that the NDA has a filing system that is compliant and approved by National Archives Services South Africa (NARSSA), was initiated. This project will lead to effective record-keeping and easy access and retrieval of information and records, in line with the Protection of Personal Information Act (POPIA).

Human Resources

The NDA relies largely on human capital to deliver its services and ultimately to achieve its mandate and therefore employees are the indispensable driver of performance and key differentiators in achieving the NDA mandate. Thus, the Human Resources function plays a pivotal role in creating an environment where people can perform at their peak, through the implementation of a comprehensive HR strategy, which is aligned to the overall strategy. In order to support the achievement of the organisational objectives, Human Resources strategic focus areas in the year under review were the following:

- Ensuring that the organisation attracts and retains talent required to deliver on the NDA's mandate;
- Provision of meaningful skills and competency development programmes to enable employee performance;
- Managing performance and providing performance rewards to keep employees motivated;
- Creating an enabling environment that supports the health and welfare on employees through ICAS wellness programme;
- Ensuring labour stability in the NDA through continuous engagement with organised labour through the Bargaining Forum; and
- Efficient Human Resources Administration.

2.1 Situational ANALYSIS

The effects of the COVID-19 pandemic continue to change lives in many ways, this includes changes in working methods and work-life interface. In particular, work schedules, tools, environments and priorities have been impacted by the health crisis. In response to these changes, the NDA adopted hybrid-working arrangements, which allowed for work-from-home and staff rotation. This arrangement allowed the organisation to gain some advantages, such as improved work-life balance and productivity. It also called for employees to be disciplined and self-managed to ensure that individual and organisational performance targets are met. To this end, it is worth noting that organisational performance improved under the reporting period under these circumstances.

As a direct consequence of the pandemic, health and safety in the workplace continued to be a priority for the NDA wherein non-pharmaceutical protocols such as regular hand washing, sanitising and general cleanliness were promoted and observed. In addition, improved ventilation, office space reconfiguration and provision of PPE are amongst other interventions that had to be undertaken to protect employees from health risks. The NDA also participated in the broader Social Development Portfolio vaccination drive to encourage its employees to get COVID-19 vaccinations. The NDA continued during the year under review to provide psychosocial support to its employees through the Employee Wellness Programme and the wellness service provider, ICAS, to mitigate against a surge in mental health challenges as experienced globally due to the pandemic.

In the previous financial year, the organisation also undertook a Skills Audit Project. The aim of the skills audit was to identify the existing set of skills within the organisation and the skills and knowledge the organisation will require in the future, and it was conducted using four dimensions i.e. Competencies, Qualifications, Professional Registration and Languages. During the financial year, the organisation started implementing the Skills Audit recommendations, and was able to achieve and exceed the annual target to implement 30% of the recommendations. The key recommendations which were successfully implemented are in the following categories:

- Strategic Management
- ICT Corporate Governance
- CSO Development Framework
- Sign language

In addition, the transition from a manual performance management system to an automated system continued in earnest. This move will enable Human Resources to focus on process improvement and less on the administrative tasks associated with performance management. The automated performance management will significantly reduce time and effort in conducting performance management activities whilst reducing manual errors. In the year under review, all NDA employees transacted on the system at various stages in the performance management cycle.

Irregular Expenditure

In its prior year, audit and management report the Auditor-General (AG) reported that effective and appropriate steps were not taken to prevent irregular expenditure amounting to R29, 4 million. The majority of this related to the incurrence of expenditure on the Volunteer Programme without the approval of the delegated authority, being the Board, and resulting in a delayed settlement of R4,5 million to CSOs and volunteers participating in the extended 2020-21 Programme. It is important to note that 92% of the outstanding payments of the R4, 5 million recorded in the 2020-21 books, were settled in the 2021-22 financial year, thus extinguishing the NDA's

2.1 Situational ANALYSIS

prior year commitments in this regard. In the latter half of the 2021-22 FY, the NDA has devoted considerable effort in applying and entrenching the requirements of the Irregular Expenditure Framework into clear, defined organisational processes to address historical irregular expenditure, and to reduce the incurrence of future non-compliance.

Some of these efforts include the drafting and revision of organisational policies and procedures such as the Donor Coordination Policy, Third Party Funding Policy, Grant Funding Policy, Finance Policy, Supply Chain and Asset Management Policies. The SCM Policy is supplemented by eight standard operating procedures in procurement planning, tenders, SCM performance management, asset management, contract management, irregular, fruitless and wasteful expenditure, and international and local travel.

A good portion of these have already been approved by the Interim Accounting Authority for implementation, whilst some are in the process of consultation with various internal stakeholders, and are expected to be concluded in the new financial year. These measures are intended to bring strict rigour and discipline to the process of approval and the deployment of third party and donor funding, grant funding and the procurement of goods and services, thus mitigating the risk of non-compliance which ultimately results in irregularities.

Additionally, there is now clear segregation of duties between the identification, assessment and reporting of irregular expenditure; and the determination function required by the framework. The Loss Control Committee was appointed during the financial year, to establish the facts and root causes of irregularities, officials involved, losses suffered, and to make recommendations for internal control improvements, investigations and consequence management.

In efforts to address historical irregular expenditure carried forward in its financial records, the NDA successfully appealed the decision by National Treasury not to approve the prior year condonement application for 421 transactions amounting to R 96,1 million, committed by employees no longer in the NDA's employ, spanning the 2015-16 to 2019-20 financial years. In support of its appeal, the NDA submitted to National Treasury, Determination Reports compiled for the irregular transactions. This included evidence that the root causes of non-compliance have been addressed to prevent future occurrences of non-compliant transactions; evidence of the implementation of additional internal controls, a comprehensive assessment evidencing that services were provided on the irregular contracts at a market related price; and proof of the termination of contracts of employees linked to the irregular transactions.

The NDA further included in its application, irregular expenditure transactions relating to the 2020/2021 and 2021/22 financial years that continued to be incurred on some of the 43 irregular contracts and 21 HR short courses, totalling an additional amount of R 2,6 million of irregular expenditure. These were mainly historical lease contracts as well as contracts related to IT communication and printing, which could not be terminated until replaced by new suppliers contracted in compliance with procurement regulations. It is worthwhile to note that all remaining historical, irregular supplier contracts were terminated during the financial year, and replaced by compliant contracts. The total irregular expenditure subsequently condoned by National Treasury, and removed from the accounting records by the Interim Accounting Authority during the 2021-22 financial year, amounts to R 98,8 million.

In efforts to improve financial reporting and analysis, the management of fixed assets, integration of the travel management system into the financial system

2.1 Situational ANALYSIS

and implementation of an automated contract management system, 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. This new system offers all these key features. Implementation is planned over the second and third quarters of the 2022-23 financial year, and is expected to bring about long-awaited improvements in:

- Management of travel spend against the budget;
- Effective management of the duration of supplier contracts and resulting commitments;
- Implementation of fixed asset bar-code scanning in the asset management module to aid asset verification; and
- Improved financial analysis and reporting.

The financial control environment, and management review and reporting processes are thus expected to be significantly enhanced.

The AG recommended that Irregular Expenditure disclosed in Note 29 of the prior year annual financial statements should be investigated to determine whether any official is liable for losses incurred due to the irregular expenditure disclosed. To this end, the Accounting Officer referred 18 Irregular Expenditure Determination Requests to the Internal Audit Department in January 2022, totalling R75 million and covering 258 irregular transactions. The Internal Audit department was requested to analyse and establish the facts, root causes of non-compliance, employees responsible, losses suffered, internal control deficiencies, and recommendations for investigation, should there be a suspicion of fraudulent, corrupt or criminal conduct. These determination requests will be processed and finalised in the 2022-23 financial year and will be supported by the work of the Loss Control Committee.

Internal Audit has already issued one outcome report, recommending an investigation into the New Venture Creation Programme funded from UIF third party funds. The NDA issued a tender during the financial year for a forensic investigation, to the National Treasury's Panel of Professional Forensic Investigators. The tender related to the UIF third party funds granted to the NDA and disbursed in the 2019-20 financial year, and the tender has since been awarded, and is expected to be completed by the end of September 2022.

With regards to the fraud risk factors raised by the AG in the prior year, in relation to allegations of misappropriation of third-party funds received from DSD allocated by the NDA to CSOs on the CARA programme, the NDA issued a tender for a forensic investigation during the financial year, to National Treasury's Panel of Professional Forensic Investigators related to the allegations received. The investigation will be completed by the end of June 2022, and an outcome report will be issued to the Accounting Officer, containing several recommendations for implementation.

Key Policy Developments and Legislative Changes

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

2.1 Situational ANALYSIS

SUMMARY OF PROCUREMENT

PROCUREMENT SUMMARY 2021-22 FY - YTD QUARTER 4	COUNT	%	VALUE
Purchase orders	269		7 117 998
Appointment letters	23		23 116 711
Total YTD spend	**292**		**30 234 710**
BBBEE Level 1 spend	265	63,5%	19 186 401
BBBEE Level 2 spend	14	17,3%	5 235 370
BBBEE Level 3 spend	6	15,7%	4 754 619
BBBEE Level 4 spend	6	0,4%	109 771
EME's	250	46,4%	14 031 405
GEN's	24	17,8%	5 377 871
QSE's	17	32,7%	9 876 884
Youth owned	124	12,1%	3 644 203
Women owned	97	9,3%	2 822 576
Black owned	255	60,6%	18 321 472
Cooperatives	11	0,4%	124 942
Rural	26	1,7%	504 377
Township	28	2,8%	845 319
People living with disabilities	6	0,4%	107 559

2.2 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	Clean audit
	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

2.3 Performance information
BY PROGRAMME

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 an integrated human capital management and administration. Human Resource Management & Development, as a function, has evolved from a transaction orientated to a strategic function that enables 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 objective by providing technology platforms for efficient handling of information and communication within the NDA. The Finance Directorate 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 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 directorate provides strategic sourcing services to all business units across the NDA, within the procurement prescripts of the PFMA ensuring that the NDA maintains an appropriate procurement and provision system which 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 management function includes the following key roles:

- Demand Management
- Acquisition Management
- Logistics Management
- Disposal Management
- Monitoring of Supply Chain Performance
- Compliance Management

2.3 Performance information

BY PROGRAMME

PROGRAMME 1 - GOVERNANCE AND ADMINISTRATION: OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2021/22	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/22	REASONS FOR VARIANCE
Good Governance	Irregular, fruitless and wasteful expenditure report	Percentage (%) reduction of cumulative balance of IFW expenditure reported in the prior year Annual Financial Statements	New indicator	0%	80%	56.30%	23.70%	The process of investigation of the Irregular Expenditure amounting to R23, 2 million will only get underway in the 2022/23 financial year, where the appointed independent forensic investigator will investigate this Irregular Expenditure. Furthermore, an amount of R26, 9m on the Volunteer Programme was referred to Internal Audit towards the end of the financial year for determination. Once all the processes as prescribed in the Irregular Expenditure Framework have been completed in respect of these transactions, they will be submitted to the relevant approval authority for condonation.

2.3 Performance information
BY PROGRAMME

PROGRAMME 1 - GOVERNANCE AND ADMINISTRATION: OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2021/22	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/22	REASONS FOR VARIANCE
Good Governance	Integrated Information Management System	Integrated Information Management system developed	New indicator	New Indicator	Integrated Portal developed	Integrated Portal was not developed as anticipated due to a change in strategic direction	Integrated Portal not developed	During the development of the NDA Turnaround Strategy, it became apparent that the development of the Integrated Portal as initially conceptualized would have to change drastically to align it to the proposed business model and business processes. A strategic and prudent decision was taken to delay the development of the Integrated Portal which would have resulted in a wasteful investment made in an IT project that would still require alignment to the new business model. The KPI will be pursued in the 2022/23 financial year in alignment to the IT requirements of the new business model.

2.3 Performance information
BY PROGRAMME

PROGRAMME 1 - GOVERNANCE AND ADMINISTRATION: OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2021/22	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/22	REASONS FOR VARIANCE
Good Governance	Skills Audit Outcome Implemented	Percentage (%) of Skills Audit Recommendations Implemented	New indicator	New indicator	30% of Skills Audit Recommendations Implemented	38% of Skills Audit Recommendations Implemented	8%	The availability of budgetary allocation for skills development and the extra effort by the HR component to 6 recommendations implemented availed more capacity building and training interventions to staff. This resulted in the over-achievement against the set annual target of 30%.

2.3 Performance information
BY PROGRAMME

PROGRAMME 1 - GOVERNANCE AND ADMINISTRATION: OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2021/22	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/22	REASONS FOR VARIANCE
Good Governance	Turnaround Strategy	Approved Turnaround Strategy	New indicator	A concept document for the Turnaround Strategy was developed and presented to key stakeholders	Revised NDA strategy approved	The NDA revised strategy has been approved in line with the Turnaround Strategy	None	None
Establishing effective public private partnership modalities to effect development goals	Partnership Model	State and CSO Partnership model developed	New indicator	New Indicator	Approved Partnership Model	State and CSO Partnership Model approved	None	None

2.3 Performance information
BY PROGRAMME

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 support of CSO's. 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 capabilities to provide quality services to the communities they serve.

The Programme also focuses on providing grants to CSOs that work with impoverished communities for purposes of developing 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 that 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 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.

2.3 Performance information
BY PROGRAMME

PROGRAMME 2 - CSO DEVELOPMENT: OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2021/22	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/22	REASONS FOR VARIANCE
Self-sufficient and self-reliant communities	Resources Mobilised	Rand value of resources raised to fund CSO development interventions	R55m	R15, 7m	R20m	R54 551 638	R34 551 638	Engagements with National Treasury resulted in the awarding of R30 million from the Presidential Employment Stimulus programme, which greatly contributed to the reported variance. This source of funding was not anticipated during planning for the financial year 2021/22. Its availability had a huge impact on the efforts towards resource mobilisation.

2.3 Performance information
BY PROGRAMME

PROGRAMME 2 - CSO DEVELOPMENT: OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2021/22	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/22	REASONS FOR VARIANCE
Establishing effective public private partnership modalities to effect development goals	Increased work opportunities created as a result of CSO development interventions	Number of work opportunities created as a result of CSO development interventions	New indicator	2049	500	750	250	The deviation was mainly due to the early disbursement of funds to the CSOs implementing the CARA programme. The timeous disbursement of funds allowed for a swift recruitment process by CSOs which resulted in the subsequent filling of the created work opportunities by community-based volunteers who implemented the various aspects of the CARA programme.

2.3 Performance information
BY PROGRAMME

PROGRAMME 2 - CSO DEVELOPMENT: OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2021/22	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/22	REASONS FOR VARIANCE
Establishing effective public private partnership modalities to effect development goals	Empowered CSOs that are able to address poverty	Number of CSOs capacitated to strengthen their institutional capacity	New indicator	1114	1800	2558	758	The adjustment to level 2 and later to level 1 lockdown during the financial year allowed the hosting of face-to-face trainings. The physical method of delivering training allowed more attendees to participate in the sessions. Resulting in the over-achievement of the target.
		Percentage disbursement of funds for grant funding	95%	100%	95%	98%	3%	The quality of the proposals submitted for consideration and approval were of high standard, deemed viable and aligned to the objectives and mandate of NDA. By meeting these criteria, most of the proposals assessed qualified for funding.

2.3 Performance information
BY PROGRAMME

PROGRAMME 3 - RESEARCH: PERFORMANCE INFORMATION

The Research programme of the NDA derives its functions from the Section 2 (a) and (b) of the National Development Agency Act, No. 108 of 1988, (as amended) which state that the NDA must: -

- Consult, dialogue and share development experience between civil society organisations and relevant organs of state; and
- Debate on development policy; and
- Undertake research and publication aimed at providing the basis for development policy.

In order to fulfil the secondary mandate of the NDA Act, the NDA structured the delivery of this mandate into two programmatic areas: which are the research function and 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.

2.3 Performance information
BY PROGRAMME

PROGRAMME 3 - RESEARCH: OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20	AUDITED ACTUAL PERFORMANCE 2020/21	PLANNED ANNUAL PERFORMANCE 2021/22	ACTUAL PERFORMANCE 2021/22	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/22	REASONS FOR VARIANCE
Influencing development policy through thought leadership	Research publications	Number of research publications undertaken to provide a basis for development policy	New indicator	5 Research publications	3 Research publications	3 Research publications	None	None
	Evaluation reports	Number of evaluations conducted to inform programme implementation	New indicator	3 Evaluation reports	3 Evaluations	3 Evaluations	None	None
	Dialogue reports	Number of dialogues held with external stakeholders to inform development policy	New indicator	5 Dialogues	5 Dialogues	5 Dialogues	None	None

2.3 Performance information
BY PROGRAMME

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Two 2021-22 targets were not achieved as planned. Those relate to the reduction of Irregular Expenditure and the development of the Integrated Portal. The Key Performance Indicator on the Reduction of Irregular Expenditure has been included in the 2022-23 Annual Performance Plan and is being monitored and reported on through in-year reporting processes. On the other hand, a service provider will be appointed at the beginning of the new financial year (2022-23), to provide technical support and advisory services for the implementation of digital transformation in the NDA, and for the alignment of ICT systems and infrastructure to the business model recommendations of the Turnaround Strategy.

CHANGES TO PLANNED TARGETS

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

LINKING PERFORMANCE WITH BUDGETS

	2021/2022			2020/2021		
Programme Name	**Final Budget (000)**	**Actual Expenditure (000)**	**Under/(Over) spending (000)**	**Final Budget (000)**	**Actual Expenditure (000)**	**Under/(Over) spending (000)**
Governance and Administration	123 719	106 219	17 500	102 682	90 284	12 398
CSO Development	138 740	116 007	22 733	224 883	165 587	59 296
Research and Development	10 987	7 496	3 491	7 228	6 499	729
	273 446	**229 722**	**43 724**	**334 793**	**262 370**	**72 423**

2.4 Revenue COLLECTION

	2021/2022			2020/2021		
Revenue Item	**Final Budget (000)**	**Actual Expenditure (000)**	**Under/(Over) spending (000)**	**Final Budget (000)**	**Actual Expenditure (000)**	**Under/(Over) spending (000)**
Transfer from National Treasury	245 970	245 970	-	216 240	216 240	-
Other Income	27 476	29 609	(2 133)	118 553	61 223	57 330
	273 446	**275 579**	**(2 133)**	**334 793**	**277 463**	**57 330**

2.5 Capital INVESTMENT

A procurement management system, supported by financial management and governance procedures, is in place to ensure that all capital investments are preceded by competitive bid processes, and that a detailed needs analysis and affordability evaluation are conducted prior to decisions being taken on capital purchases. The NDA does not invest in major capital investment projects such as land and buildings, which are procured mainly through operating leases signed over a maximum term of 5 years.

The assets of the NDA comprise mainly of assets held for administrative purposes, such as furniture, office equipment and computer resources. These assets are used over a long-term period to enable the delivery of the services required by the NDA and are located nationally, at decentralized office sites.

The NDA has established accountability and verification processes though its asset management policy, to ensure that assets exist, are allocated custodians, are safe guarded and are appropriately accounted for; and mitigates the risk of asset losses through appropriate insurance cover.

The NDA maintains adequate records of assets on its Microsoft Dynamics Great Plains financial management system. In the 2021-22 financial year, management committed a capital investment of R4, 5 million towards the procurement and implementation of a new financial system (Microsoft Dynamics Business Central) in the coming financial year, with the aim of automating several manual business processes, improving financial controls, financial processing efficiency and management reporting.

PART C:

REPORT ON GOVERNANCE

3.1 INTRODUCTION

The NDA is a national public entity, established in terms section 2 of the National Development Act 1998, as amended, and is governed by the Public Finance Management Act 1999, as amended (PFMA). It is classified as a Schedule 3A entity and aligns itself to 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 Department of Social Development as its Executive Authority and the Parliamentary Portfolio Committee of Social Development. In addition to adhering to the governance requirements stipulated in the PFMA, the Board has aligned all its processes and governance tools to the King IV Report on Principles of Corporate Governance.

The Board's term ended on the 30th of June 2021. The Minister, through the approval of the National Treasury appointed an Interim Accounting Authority in November 2021, in accordance to 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, annual performance and financial reports as required by the PFMA. The process of appointing a permanent Board is at its final stages and it is envisaged that a new Board will be appointed towards the end of the 2022-23 financial year.

3.2 Portfolio/Select COMMITTEES

As a National Public Entity of the Department of Social Development, the NDA accounts to the Parliamentary Portfolio Committee on Social Development (PPC) and is required to present its Strategic Plan, Budget and Annual Report of the NDA. In the period under review, the NDA has presented its 2021-22 Annual Performance Plan, the 2020-21 Annual Report and the 2021-22 Quarterly Performance Reports to the PPC.

3.3 Executive AUTHORITY

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

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

3.4 Accounting AUTHORITY

The Board is the Accounting Authority of the NDA. It is appointed by the Minister of the Department of Social Development 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 is required:

a) To exercise the duty of utmost care to ensure reasonable protection of the assets and records of the public entity;

b) To act with fidelity, honesty, integrity and in the best interests of the public entity in managing the financial affairs of the public entity;

c) On request, to 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

d) Seek within the sphere of influence of the accounting authority, to prevent any prejudice to the financial interests of the state.

Furthermore, the Board is required to adhere to the Principles on Good Corporate Governance as outlined in the King IV Report and is therefore responsible for;

a) Steering and setting strategic direction of the NDA

b) Approving policy and planning that gives effect to strategy

c) Ensuring accountability for organisational performance

d) Overseeing and monitoring implementation and execution by management

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

a) It holds absolute responsibility for the performance of the public entity;

b) It retains full and effective control over the public entity;

c) It must ensure that the public entity complies with applicable laws, regulations and government policy;

d) It has unrestricted access to information of the public entity;

e) It formulates, monitors, 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; and

m) Must maintain integrity, responsibility and accountability.

3.4 Accounting AUTHORITY

Board Charter

During the period under review, the Board developed and reviewed its Board Charter to align it to principles of corporate governance, as outlined in the King Report 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 References of Committees.

Composition of the Board

The Board served with just six members of the required eleven members, largely due to the resignations of some members. Despite the limited numbers, the Board was able to continue with its function and role towards the NDA until their term of office ended in June 2021. The Audit and Risk Committee, which constitutes of two independent members, supported the Board in ensuring proper oversight and the assurance of the quarterly and annual reports of the NDA.

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.

3.4 Accounting AUTHORITY

Name of Committee	Committee Members
Management and Programmes	Prof Rose September Mr. Abram Hanekom Ms. Zamandlovu Ndlovu Ms. Carmen-Joy Abrahams
Audit and Risk	Ms. Fungai Mushohwe Mr. Mochele Noge Mr. Alfred Mudau Ms. Carmen-Joy Abrahams
Human Resources and Remuneration	Mr. Abram Hanekom Mr. Tebogo Mopeloa Prof Olwethu Sipuka Prof Rose September
Social and Ethics	Prof Olwethu Sipuka

The Board's term ended on the 30th of June 2021

3.4 Accounting AUTHORITY

Name of Member	Board fees	Other Expenses (claims/allowances/reimbursements)	Total
Mr. O Sipuka	31,104	-	31,104
Mr. T F Mopeloa	15,552	-	15,552
Ms. Z S Ndlovu	49,606	32,000	81,606
Mrs. F Mushohwe	107,162	-	107,162
Mr. M Noge	63,550	-	63,550
Mr. A Hanekom	38,880	-	38,880

3.5 Risk MANAGEMENT

The NDA Board adopted the enterprise-wide risk management Framework that is line with Public Sector Risk Management Framework, COSO, ISO 31000 and King IV report of corporate governance. This Framework gives the NDA direction, guidance and approach on how risks should be identified, assessed, evaluated, managed and reported. The 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 Board of the NDA has the overall responsibility to ensure an effective, efficient and transparent systems of risk management and internal controls. The following were key achievements in embedding risk management processes:

- The acquisition of risk and compliance software to automate risk management processes

- The development and approval of project risk management framework that informs how strategic projects/partnerships are assessed before they are accepted by the Board

- The approval of risk management policies and their strategies for enterprise risk management, fraud prevention and business continuity management that are aligned to best practices and frameworks

- Awareness sessions held with different departments and provincial offices on newly approved risk management policies to inculcate risk management culture

- Conducted and assessed ethics maturity and risk profile to develop ethics strategy and plan

3.6 Internal CONTROL UNIT

The Accounting Officer of the NDA is responsible for the implementation of effective systems of financial management and internal controls that ensure the efficient, economical and transparent use of the NDA's financial resources, as well as improvement of systems and processes relating to management oversight and governance. Additionally, all NDA officials are responsible for ensuring that the internal controls within their immediate areas of responsibility are maintained. These internal controls have resulted in the number of audit findings significantly reducing from 38 in the 2019/20 financial year to 12 in the 2021/22 financial year.

3.7 Internal Audit and AUDIT COMMITTEES

The internal audit activities evaluate the adequacy and effectiveness of internal controls and provides 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. The annual coverage plan was presented and adopted by the Audit and Risk Committee. For the year under review, the following audits were planned:

- Review of Performance Information
- Review of Management Accounts
- Review of Annual Financial Statements
- Follow up on Audit Findings
- Follow-up on Procurement Audit
- Human Resources
- Finance
- Asset Management
- Ad hoc audits

The system of internal control applied by the National Development Agency is effective, efficient and transparent and in line with the PFMA and Treasury Regulations requirements. Areas of weaknesses that were identified during the audits were presented regularly in statutory Audit and Risk Committee meetings and were subsequently addressed by management on an ongoing basis and monitored through the audit turnaround strategy.

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 the 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 amongst the NDA's internal and external stakeholders. 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 the internal and external stakeholders.

3.10 Minimising conflict OF INTEREST

The Public Services Act and its Regulations of 2016 requires employees of the NDA to disclose their financial interests to the employer. Employees have completed and submitted their financial disclosures in the period under review.

Furthermore, the Board is required to declare any conflicts of interests they might have at the start of every meeting enabling Board Members and NDA staff to facilitate recordings of any interest that might impact on the NDA. Furthermore, in every management or Board and Committee meetings, a declaration of interest is part of the agenda and members are given an opportunity to declare any interest verbally. 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 for minimising the conflict of interest through reviewing the 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 the 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 comprehend 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 individual conduct and in their relationships with others. Between the months of June and July 2021, this policy was workshopped and distributed to staff members to ensure that they are aware of the salient clauses on the policy and conforms their conduct to the NDA Values.

3.12 Health, Safety and ENVIRONMENTAL ISSUES

In recent times Health, Safety and environmental issues have become a pivotal part of every business and organisation. Moreover, with the advent of COVID 19 pandemic, compliance with the Occupational Health and Safety Act 85 of 1993 has become critical.

In light of this and to deliver on the Occupational Health and Safety (OHS) requirements, the NDA has a registered occupational health and safety officer and a functioning committee, whose role is to ensure that the provisions of the Health and Safety Act are implemented in the organisation as well as ensuring the monitoring thereof. All Committee members received Safety training from National Occupational Safety Association (NOSA).

In the year under review, the OHS Committee, together with the Employee Wellness Committee worked together to ensure that health and safety standards are maintained as well as COVID – 19 protocols. These included amongst others, provision of masks, sanitizers, ensuring that offices are decontaminated and reporting of Covid-19 cases to the department of Social Development on a monthly basis. In the year under review, the NDA employees participated in the Social Development sector vaccination drive to encourage staff to vaccinate so as to contain the spread and reduce infection rates in the workplace. The OHS Committee conducted quarterly inspections in their respective offices to detect and identify potential hazards and potential incidents as a preventative measure.

It is also important for the NDA to comply with the Compensation for Occupational Injuries and Diseases Act, No. 130 of 1993, as amended, (COIDA). This is to ensure that in an event of employee getting involved in an accident in the workplace and sustaining injuries while on duty, they are able to claim from the Department of Labour under COIDA benefits. The NDA has continued to comply with COIDA requirements and is an employer in good standing.

3.13 Social RESPONSIBILITY

In celebration of Mandela Month during the year under review, the NDA participated in a partnership led by Amathole District Municipality, in collaboration with Harmony Gold, the Department of Social Development and Amahlathi Local Municipality to refurbish an Early Childhood Development Centre in the Keiskammahoek area.

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; and
- 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 National Development Agency is to assist the Agency in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, 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 Audit and Risk Committee Charter, which provides clear guidelines regarding membership, authority and responsibilities, governing the operations 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, except that the NDA has not reviewed changes in accounting policies and practices.

Evaluation of Internal Control

The Committee directs, monitors and evaluates the activities of the Internal Audit Function. Through the Internal Audit Function, the Committee is able to report on the effectiveness of the internal control systems and to 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 covered in the scope of internal and external audits.
- The adequacy, reliability and accuracy of financial information provided to Board and stakeholders.
- Any accounting and auditing concerns identified as a result of internal and external audits.
- Compliance with legal, accounting and regulatory frameworks.

3.15 Audit and Risk
COMMITTEE REPORT

- The activities of the Internal Audit Function, including its annual work programme, 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.

The committee can provide oversight assurance that the system of internal control applied by the Agency over financial risk management is effective, efficient and transparent. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the Committee and management with assurance that the internal controls are appropriate and effective.

This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes, reports of the Internal Auditors, the Audit report on the Annual Financial Statements and the management report of the Auditor-General. Under the guidance of the Committee, Internal Audit conducted adequacy and effectiveness reviews of controls as per an approved plan. The Committee notes the commitment and progress that has been made in improving the systems of internal control around the identified areas and this will continue to form an integral part of the Audit and Risk Committee agenda in the forthcoming financial year.

Management has initiated the Audit Turnaround Strategy that monitors progress around audit findings. The NDA has been reporting on a quarterly basis to the Department of Social Development and Treasury, as required by the PFMA. The committee notes with concern the following issues as it relates to this financial year under review:

- The absence of a fully functional Board during the financial year negatively affected the work of the committee. The committee, as a result, could not consider quarter 1 reports, as is required by its Terms of Reference.

- The committee is concerned with the underspending of the agency as it impacts negatively on service delivery mandate of the agency.

- The committee is also concerned with control deficiencies within the supply chain management (SCM) within the NDA.

Evaluation of the Annual Report

The Audit Committee has:

- Reviewed and discussed with the Auditor-General the audited Annual Financial Statements included in the Annual Report;

- Reviewed the Auditor-General's management report and management's responses;

- Reviewed the accounting policies and practices;

- Evaluated the audited financial statements included in the Annual Report and, based on the information provided to the Committee, considered that the said statements comply in all material respects with the requirements of the Treasury Regulations, the PFMA requirements as well as South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP); and

- Reviewed the NDA's Report on Performance Information.

3.15 Audit and Risk
COMMITTEE REPORT

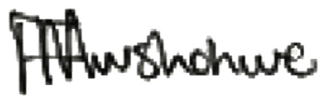
The monitoring of the Agency's performance is a key function of the Executive Authority. The Committee has ensured, principally through the internal audit function, that the systems of performance measurement and reporting, as well as the systems of internal control that underpin the performance management 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 were identified, and management was directed to ensure that an appropriate corrective action plan was implemented in the 2021/22 financial year.

The Committee has accepted the responsibility to ensure adequate reporting on performance information and the policies and that the procedures are of a standard acceptable to the Agency. The Committee's mandate and charter include this responsibility. The Committee has taken note of the Performance Information Report, which compares the actual performance of the organisation against the approved Business Plan for the financial year, the strategic objectives, key performance indicators and targets set.

Conclusion

The Committee has once again taken note of the concerns of the Auditor-General and accepts that there is further room for improvement in the accounting function and elements of the internal control environment. As in previous years, the Committee will ensure that the internal audit plan addresses these issues and will monitor the implementation of the recommendations of the Auditor-General's Report. The Audit Committee concurs with and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

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 to the Interim Accounting Authority, Acting CEO and staff of the NDA, our sincere appreciation for the commitment and progress made this year. We are pleased to present our report for the financial year ended 31 March 2022.



Ms Fungai Mushohwe
Chairperson of the Audit and Risk Committee
National Development Agency
Date: 30 September 2022

3.16 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 regards 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	

3.16 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 regards to the following:

Criteria	Yes/No	Discussion
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 is 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 own 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.

3.16 B-BBEE Compliance

PERFORMANCE INFORMATION

B-BBEE PERFORMANCE

The B-BBEE verification was performed in accordance with Gazette number 38766 Amended DTI Specialised Generic Scorecard. The National Development Agency was found to be a non-compliant contributor with a 0% B-BBEE procurement recognition level. The financial period measured was 31 March 2022. The NDA scored no points in Supplier and Enterprise Development and Socio-Economic Development due to there being no expenditure on these elements. The measured entity scored majority points in Management Control and Procurement, however scored no points for Board participation as the board member is not black as defined by the B-BBEE codes. Majority of the points were also lost in Skills Development as there was no expenditure in the measurement period for learnerships/apprenticeships/internships and training of black disabled employees.

PART D:

HUMAN RESOURCES

4.1
INTRODUCTION

The Human Resource function is responsible for managing and delivering both the strategic and operational HR services to the NDA. At a strategic level, Human Resources (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 to 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 focused on the delivery of services throughout the Human Resources Value chain, which encompasses Performance Management, Training and Development, Recruitment and Selection, Compensation and Benefits and HR Compliance.

4.2 Human Resources

OVERSIGHT STATISTICS

During the year under review, the NDA had 187 permanent employees. However, as at the 31 March 2022 the NDA had 184 permanent employees. The majority of employees can be found in the core of the business which is in programme 2. This is followed by Programme 1 which is made up of the Finance, Office of the CEO and Corporate Support Services divisions. Programme 3, which has the least number of employees, consists of Development Management & Research.

PERSONNEL COST BY PROGRAMME

Programme	Total Expenditure for the entity (R'000)	Total Expenditure for the entity (R'000)	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee (R'000)
Programme 1	106 219	54 575	24%	64	853
Programme 2	116 007	71 959	31%	116	620
Programme 3	7 496	5 737	3%	7	820
Totals	**229 722**	**132 271**	**58%**	**187**	**2 293**

4.2 Human Resources
OVERSIGHT STATISTICS

For the year under review, personnel costs represented 58% of the total expenditure for the organisation, which is a slight increase from the previous year. This can be attributed to the rise in cost of living.

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	10 061	8%	6	1677
Senior Management	30 731	23%	24	1280
Professional qualified	72 928	55%	105	695
Skilled	14 994	11%	33	454
Semi-skilled	892	1%	3	297
Unskilled	2 665	2%	16	167
TOTAL	**132 271**	**100%**	**187**	**707**

4.2 Human Resources

OVERSIGHT STATISTICS

PERFORMANCE REWARD

Level	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	0	10 061	0
Senior Management	0	30 731	0
Professional qualified	0	72 928	0
Skilled	0	14 994	0
Semi-skilled	0	892	0
Unskilled	0	2 665	0
TOTAL	**0**	**132 271**	**0**

No performance bonuses were awarded during the period under review.

4.2 Human Resources

OVERSIGHT STATISTICS

TRAINING COSTS

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	54 575	247	0,19%	44	5,6
Programme 2	71 959	307	0,23%	84	3,7
Programme 3	5 737	8	0,01%	7	1,1
Totals	**132 271**	**562**	**0,42%**	**135**	**4,2**

The learning interventions were informed by the outcomes of the Skills Audit matrix and the Personal Development Plans (PDPs) of employees. The PDPs are the means to document skill gaps, which were identified through performance appraisals by line management and the employees. A total R562 000 has been spent on learning and development interventions in 2021/22 and 135 employees took up the opportunity for learning and development. The entity saw an increase in uptake owing to the gradual reopening of the training sector after the COVID pandemic lockdown environment. Fourteen (14) bursaries/study assistance were awarded to employees at the beginning of the 2022 academic year, to pursue long-term studies towards the attainment of a formal qualification.

4.2 Human Resources

OVERSIGHT STATISTICS

EMPLOYMENT AND VACANCIES

Programme	2020/2021 Number of employees	2021/2022 Approved posts	2021/2022 Permanent employees	2021/2022 Contractors	2021/2022 Vacancies
Programme 1	64	64	62	1	2
Programme 2	116	119	115	1	4
Programme 3	7	7	7	0	0
Totals	**187**	**191**	**184**	**2**	**6**

4.2 Human Resources

OVERSIGHT STATISTICS

EMPLOYMENT AND VACANCIES

Level	2020/21 Number of employees	2021/22 Approved posts	2021/22 Number of Permanent employees	2021/22 Number of Contractors	2021/22 Vacancies
Top Management	5	6	5	0	0
Senior Management	21	24	24	0	0
Professional qualified	101	106	104	0	2
Skilled	32	35	32	2	3
Semi-skilled	4	4	3	0	1
Unskilled	16	16	16	0	0
TOTAL	**179**	**191**	**184**	**2**	**6**

The recruitment process is crucial to ensuring that the right competencies are sourced at the right time to ensure that there is adequate capacity to achieve the mandate of the organisation. As part of capacitating the organisation, HC successfully filled several key positions. In the period under review, 40 new employees were appointed. To that end, the NDA continues to work towards a vacancy rate of not more than 10%.

4.2 Human Resources
OVERSIGHT STATISTICS

REASONS FOR STAFF LEAVING

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	1	0.52%
Dismissal	1	0.52%
Retirement	1	0.52%
Ill health	0	0%
Expiry of contract	1	0.52%
Other	0	0%
TOTAL	**4**	**2,09%**

As of 31 March 2022, four (4) employees exited the organisation for various reasons. This depicts relatively low turnover rates compared to the norm which is 12%. This can be attributed to a positive working environment created.

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	1
Final Written Warning	0
Dismissal	1
TOTAL	**2**

The number of disciplinary actions instituted in the year under review significantly decreased with only one written warning issued and one dismissal. This indicates that the intended objective of discipline which is to correct unacceptable behaviour, foster acceptable and appropriate behaviour is being realised.

4.2 Human Resources

OVERSIGHT STATISTICS

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

Level	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	13	12	2	2	0	0	0	0
Professional qualified	39	54	3	4	0	1	0	1
Skilled	5	20	0	1	0	1	0	0
Semi-skilled	1	13	0	1	0	1	0	1
Unskilled	2	1	0	0	0	0	0	0
TOTAL	**61**	**101**	**5**	**8**	**0**	**3**	**0**	**2**

4.2 Human Resources
OVERSIGHT STATISTICS

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

Level	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	9	8	0	1	0	1	0	0
Professional qualified	60	68	1	2	0	1	0	1
Skilled	25	29	2	3	0	1	0	1
Semi-skilled	2	6	0	1	0	0	0	0
Unskilled	14	13	1	1	0	0	0	0
TOTAL	**112**	**127**	**4**	**8**	**2**	**4**	**0**	**2**

4.2 Human Resources
OVERSIGHT STATISTICS

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

Level	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	1	1
Professional qualified	0	1	1	2
Skilled	1	2	0	1
Semi-skilled	0	0	1	1
Unskilled	0	0	0	0
TOTAL	**1**	**3**	**3**	**5**

The majority of the workforce within the NDA is constituted by females at 65 %. The females are, however, not well represented at senior management level as per the targets set. The organisation continues to maintain a 2% representation of people with disabilities and thus achieving the target of 2% of the total staff compliment. The majority of staff compliment is African at 94%; this requires focus to be on increasing representation of other minority groups within the organisation.

PART E:

AUDITED ANNUAL FINANCIAL STATEMENTS

Report of the auditor-general to Parliament on the
NATIONAL DEVELOPMENT AGENCY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the National Development Agency set out on pages 85 to 128, which comprise the statement of financial position as of 31 March 2022, the 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 presented fairly, in all material respects, the financial position of the National Development Agency as of 31 March 2022, 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 auditor-general's responsibilities for the audit of the financial statements section of my report.

4. I am independent of the 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 solid basis for my opinion.

Emphasis of matter

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

Contingencies

7. With reference to note 25 to the financial statements, the entity is the defendant in various legal cases and is opposing the claims. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements.

Responsibilities of the accounting authority for the financial statements

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

9. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to the going concern and using the going concern as

basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

10. 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.

11. 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

Introduction and scope

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information, in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the entity's annual performance report for the year ended 31 March 2022:

Programmes	Pages in the annual performance report
Programme 2 – Civil Society Organisation Development	52 – 54

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

- Programme 2 –
  civil society organisation development

Other matter

17. I draw attention to the matter below.
Achievement of planned targets

18. Refer to the annual performance report on pages 46 to 56 for information on the achievement of planned targets for the year and management's explanations provided for the under/overachievement of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

20. The material findings on compliance with specific matters in key legislation are as follows:

Procurement and contract management

21. Some contracts were awarded to bidders based on evaluation/adjudication criteria that differed from those stipulated in the original invitation for bidding, contrary to treasury regulation 16A6.3(a) and (b). This non-compliance was identified in the procurement of office space for some of the regional offices.

Other information

22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

25. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and 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

26. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

27. Leadership did not sufficiently monitor the implementation of action plans to prevent the recurring non-compliance with supply chain management prescripts when procuring.

28. Management did not adequately review and monitor compliance with applicable supply chain management legislation when procuring.

Pretoria
31 July 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE –
Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes, as well as on the entity's compliance with respect to the selected subject matters.

Financial statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accounting Authority.

- Conclude on the appropriateness of the accounting authority's 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 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 an entity to cease operating as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

4. 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.

NATIONAL DEVELOPMENT AGENCY
Annual Financial Statements for the year ended March 31, 2022

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

INDEX

LIST OF ABBREVIATIONS

GBV	Gender Based Violence
AG	Auditor General
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

REPORT BY THE BOARD ON THE ANNUAL FINANCIAL STATEMENTS

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

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

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

The NDA Board acknowledge that it is ultimately responsible for the system of internal financial control established by the entity and places considerable importance on maintaining a strong controlled environment. Enabling the fulfilment 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 Board is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or deficit.

The Board has reviewed the entity's cash flow forecast for the year to March 31, 2023 and, in the 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 dependent on a transfer payment from nationally appropriated funds. On the basis that the transfer payment has been listed in the Estimates of National Expenditure, the NDA believes that it will have sufficient funds to continue operations in the year ahead. As a result, the annual financial statements have been prepared on a going concern assumption.

The Board is accountable for the fiduciary governance and oversight of the NDA. The Chief Executive Officer, as the Accounting Officer of the NDA, is responsible for the financial affairs of the NDA. The term of the former Board ended during the financial year, on 30 June 2021. The contract of the former Chief Executive Officer terminated on 31 October 2021. An acting Chief Executive Officer was appointed in November 2021, to take accountability over the operational and financial affairs of the NDA. The acting CEO was simultaneously appointed to act as the Interim Accounting Authority, to fulfil the legislative and fiduciary role of the Board, for the remainder of the financial year.

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 85 to 128, which have been prepared on the going concern assumption, were approved by the Interim Accounting Authority on **29 July 2022** and were signed by:

Mr. Bongani Magongo
Interim Accounting Authority

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022

	Note(s)	2022 R	2021 R
ASSETS			
Current Assets			
Cash and cash equivalents	**3**	148,718,612	125,563,363
Receivables from exchange transactions	**4**	1,512,382	1,616,977
Receivables from non-exchange transactions	**5**	17,831	139,195
		150,248,825	**127,319,835**
Non-Current Assets			
Property, plant and equipment	**6**	5,161,202	6,896,162
Intangible assets	**7**	3,195,631	3,538,403
		8,356,833	**10,434,565**
Total Assets		**158,605,658**	**137,754,400**

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022

	Note(s)	2022 R	2021 R
LIABILITIES			
Current Liabilities			
Payables from exchange transactions	9	6,326,330	9,852,569
Payables from non-exchange transactions	10	3,215,637	6,051,507
Provisions	11	13,686,407	5,916,873
Short-term employee benefits	12	10,208,505	10,467,686
Accrual for committed projects	13	9,935,655	7,165,180
Unutilised third-party funds (deferred income)	14	35,746,382	64,679,801
		79,118,916	**104,133,616**
Total Liabilities		**79,118,916**	**104,133,616**
Net Assets		**79,486,742**	**33,620,784**
Accumulated surplus		79,486,742	33,620,784
Total Net Assets		**79,486,742**	**33,620,784**

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2022 R	2021 R
REVENUE			
Non-exchange revenue			
Non-exchange revenue	**15**	245,970,000	216,240,000
Transfer revenue	**16**	24,832,743	54,812,591
Other grants-third party funds and donations		500	49,704
Total revenue from non-exchange transactions		**270,803,243**	**271,102,295**
Exchange revenue			
Other income	**17**	2,067,229	3,367,671
Finance income	**18**	2,708,135	2,993,538
Total revenue from exchange transactions		**4,775,364**	**6,361,209**
Total revenue		**275,578,607**	**277,463,504**

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2022 R	2021 R
EXPENDITURE			
Mandate expenses			
Disbursements to NDA funded projects	13	(12,802,798)	(4,476,739)
Disbursements to third party funded projects	21.3	(24,550,000)	(46,000,000)
Third-party funded capacity building costs	21.1	(32,743)	(8,812,591)
CSO development programme implementation costs		(3,744,921)	(3,052,250)
Research, monitoring and evaluation costs	21.2	(1,758,560)	(1,291,403)
NDA funded capacity building costs		(2,917,113)	(1,165,964)
Mandate staff costs	20	(77,696,304)	(75,078,072)
CSO volunteer program (COVID response)	22	-	(32,208,782)
Total mandate expenses		**(123,502,439)**	**(172,085,801)**
Administration expenses			
Accommodation and travel	21.4	(3,302,367)	(2,305,051)
Audit fees		(4,319,612)	(2,780,376)
Board fees	19	(337,854)	(891,145)
Consulting and professional fees	21.5	(4,826,861)	(3,104,408)
Depreciation and amortisation		(3,259,007)	(2,395,882)
Operating leases	21.6	(11,938,519)	(12,427,346)
Admin staff costs	20	(65,942,995)	(54,447,812)

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2022 R	2021 R
IT communication costs		(2,573,292)	(3,244,059)
Relocation of offices		-	(44,613)
Increase in allowance for losses		(227,399)	(707)
Loss on disposal of assets		(131,665)	(159,001)
General expenses	21.7	(9,359,613)	(8,483,507)
Total administration expenses		**(106,219,184)**	**(90,283,907)**
Total expenditure		**(229,721,623)**	**(262,369,708)**
Surplus for the year		**45,856,984**	**15,093,796**

** In 2020-21- the increase in allowance for losses relates to a long outstanding debtor that was approved for write-off.*

** In 2021-22- the increase in allowance for losses relates to a write-off for irrecoverable lease deposits relating to leases terminated in the 2016-17 and prior financial years, that was approved for write-off by the Accounting Officer due to non-collection by the NDA, and subsequent prescription.*

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus R	Total net assets R
BALANCE ON APRIL 1, 2020	**18,526,988**	**18,526,988**
Changes in net assets		
Surplus for the year	15,093,796	15,093,796
Total changes	15,093,796	15,093,796
Opening balance as previously reported	33,620,783	33,620,783
Prior year adjustments	8,975	8,975
RESTATED* BALANCE ON APRIL 1, 2021, AS RESTATED*	**33,629,758**	**33,629,758**
Changes in net assets		
Surplus for the year	45,856,984	45,856,984
Total changes	45,856,984	45,856,984
Total changes	**79,486,742**	**79,486,742**

Note(s)

CASH FLOW STATEMENT

	Note(s)	2022 R	2021 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Transfer revenue		246,931,211	328,543,915
Interest income		2,708,717	2,945,189
Other receipts		825,177	4,078,162
		250,465,105	**335,567,266**
Payments			
Employee costs		(133,709,275)	(129,077,506)
Suppliers		(53,891,162)	(44,282,010)
Funded projects		(34,557,597)	(79,121,341)
Gauteng Provincial Department of Social Development		(3,838,886)	-
Northern Cape Provincial Department of Social Development		-	(3,785,645)
Rand Water Foundation		-	(1,653,584)
		(225,996,920)	**(257,920,086)**
Net cash flows from operating activities	**23**	**24,468,185**	**77,647,180**

CASH FLOW STATEMENT

	Note(s)	2022 R	2021 R
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(1,312,936)	(3,708,224)
Net increase/(decrease) in cash and cash equivalents		**23,155,249**	**73,938,956**
Cash and cash equivalents at the beginning of the year		125,563,363	51,624,407
Cash and cash equivalents at the end of the year	**3**	**148,718,612**	**125,563,363**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference R
STATEMENT OF FINANCIAL PERFORMANCE						
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Other income	-	2,019,884	**2,019,884**	2,067,229	**47,345**	30.1
Interest received - investment	1,937,309	615,253	**2,552,562**	2,708,135	**155,573**	
Total revenue from exchange transactions	**1,937,309**	**2,635,137**	**4,572,446**	**4,775,364**	**202,918**	
REVENUE FROM NON- EXCHANGE TRANSACTIONS						
TRANSFER REVENUE						
Government grants & subsidies	215,970,000	30,000,000	**245,970,000**	245,970,000	**-**	
Other grants third party funds and donations	-	-	**-**	24,832,743	**24,832,743**	30.2
Transfer from accumulated funds	-	22,903,492	**22,903,492**	-	**(22,903,492)**	30.3
Recoveries from projects	-	-	**-**	500	**500**	
Total revenue from non-exchange transactions	**215,970,000**	**52,903,492**	**268,873,492**	**270,803,243**	**1,929,751**	
Total revenue	**217,907,309**	**55,538,629**	**273,445,938**	**275,578,607**	**2,132,669**	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference R
EXPENDITURE						
Admin staff costs	(60,404,842)	884,472	**(59,520,370)**	(65,942,996)	**(6,422,626)**	**30.4**
Board meeting fees	(952,161)	390,467	**(561,694)**	(337,854)	**223,840**	**30.5**
Depreciation and amortisation	-	-	**-**	(3,259,007)	**(3,259,007)**	**30.6**
Increase in allowance for losses	-	-	**-**	(227,399)	**(227,399)**	**30.7**
Operating leases	(12,937,721)	660,500	**(12,277,221)**	(11,938,519)	**338,702**	
Third party funded CSOs	-	-	**-**	(24,550,000)	**(24,550,000)**	**30.8**
NDA funded capacity building costs	(3,814,558)	(447,583)	**(4,262,141)**	(2,917,113)	**1,345,028**	
Research, monitoring and evaluation costs	(4,098,067)	(1,269,604)	**(5,367,671)**	(1,758,560)	**3,609,111**	**30.9**
NDA grant funded CSOs	(13,500,000)	(7,605,383)	**(21,105,383)**	(12,802,798)	**8,302,585**	**30.10**
CSO development programme implementation costs	(10,393,561)	(140,704)	**(10,534,265)**	(3,744,921)	**6,789,344**	**30.11**
Third party funded capacity building	-	-	**-**	(32,743)	**(32,743)**	
Volunteer programme	-	(30,000,000)	**(30,000,000)**	-	**30,000,000**	**30.12**
Mandate staff costs	(80,696,668)	2,238,900	**(78,457,768)**	(77,696,304)	**761,464**	
General expenses	(13,378,632)	(6,114,323)	**(19,492,955)**	(9,359,612)	**10,133,343**	**30.13**
Capital expenditure	(800,000)	(1,171,551)	**(1,971,551)**	-	**1,971,551**	**30.14**
IT communications costs	(3,324,407)	990,321	**(2,334,086)**	(2,573,292)	**(239,206)**	
Audit fees	(4,802,400)	150,000	**(4,652,400)**	(4,319,612)	**332,788**	
Consulting and professional fees	(5,304,292)	(14,242,994)	**(19,547,286)**	(4,826,861)	**14,720,425**	**30.15**
Accommodation and travel	(3,500,000)	138,853	**(3,361,147)**	(3,302,367)	**58,780**	
Total expenditure	**(217,907,309)**	**(55,538,629)**	**(273,445,938)**	**(229,589,958)**	**43,855,980**	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference R
Operating surplus	-	-	-	**45,988,649**	**45,988,649**	
Loss on disposal of assets and liabilities	-	-	-	(131,665)	**(131,665)**	
Surplus before taxation	-	-	-	**45,856,984**	**45,856,984**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	**45,856,984**	**45,856,984**	

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 were applied by the entity in the current financial year:

GRAP 1:	Presentation of financial statements
GRAP 2:	Cash flow statements
GRAP 3:	Accounting policies, changes in accounting estimates and errors
GRAP 9:	Revenue from exchange transactions
GRAP 13:	Leases
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
GRAP 24:	Presentation of budget information
GRAP 25:	Employee benefits
GRAP 31:	Intangible assets
GRAP 104:	Financial instruments (revised standard approved but not yet effective as per GRAP reporting framework for 2021-22)

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

1.2 Basis of preparation Measurement basis

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

1.3 Significant judgements and sources of estimation

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

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

These judgements have been applied in such a way ensuring 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 provisions, 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 1,90:1, 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 2021/2022 financial year, the NDA believes that it will have sufficient funds to continue operations in the year ahead. As a result, the NDA has prepared the Annual Financial Statements on a going concern basis.

1.5 Comparative information

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

1.6 Property, plant and equipment

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

Initial measurement and recognition of property, plant and equipment

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

a) It is probable that future economic benefits or service potential associated with the item will flow to the entity, and

b) The cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured on recognition at cost. The cost of an item of property, plant and equipment is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction. It comprises of the purchase price after deducting trade discounts and rebates, and 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 the age and in the condition expected at the end of its useful life. In practice, the residual value of assets in the NDA are insignificant, and therefore immaterial in the calculation of the depreciable amount, as assets are usually donated at the end of useful life. The useful life is the period 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 is estimate. The NDA assesses at each reporting date whether there is an indication that expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If such an indication exists, the NDA revises the expected useful life and /or the residual value, and accounts for such revision as a change in accounting estimates. In assessing whether there is any indication that the expected useful life of an asset has changed, the indicators listed in paragraph 57 of GRAP 17 are considered by management.

At each reporting date, all items of property, plant and equipment are assessed for any indication that they may be impaired. The NDA designates its assets as non-cash generating assets at initial recognition, as assets are used for delivering services, and not for the purpose of generating 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 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 services 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 of 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 value in use. The replacement cost of the asset to replace the assets gross service potential is assessed and is then depreciated to reflect the asset in used condition. If the recoverable service amount of the asset, being its depreciated replacement cost, is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

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

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

a) On disposal, including disposal through a non-exchange transaction; or

b) When no future economic benefits or service potential are expected from its use or on disposal.

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

1.7 Intangible assets

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

An asset is identifiable if it either:

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

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

Initial recognition

An intangible asset is recognised if:

- It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and

- The cost or fair value of the asset can be measured reliably.

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

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

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

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

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.

- Its intention to complete the intangible asset and use or sell it.

- Its ability to use or sell the intangible asset.

- how the intangible asset will generate probable future economic benefits or service potential (the usefulness of the intangible asset).

- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent measurement of intangible assets

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

Amortisation and impairment

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

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

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

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

Item	Useful life
Computer software, other	3-11 years
Internally generated intangible asset	12 years
ERP system	18 years

Derecognition of intangible assets

Intangible assets are derecognised:

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

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

1.8 Leases

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

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

Operating leases - lessee

The NDA has entered 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. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or a liability in the statement of financial position.

1.9 Financial instruments

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

Non- derivative financial instruments

The entity's financial instruments are made up of non-derivative financial assets and liabilities that have fixed or determinable payments, and these comprise the following:

a) Cash and cash equivalents

b) Receivables from exchange transactions

c) Receivables from non-exchange transactions

d) Payables from exchange transactions

e) Payables from non-exchange transactions

Recognition and de-recognition

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

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

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

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

a) Cash and cash equivalents

Cash and cash equivalents comprise 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 them.

b) Receivables

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

c) Receivables from exchange transactions

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

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

Receivables are derecognised when the contractual obligation expires or is discharged or cancelled.

Impairment losses on receivables are recognised in surplus or deficit when there is objective evidence of impairment of the receivables.

d) Receivables from non-exchange transactions

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

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

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

e) Payables from exchange transaction

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

Payables are recognised when the entity becomes party to the financial instrument contract. Payables from exchange transactions are initially measured at fair value and subsequently at amortised cost, using 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 it 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 a surplus or deficit.

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

Offsetting

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

1.10 Employee benefits

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

Measurement and recognition

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

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

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

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

b) In the case of non-accumulating absences, when the absences occur.

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

Bonus, incentives and performance related payment

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

Termination benefits

The NDA recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- Terminate the employment of an employee or group of employees before the normal retirement date; or

- Provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The NDA is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes:

- The location, function, and approximate number of employees whose services are to be terminated;

- The termination benefits for each job classification or function; and

- The time at which the plan will be implemented. Implementation shall begin as soon as possible and the period of time to complete implementation shall be such that material changes to the plan are not likely.

1.11 Provisions and contingencies

1.11.1 Provisions

A provision is a liability of uncertain timing or amount.

Provisions are recognised when:

- The NDA has a present obligation (legal or constructive) as a result of a past event;

- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and

- A reliable estimate can be made of the amount of the obligation.

A past event that leads to a present obligation is an 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 the 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 deficits, or for costs that need to be incurred to continue an entity's on-going activities in the future.

Leave provision

A provision is raised for the estimated liability for accumulating compensated absences (annual pay-out), 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 pay-out provision in the leave policy.

1.11.1 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. An NDA does not recognise a contingent asset. Contingent assets 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.

The NDA does not recognise a contingent liability. 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 25.

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.

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 the fair value of the consideration received or receivable, taking into account the amount of any trade discounts and volume rebates allowed.

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

The following are regarded as exchange transactions:

a) Rendering of services

b) Sale of goods

c) The use by others of the entity's assets yielding interest, royalties, dividends or similar distributions

Finance income

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

Other Income

Other income comprises of various sources as described below:

a) Sundry Income

Sundry income includes funds recovered from employees in respect of study expenses incurred in the previous financial years, recoveries for damages to assets caused by employee negligence, tenant installation allowance transferred in cash to the NDA for utilisation towards refurbishment, recoveries from employees relating to irregular, fruitless and wasteful expenditure and recoveries from insurance claims. This income is recognised in surplus or deficit in the period in which it is received.

b) Recoveries from projects

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

c) Management fees

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

Recognition of management fees

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

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

a) The amount of revenue can be measured reliably;

b) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity;

c) The stage of completion of the transaction at the reporting date can be measured reliably; and

d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably. When the outcome of the transaction involving the rendering of service cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.16 Revenue from non-exchange transactions

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

Recognition and measurement

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

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is recognised in respect of the same inflow. Liabilities are recognised on transferred assets to the extent of contractual conditions that require the NDA to either consume the future economic benefits or service potential of the assets as specified or return the future economic benefits or service potential to the grantor in the event the conditions are breached. The NDA therefore incurs a present obligation to transfer the future economic benefits or service potential to third parties, when it gains control of the asset. As the ND satisfies a present obligation recognised as a liability, in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability, and recognises an amount of revenue equal to the reduction. Revenue from non-exchange transactions is therefore measured at the amount of the increase in net assets recognised by the NDA. The transfer allocation received from National Treasury is not subject to contractual conditions, but statutory conditions as to the 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 fair value of the consideration received. The transfer is recognised in surplus and or deficit when it is received and none of the revenue is deferred.

Other grants

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

1.17 Mandate expenditure

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

Disbursements to funded projects

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

Capacity building costs

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

1.18 Administration expenditure

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

1.19 Related parties

Related party relationships exist throughout 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:

a) Has 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 an arm's length or not in the ordinary course of business are disclosed. Disclosure of the related party transactions, outstanding balances, commitments and the relationship underlying the transaction, is required for accountability and transparency, and for a complete assessment of the risks and opportunities faced by the entity. Related party transactions that are normal supplier or client relationship on terms and conditions 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 exempted 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. Fruitless expenditure means expenditure which was made in vain, no value was derived from the expenditure and such expenditure would have been avoided had reasonable care been exercised. National Treasury Instruction No.3 of 2019/20 issued on 1 November 2019, regulates the assessment, determination, investigation, recovery and reporting of fruitless and wasteful expenditure for PFMA listed public entities, in accordance with the Fruitless and Wasteful Expenditure Framework. The framework provides procedures to follow when dealing with fruitless and wasteful expenditure.

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 55(2)(b) of the PFMA, the annual report and financial statements of the public entity must include the following related to fruitless and wasteful expenditure for that financial year:

a) Any material losses through criminal conduct and any fruitless and wasteful expenditure that occurred during the financial year;

b) Any criminal or disciplinary steps taken as a consequence of fruitless and wasteful expenditure; and

c) Any losses recovered or written off.

Treasury Regulations 9.1.5 and 28.2.1 requires accounting officers and accounting authorities to disclose all fruitless and wasteful expenditure incurred by their respective institutions as a note to the annual financial statements.

1.21 Irregular expenditure

Irregular expenditure is defined in section 1 of the PFMA as expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

1.21.1 This Act; or

1.21.2 The State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or

1.21.3 Any provincial legislation providing procurement procedures in that provincial government.

National Treasury instruction note No.2 of 2019/2020 which took effect on 17 May 2019 and was issued in terms of sections 76(2)(e) and 76(4)(a) of the PFMA further regulates irregular expenditure for institutions subject to the PFMA, through the Irregular Expenditure Framework. 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 cases of irregular expenditure in the Annual Financial Statements.

Irregular expenditure is incurred when a financial transaction is recognised as an expenditure in the financial records of a public entity. In terms of section 55(2)(b) of the PFMA, the annual report and financial statements of the public entity must include the following related to losses and irregular expenditure for that financial year:

a) Any material losses through criminal conduct and any irregular expenditure that occurred during the financial year

b) Any criminal or disciplinary step taken as a consequence of such losses or irregular expenditure, and

c) Any losses recovered or written-off.

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 is classified as irregular expenditure if a financial transaction has been recognised as expenditure in the financial records of a public entity.

In terms of the Framework, accounting authorities are required to maintain a checklist and a lead schedule, which is a summary of irregular expenditure to be disclosed in the notes to the annual financial statements and the progress related thereto. The checklist and lead schedule must be updated with information related to the process taken as per the recommendations of the relevant function that conducted the determination test or a functionary that conducted the investigation in relation to:

a) Irregular expenditure referred to the human resources function for disciplinary processes and financial misconduct;

b) Irregular expenditure referred to the loss control or other relevant function for recovery processes, if the results of the determination or investigation conducted revealed that a loss was incurred;

c) Irregular expenditure referred to South African Police Service (if there were fraudulent, corrupt, or other criminal conduct and losses identified) for criminal charges;

d) Irregular expenditure referred to the relevant authority for condonation, which is National Treasury in the case of a public entity, if disciplinary processes were instituted against the responsible employee(s) and no losses were suffered or;

e) Irregular expenditure referred to the Accounting Officer or accounting authority for removal if the irregular expenditure was not condoned by the relevant authority.

Section 78 of the Framework provides the process to be followed in relation to the disclosure of irregular expenditure identified in the current and previous financial year(s).

1.22 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between reporting date and the date when the financial statements are authorised for issuing. 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 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) The nature of the event.

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

2. ACCOUNTING POLICIES

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 impoverished 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:	2022 R	2021 R
Cash on hand	23,719	21,949
Call and current accounts	115,708,011	84,101,375
Money markets accounts	32,986,882	41,440,039
	148,718,612	**125,563,363**

Included in cash and cash equivalents at the end of the financial year are the following:
a) Funds committed to projects to the value of R38 349 378 (2021: R7 605 383) - Refer Note 24.2
b) Cash balances held on behalf of third parties to the value of R35 746 382 (2021: R64 679 801) - Refer Note 14
c) Funds committed to operational expenditure to the value of R14 678 957 (2021: R10 798 109) - Refer Note 24.1

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2022 R	2021 R
Prepayment	133,479	-
Rental deposits	1,309,647	1,547,139
Interest receivable	69,256	69,838
	1,512,382	**1,616,977**

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 of 1 April 2022 to 31 October 2022.

In 2021-22- an amount of R227 399 for irrecoverable lease deposits relating to leases terminated in the 2016-17 and prior financial years, was approved for write-off by the Accounting Officer due to non-collection by the NDA, and subsequent prescription. Refer note 32.2

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2022 R	2021 R
Other receivables- sundry staff debtors	17,831	139,495

Sundry staff debtors mainly relate to study expenses and travel expenses recoverable from employees. The decrease in other receivables is mainly attributable to the recovery of board fees debt from the previous Board chairperson and study expenses fully paid by employees during the year 2021-22.

6. PROPERTY, PLANT AND EQUIPMENT

	2022			2021		
	Cost R	Accumulated depreciation and accumulated impairment R	Carrying value R	Cost R	Accumulated depreciation and accumulated impairment R	Carrying value R
Furniture and fixtures	4,371,342	(3,628,454)	742,888	4,431,079	(3,389,430)	1,041,649
Motor vehicles	302,708	(287,572)	15,136	302,708	(227,031)	75,677
Office equipment	2,052,663	(1,632,180)	420,483	2,092,539	(1,403,306)	689,233
Computer equipment	11,354,315	(7,371,620)	3,982,695	10,778,970	(5,689,367)	5,089,603
Total	**18,081,028**	**(12,919,826)**	**5,161,202**	**17,605,296**	**(10,709,134)**	**6,896,162**

Reconciliation of property, plant and equipment - 2022	Opening balance R	Additions R	Disposals R	Depreciation R	Change in estimate R	Total R
Furniture and fixtures	1,041,649	64,310	(12,856)	(348,270)	(1,945)	742,888
Motor vehicles	75,677	-	-	(60,541)	-	15,136
Office equipment	689,233	1,513	(3,673)	(254,795)	(11,795)	420,483
Computer equipment	5,089,603	1,247,113	(115,136)	(2,196,253)	(42,632)	3,982,695
	6,896,162	**1,312,936**	**(131,665)**	**(2,859,859)**	**(56,372)**	**5,161,202**

Reconciliation of property, plant and equipment - 2021	Opening balance R	Additions R	Reinstatements R	Disposals R	Other changes R	Depreciation R	Change in estimate R	Total R
Furniture and fixtures	1,438,033	4,442	444	(27,742)	-	(564,077)	190,549	1,041,649
Motor vehicles	136,219	-	-	-	-	(60,542)	-	75,677
Office equipment	1,005,194	5,968	54	(18,493)	(664)	(345,867)	43,041	689,233
Computer equipment	2,821,266	3,697,259	57	(112,766)	-	(1,881,560)	565,347	5,089,603
	5,400,712	**3,707,669**	**555**	**(159,001)**	**(664)**	**(2,852,046)**	**798,937**	**6,896,162**

Pledged as security

Carrying value of property, plant and equipment does not include any assets pledged as security.

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.

7. INTANGIBLE ASSETS

	2022			2021		
	Cost R	**Accumulated amortisation and accumulated impairment R**	**Carrying value R**	**Cost R**	**Accumulated amortisation and accumulated impairment R**	**Carrying value R**
Intangible assets under development *(Ndzalama CSO database and IMS)*	3,978,993	(801,325)	3,177,668	3,978,993	(469,742)	3,509,251
Other software	68,525	(64,218)	4,307	68,525	(61,637)	6,888
ERP system	1,721,302	(1,707,646)	13,656	1,721,302	(1,699,038)	22,264
Total	**5,768,820**	**(2,573,189)**	**3,195,631**	**5,768,820**	**(2,230,417)**	**3,538,403**

Reconciliation of intangible assets - 2022	Opening balance R	Amortisation R	Total R
Intangible assets under development *(Ndzalama CSO database and IMS)*	3,509,251	(331,583)	3,177,668
Other software	6,888	(2,581)	4,307
ERP system	22,264	(8,608)	13,656
	3,538,403	**(342,772)**	**3,195,631**

Reconciliation of intangible assets - 2021	Disposals R	Depreciation R	Change in estimate R	Total R
Intangible assets under development *(Ndzalama CSO database and IMS)*	3,840,834	(331,583)	-	3,509,251
Other software	9,469	(10,330)	7,749	6,888
ERP system	30,873	(34,460)	25,851	22,264
	3,881,176	**(376,373)**	**33,600**	**3,538,403**

Pledged as security
Carrying value of intangible assets does not include any assets pledged as security.
Restricted title
Carrying the value of intangible assets does not include any assets whose title is restricted.

8. CHANGES IN ESTIMATES

Property, plant and equipment

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 are as follows:

	Depreciation before adjustment R	Depreciation after adjustment R	Effect on current year R	Effect in the next 12 months R	Effect on future periods R
Computer equipment	64,059	21,427	(42,632)	(21,427)	(21,205)
Office equipment	17,712	5,917	(11,795)	(5,917)	(5,878)
Furniture	1,656	(289)	(1,945)	(1,471)	(474)
Total	**83,427**	**27,055**	**(56,372)**	**(28,815)**	**(27,557)**

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 R56 372.

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

	2022 R	2021 R
Trade payables	4,542,315	8,419,274
Operating lease liabilities	1,784,015	1,433,295
	6,326,330	**9,852,569**

Trade payables represent accruals for goods received and services rendered, but not yet invoiced and paid at the end of the financial year, as well as payables invoiced and not yet settled at year-end. Accruals comprise mainly of legal fees, travel costs, evaluation studies, development of the risk toolkit as well as costs relating to operating leases.

Payables comprise mainly of amounts owing relating to the municipal bill for water and electricity for leased buildings.

Operating lease liability relates to the difference between the operating lease expense recognised in the statement of financial performance on a straight-line basis over the lease term, and the contractual operating lease payments incurred.

10. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

	2022 R	2021 R
UIF Covid-19 stipends accrual	2,744,000	5,848,000
Other creditors	240,807	62,854
Staff creditors	230,830	140,653
	3,215,637	**6,051,507**

11. PROVISIONS

Provision for performance bonus	2022 R	2021 R
Opening balance	5,916,873	5,890,711
Performance bonus payout	(37,752)	(4,113,273)
Provision raised	7,807,286	4,139,435
	13,686,407	**5,916,873**

The provision for a performance bonus represents a probable payment for a performance bonus related to the 2020/2021 and 2021/2022 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.

12. SHORT- TERM EMPLOYEE BENEFITS

Leave provision	2022 R	2021 R
Opening balance	9,663,579	9,725,885
Provision raised in the current year	1,416,318	819,992
Leave pay out during the year (annual and long-service)	(1,709,002)	(882,298)
	9,370,895	9,663,579
Accrual for 13th Cheque		
Opening balance	804,107	780,473
Provision raised in the current year	3,364,118	3,257,258
13th Cheque pay out during the year	(3,330,615)	(3,233,624)
	837,610	804,107
	10,208,505	**10,467,686**

13. ACCRUAL FOR COMMITTED PROJECTS

	2022 R	2021 R
Opening balance	7,165,180	9,498,532
Approved NDA funded projects during the year	9,560,750	31,137,587
Approved third party funded projects during the year	24,550,000	46,000,000
Cash disbursed to NDA funded projects during the year	(6,765,550)	(33,348,781)
Adjustment to volunteer accruals raised in prior year	(24,725)	-
Cash disbursed to third party funded projects during the year	(24,550,000)	(46,000,000)
Closed projects during the year	-	(80,430)
Balances moved from accruals to commitments	-	(41,728)
	9,935,655	**7,165,180**

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 2020-21 volunteer programme.
The cash disbursed to NDA funded projects during the year, includes payments made against accruals raised for grant funded projects and the volunteer programme in the 2020-21 financial year.

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

Name of Funder	Opening balance R	Received during the year R	Interest received during the year R	Management fee R	Expenditure R	Balance R
DSD: Limpopo	73,684	-	3,118	-	(4,743)	72,059
DSD: Eastern Cape	470	-	-	-	(470)	-
DSD: North West	66,350	-	-	-	-	66,350
DSD: Mpumalanga	93,813	-	-	-	-	93,813
DSD: KwaZulu Natal	757,369	-	14,278	-	-	771,647
DSD: Free State	596,565	-	18,373	-	-	614,938
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	5,072,986	-	-	-	(28,000)	5,044,986
National Department of Social Development (CARA funds)	51,940,000	-	872,025	(1,473,000)	(24,550,000)	26,789,025
Gauteng DSD	3,785,000	-	53,886	-	(3,838,886)	-
	64,679,801	**-**	**961,680**	**(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 lectures 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 the completion of the programme in the 2018 financial year. The amount was transferred to NDA in the 2022 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.

UNUTILISED THIRD-PARTY FUNDS (DEFERRED INCOME) - 2021

Name of Funder	Opening balance R	Received during the year R	Interest received during the year R	Management fee R	Expenditure and Funds returned R	Balance R
DSD: Limpopo	3,218,865	-	79,410	(300,000)	(2,924,591)	73,684
DSD: Eastern Cape	470	-	-	-	-	470
DSD: North West	66,350	-	-	-	-	66,350
DSD: Northern Cape	3,785,646	-	-	-	(3,785,646)	-
DSD: Mpumalanga	136,670	-	-	(2,857)	(40,000)	93,813
DSD: Kwazulu Natal	743,501	-	13,868	-	-	757,369
DSD: Free State	578,430	-	18,135	-	-	596,565
South African Social Security Agency (SASSA)	1,614,447	-	-	-	-	1,614,447
Adopt an ECD campaign funds	32,352	-	-	-	-	32,352
Rand Water Foundation	1,804,211	-	45,804	-	(1,850,015)	-
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	-	10,920,986	-	-	(5,848,000)	5,072,986
National Department of Social Development (CARA funds)	-	100,700,000	-	(2,760,000)	(46,000,000)	51,940,000
Gauteng DSD	-	3,785,000	-	-	-	3,785,000
	12,627,707	**115,405,986**	**157,217**	**(3,062,857)**	**(60,448,252)**	**64,679,801**

Unutilised third-party funds represent a portion of funds received for implementation of third-party projects, that remain unspent at the end of the financial year as conditions stipulated in terms of the agreement entered into with funders have not yet been met at the end of the year.

During the 2021 financial year, the NDA received funding from DSD to fund CSOs that provide empowerment programme to victims of gender based violence, funds from Gauteng DSD for implementation of the agri-village project, as well as further funding from UIF to fund COVID- 19 stipends to learners. Third party funds that have been utilised relate to DSD Limpopo and DSD Mpumalanga for capacity building, CARA funding disbursements, an accrual for the UIF COVID-19 stipends, earned by learners in attendance before the 27 March 2020 lockdown, and unable to attend lectures over three months’ period, as well as refunds that were affected to Rand Water Foundation and DSD Northern Cape.

The expenditure of R1 850 015 under Rand Water Foundation includes the funding returned of R1 653 584, as well as project costs recouped by the NDA amounting to R196 431.

Included in receipts under Unemployment Insurance Fund, is a refund of R2 920 986 from the implementing agent that was engaged to implement the UIF contract, related mainly to unpaid stipends to learners. The effect of the refund has been an equivalent decrease in the non-exchangeable revenue and mandate expenses recognised in the previous year, with a nil effect on the opening balance of the retained earnings. Once assessments and reconciliations relevant to this refund had been concluded, any further payments from these funds to qualifying students will be disclosed appropriately, upon recognition of such transactions in the financial records of the NDA.

15. NON-EXCHANGEABLE REVENUE

Operating grants	2022 R	2021 R
Transfer revenue	245,970,000	216,240,000

16. OTHER GRANTS - THIRD PARTY FUNDS

Other grants	2022 R	2021 R
Utilised portion of conditional grant (UIF)- third party funded capacity building	28,000	5,848,000
Utilised portion of conditional grant (CARA)- third party funded projects (CSOs involved in Gender Based Violence support)	24,550,000	46,000,000
Utilised portion of conditional grant (DSD:Limpopo)- third party capacity building	4,743	2,924,591
Utilised portion of conditional grant (DSD: Mpumalanga)- third party funded capacity building	-	40,000
Donation received from the Chinese Embassy	250,000	-
	24,832,743	**54,812,591**

17. OTHER INCOME

	2022 R	2021 R
Management fees	1,473,000	3,062,857
Insurance refunds	78,193	84,725
Sundry income	516,036	220,089
	2,067,229	**3,367,671**

Sundry income in 2022 financial year mainly includes the tenant installation allowance in relation to head office refurbishments, and other receipts including recoveries from staff members relating to irregular, fruitless and wasteful expenditure and studies funded by the NDA.

An amount of R49 704 for Recoveries from grant funded projects, was reclassified from Sundry Income under Exchange Revenue to Non-Exchange Revenue in the 2021 financial year.

18. FINANCE INCOME

	2022 R	2021 R
Interest earned on cash balances	2,708,135	2,993,538

19. EXECUTIVE AND NON-EXECUTIVE MANAGEMENT REMUNERATION

Executive 2022	Designation R	Appointment date R	Termination date R	Basic salary R	Employer benefits contributions R	Total R
Ms. C T H Mzobe	Chief Executive Officer	November 1, 2016	October 31, 2021	1,133,641	311,997	1,445,638
Mr. B Magongo	Research and Development Executive	September 1, 2012		1,529,486	494,102	2,023,588
Ms. S Khumalo	Chief Operating Officer	December 1, 2018		1,336,328	361,267	1,697,595
Ms. H Mansour	Chief Audit Executive	November 24, 2005		1,681,775	256,067	1,937,842
Ms. L Dhlamini	Acting: Corporate Services Executive	July 1, 2020	June 30, 2021	40,002	3,855	43,857
Ms. K Muthen	Chief Financial Officer	December 1, 2019		1,464,143	225,999	1,690,142
Ms. R L Hlapolosa	Corporate Services Executive	July 1, 2021		1,096,600	169,854	1,266,454
				8,281,975	**1,823,141**	**10,105,116**
Executive 2021						
Ms. C T H Mzobe	Chief Executive Officer	November 1, 2016		1,844,699	517,136	2,361,835
Mr. B Magongo	Research and Development Executive	September 1, 2012		1,378,915	468,153	1,847,068
Mr. S S L Ngcobo	Corporate Services Executive	September 1, 2017	June 30, 2020	378,836	57,368	436,204
Ms. S Khumalo	Chief Operations Officer	December 1, 2018		1,263,395	362,461	1,625,856
Ms. H Mansour	Chief Audit Executive	November 24, 2005		1,618,504	245,524	1,864,028
Ms. L Dhlamini	Acting: Corporate Services Executive	July 1, 2020		120,005	11,565	131,570
Ms. K Muthen	Chief Financial Officer	December 1, 2019		1,409,034	216,822	1,625,856
				8,013,388	**1,879,029**	**9,892,417**

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

Non-executive 2022	Appointment date R	Termination date R	Members' fees R	Allowances R	Total R
Mr. O Sipuka	4/1/2019	6/30/2021	31,104	-	31,104
Mr. T F Mopeloa	4/1/2019	6/30/2021	15,552	-	15,552
Ms. Z S Ndlovu	4/1/2019	6/30/2021	49,606	32,000	81,606
Mrs. F Mushohwe	10/3/2020		107,162	-	107,162
Mr. M Noge	10/3/2020		63,550	-	63,550
Mr. A Hanekom	4/1/2019	6/30/2021	38,880	-	38,880
			305,854	**32,000**	**337,854**

Non-executive 2021	Appointment date	Members' fees
Mr. O Sipuka	April 1, 2019	162,092
Mr. T F Mopeloa	April 1, 2019	169,423
Ms. Z S Ndlovu	April 1, 2019	148,572
Mrs. F Mushohwe	October 3, 2020	110,546
Mr. M Noge	October 3, 2020	81,648
Mr. A Hanekom	April 1, 2019	218,864
		891,145

20. STAFF COSTS

Department	2022	Percentage split	2021	Percentage split
Mandate staff costs	R		R	
Direct mandate salaries	**77,696,304**	**54 %**	**75,078,072**	**58 %**
Administration and Governance staff costs				
Corporate services	20,501,077	15 %	18,406,486	14 %
Office of the COO	1,697,595	1 %	1,626,004	1 %
Research and development	3,158,503	2 %	2,917,409	2 %
Internal audit	6,659,110	5 %	6,465,404	5 %
Office of the CEO	11,645,852	9 %	8,529,381	7 %
Finance and supply chain	10,913,228	9 %	9,933,191	8 %
Other staff administrative costs				
Staff training costs	562,247	- %	233,328	- %
Performance bonus	7,807,286	- %	4,139,435	3 %
Other staff costs related costs	2,998,098	5 %	2,197,174	2 %
	65,942,996	**46 %**	**54,447,812**	**42 %**
	143,639,300	**100 %**	**129,525,884**	**100 %**

21. ADDITIONAL DISCLOSURE NOTES ON EXPENDITURE

21.1 CSO development programme implementation costs	2022 R	2021 R
Travel costs	3,388,450	2,554,579
Ministerial events	78,918	132,718
ECD awards	-	10,000
Venue hire and catering	247,628	9,875
Stakeholder engagements	-	345,078
Other	29,925	-
	3,744,921	**3,052,250**

21.2 NDA funded capacity building costs	2022 R	2021 R
Travel costs	1,237,947	613,218
Venue hire and catering	1,598,594	497,118
Training manuals	-	33,900
Participants transport costs	80,572	21,728
	2,917,113	**1,165,964**

21.3 Third party funded capacity building	2022 R	2021 R
UIF covid-19 stipends	28,000	5,848,000
Venue hire and catering	4,743	2,781,177
Other (transport, training, stipends)	-	183,414
	32,743	**8,812,591**

21.4 Accommodation and travel	2022 R	2021 R
Subsistence and travel claims	523,586	723,777
Accommodation	1,176,918	487,262
Airfares	927,965	535,839
Car rental	673,898	469,431
Board travel expenses	-	88,742
	3,302,367	**2,305,051**

21.5 Consulting and professional fees	2022 R	2021 R
Legal fees	1,680,417	179,440
IT security fees	288,121	204,129
Outsourced audit services	-	399,600
System support and maintenance	520,564	215,280
Turnaround strategy	1,445,550	-
Other	892,209	2,105,959
	4,826,861	**3,104,408**

Other consulting fees relates to the cost for the skills development and reporting tool which was completed in 2021-22 financial year and the cost for the risk and compliance toolkit.

The amount of R1, 4 million under turnaround strategy relates to three completed phases:

- Phase 1, Development of the methodology to develop the turnaround strategy, project scope, timelines and costs, as well as stakeholder engagement processes
- Phase 2, Documents review, strategic input session, functional input sessions as well as the development of documents on the role of the NDA in the development sector and the situational analysis.

21.6 Operating leases	2022 R	2021 R
Head office rental	5,874,440	5,874,440
Copiers and printers	778,133	662,450
Other office sites	5,285,946	5,890,456
	11,938,519	**12,427,346**

21.7 General expenses	2022 R	2021 R
Bank charges	111,043	69,830
Security services	-	99,600
Interest paid	728	5,567
Consumables	97,307	118,012
Offsite storage	292,497	183,546
Insurance	298,059	330,130
Postage and courier	59,693	115,714
Printing and stationery	621,986	586,797
Municipal charges- leased buildings	2,244,706	2,269,392
Repairs and maintenance	1,107,956	460,071
Software license and renewal	2,760,247	2,915,796
Staff welfare	180,604	109,758
Subscriptions and membership fees	26,289	8,529
Telephone and fax	156,299	139,514
Write off account	-	21,841
Catering	88,061	115,168
Marketing and promotions	699,227	326,434
District offices set-up costs	-	82,696
Travel management charges / fees	322,726	418,039
Seminars, workshops and conferences	292,185	107,073
	9,359,613	**8,483,507**

The increase in repairs and maintenance is attributable to the refurbishments of offices at head office and facilities management costs.

22. CSO VOLUNTEER PROGRAMME (COVID RESPONSE)

	2022 R	2021 R
CSO management fee	-	7,260,000
Volunteer stipends	-	19,733,260
PPE for volunteers	-	5,215,522
	-	**32,208,782**

The NDA implemented the Volunteer Programme as an emergency COVID-19 response programme over 9 months of the 2021 financial year, deploying approximately 2063 volunteers, through 203 CSOs operating across all provinces, focusing mainly on COVID-19 advocacy and ways to reduce the transmission of the virus, such as, the distribution of food parcels to vulnerable community members, and queue management support at SASSA offices in the administration of grant payments. R32 million of the 2020-21 approved budget was reprioritised by the Board, transferring funds from all three administrative and operational programmes to enable implementation of the response programme, funding PPE for volunteers, volunteer stipends, and CSO management fees to CSOs responsible for recruitment and administration of the volunteers.

In the 2021-22 financial year, the NDA received an adjustment to its annual budget allocation in November 2021, in the amount of R30 million awarded from the Presidential Youth Employment Stimulus Package, to support the employment of volunteers by implementation of a volunteer programme through CSOs contracted by the NDA. 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. The approval of funding to qualifying CSOs by the Interim Accounting Authority is expected to be concluded in the first quarter of the 2022-23 financial year, and thereafter implementation of the volunteer programme will proceed. National Treasury has approved the implementation of the programme in the new financial year.

23. CASH GENERATED FROM OPERATIONS

	2022 R	2021 R
Surplus	45,856,984	15,093,796
Adjustments for:		
Depreciation and amortisation	3,259,007	2,395,882
Loss on sale of assets and liabilities	131,665	159,001
Increase in movements in provisions	7,769,534	26,162
Adjustment to prior year earnings	8,975	707,978
Increase in allowance for loss	-	707
Changes in working capital:		
Decrease in receivables from exchange transactions	104,595	244,474
Decrease in other receivables from non-exchange transactions	121,664	310,079
Increase/ (decrease) in payables from exchange transactions	(3,526,244)	3,277,450
Increase/ (decrease) in payables from non-exchange	(2,835,870)	5,751,581
Increase/ (decrease) in unspent conditional grants and receipts	(28,933,419)	52,052,094
Increase/ (decrease) in short- term employee benefits	(259,181)	(38,672)
Increase/ (decrease) in accrual for committed projects	2,770,475	(2,333,352)
	24,468,185	**77,647,180**

24. COMMITMENTS

24.1 Authorised non-recurring operational expenditure	2022 Operational Commitments Within 1 year R	2022 Operational Commitments In second to fifth year R	2021 Operational Commitments Within 1 year R	2021 Operational Commitments In second to fifth year R
Approved and contracted	7,139,270	-	10,616,984	181,125
Approved but not yet contracted	4,904,802	-	-	-
Total approved commitments before 31 March 2022	12,044,072	-	10,616,984	181,125
Approval process commenced before year end, but approved and contracted after year end	2,634,885	-	-	-
	14,678,957	**-**	**10,616,984**	**181,125**

24.2 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.

Projects Commitments	**2022 R**	**2021 R**
Approved and contracted	6,402,577	7,605,383
Approval process commenced before year end, but approved and contracted after year end	1,696,801	-
Volunteer programme (process commenced before year end)	30,000,000	-
	38,099,378	**7,605,383**

Donation from the Chinese Embassy	**2022 R**	**2021 R**
Donation committed to stakeholder activities through a restriction on use	250,000	-

	2022 Lease Commitments		2021 Lease Commitments	
24.3 Operating leases commitments	**Within 1 year R**	**In second to fifth year R**	**Within 1 year R**	**In second to fifth year R**
Minimum lease payments due	9,666,986	17,424,476	9,800,544-	21,825,012
Total approved lease payments due	9,666,986	17,424,476	9,800,544	21,825,012
Lease commitment approved, but not yet contracted	991,469	3,099,439	-	-
	10,658,455	**20,523,915**	**9,800,544**	**21,825,012**

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.

24.4 Third party funding commitment	**2022 R**	**2021 R**
Commitment for contracts approved and contracted against third party funding contract (UIF)	70,150,000	-

25. CONTINGENCIES

25.1 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 is a long outstanding matter, where the plaintiff has failed to set the matter down for trial, and the prospect of further action is assessed as minimal.

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 5 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 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. The prospects of this matter being pursued any further are very minimal as the opponents have not taken any further steps since the rescission application.

Unemployment Insurance Fund (UIF)

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

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

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

A forensic investigation has been commissioned into irregularities identified in relation the R23,2 million disbursed for implementation of the new venture creation training programme from the UIF third party funds, that was classified as an irregular transaction in the 2019-20 annual financial statements.

26. RELATED PARTIES

26.1. 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 2021/2022 budget allocation to the value of R245 970 000 (2021: R216 240 000) 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 the 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.

26.2. 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 the monitoring of these co-operatives by the agency.

26.3. 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 cost of the funding amounts to R132 300 000, and a management fee of 7.5% amounting to R9 922 500 is 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 is an amount of R118 518 750.

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 the 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.

26.4. 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 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

Related party	Opening balance R	Interest where applicable R	Receipts during the year R	Expenditure R	Balance R	Commitment R
South African Social Security Agency	1,614,447	-	-	-	1,614,447	-
Unemployment Insurance Fund	5,072,986	-	-	(28,000)	5,044,986	122,518,750
National Department of Social Development	51,940,000	872,025	-	(26,023,000)	26,789,025	-
	58,627,433	**872,025**	**-**	**(26,051,000)**	**33,448,458**	**122,518,750**

The expenditure amount under National Department of Social Development of R26 023 000 includes the management fee payable to NDA of R1 473 000.

27. FINANCIAL RISK MANAGEMENT

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

(a) Credit risk
(b) Liquidity risk
(c) Interest rate risk

This note presents information about the NDA's exposure to each of the above risks, the NDA's objectives, policies and processes for measuring and managing risk, and the NDA's management of capital. Furthermore, quantitative disclosures are included throughout these financial statements. The Board has the overall responsibility to 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 counterparty to a financial asset will default on in its obligation, in part or in total, thereby causing a loss to the entity. This risk is managed by the NDA only investing funds at large, reputable financial institutions in the Republic of South Africa. The credit risk emanating from receivables, which are of sundry in nature, is immaterial to the NDA's operations.

Exposure to credit risk

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

	2022 R	2021 R
Cash and cash equivalents	148,718,612	125,563,363
Receivables from exchange transactions	1,512,382	1,616,977
Receivables from non-exchange transactions	17,831	139,495
	150,248,825	**127,319,835**

Liquidity risk

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

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

31 March 2022	Carrying amount R	Contractual cashflows R	6 months or less R	6-12 months R	12 months R
Trade and other payables	9,541,967	9,541,967	9,541,967	-	-
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
	55,224,004	**55,224,004**	**19,477,622**	**-**	**35,746,382**
31 March 2021					
Trade and other payables	15,904,077	15,904,077	15,904,077	-	-
Accrual for committed projects	7,165,180	7,165,180	7,165,180	-	-
Unutilised third-party funds	64,679,801	64,679,801	-	-	64,679,801
	87,749,058	**87,749,058**	**23,069,257**	**-**	**64,679,801**

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	2022 R	2021 R
Cash and cash equivalents	148,718,612	125,563,363
Receivables from exchange transactions	1,512,382	1,616,977
Receivables from non-exchange transactions	17,831	139,495
Payables from exchange transactions	6,326,330	9,852,570
Accrual for committed projects	(9,935,655)	(7,165,180)
Unutilised third-party funds	(35,746,382)	(64,679,801)
	110,893,118	**65,327,424**

28. 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:

(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.

28. FRUITLESS AND WASTEFUL EXPENDITURE (continued)

	2022 R	2021 R
Opening balance	1,236,256	1,230,856
Add: fruitless and wasteful expenditure confirmed in the current year	4,329	6,664
Less: recoveries of fruitless and wasteful expenditure confirmed in prior years	(8,627)	-
Less: recoveries of fruitless and wasteful expenditure confirmed in the current year	(2,755)	(1,264)
	1,229,203	**1,236,256**
Analysis of fruitless and wasteful expenditure		
Fruitless and wasteful expenditure under determination- current year	1,574	5,400
Fruitless and wasteful expenditure under determination- prior years	1,227,629	1,230,856
	1,229,203	**1,236,256**
Details of fruitless and wasteful expenditure- current year		
Interest on late payments	-	4,803
Late cancellation of booking for accommodation	29	-
Penalty on courier service cancelled late	1,545	597
	1,574	**5,400**

The list of contraventions that comprise the carried forward balance, is under investigation by the Legal Department.

Losses suffered due to theft of assets	**2022 R**	**2021 R**
Computer equipment	40,150	-

The amount of R40 150 relates to the book value of two (2) stolen laptops where insurance claims were rejected due to lack of proof of forced entry into the employee's vehicles. Asset Management is still in consultation with the Insurance company to resolve the matter.

29. 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.

	2022 R	2021 R
Opening balance	175,409,910	145,938,150
Add: Irregular Expenditure - current year	701,014	29,471,760
Less: Amounts condoned	(98,752,995)	-
Less: Amounts recovered (not condoned)	(14,697)	-
	77,343,232	**175,409,910**
Analysis of irregular expenditure		
Current year	695,928	29,471,760
Previous years	76,647,304	145,938,150
	77,343,232	**175,409,910**
Irregular expenditure under determination and investigation		
Under determination	54,080,482	-
Under investigation	23,262,750	-
	77,343,232	**-**

29. IRREGULAR EXPENDITURE (continued)

	R
Details of transgressions - current year	
Competitive bid process not followed for 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
	695,928

The list of contraventions that comprise the carried forward balance, is under investigation by the Legal Department. On 21 February 2022, the NDA submitted a condonation request to National Treasury of irregular expenditure amounting to R96,1 million relating to financial years 2015/16 to 2019/20 and R2,6 million relating to financial year 2020/21. On 30 March 2022 National Treasury condoned the irregular expenditure of R98,7 million because NDA submitted evidence in compliance with paragraph 5(a-h) of the irregular expenditure framework. The balance of the irregular expenditure remains under determination.

30. 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 considering 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 2021 to the 31st of March 2022. 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.

30.1 Other income (+ R47 345)

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, a tenant installation allowance in respect of refurbishments at Head Office, insurance refunds and staff debt recoveries.

30.2 Other grants and third-party funds (+ R24 832 743)

The NDA does not budget for third party funds, which are highly unpredictable because they are 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 from the prior year, which resulted in R24,5 million being disbursed this year to 170 CSOs involved in providing GBV support services, an amount of a R250 000 donation was received from the Chinese Embassy, as well as an amount of R4 743 which was spent on capacity building initiatives in Limpopo, from third party funds.

30.3 Transfer from Accumulated Funds (+R 22 903 492)

The transfer from Accumulated funds into the 2021-22 budget, represents 2020-21 cash surplus funds that were approved for roll-over into the 2021-22 financial year by National Treasury, in order to enable the settlement of 2020-21 commitments, only delivered and invoiced to the NDA in the 2021-22 financial year. The related expenditure was incurred and paid in the 2021-22 financial year. The revenue related to these funds is not recognised in the Statement of Financial Performance for the 2021-22 financial year, since it was received and recognised in the Statement of Financial Performance in the previous year (2020-21).

30.4 Admin staff costs (-R6 422 626)

The over-spending in admin staff costs is mainly attributable to the provision for performance bonus for the financial year 2021-22 amounting to R7, 8 million. This provision was not budgeted for but raised following a preliminary assessment of the cash available from the 2021-22 allocation.

30.5 Board meeting fees (+ R223 840)

The underspending on board fees is due to fewer board meetings held in the current year than was planned due to the end of the board's term on 30 June 2021.

30.6 Depreciation and amortisation (- R3 259 007)

The NDA's budget is prepared based on the cash basis of accounting, and therefore does not provide for depreciation and amortisation which are non-cash items.

30.7 Increase in allowance for losses (- R227 399)

The amount of R227 399 increase in allowance for losses relates to a write-off for irrecoverable lease deposits relating to the 2016-17 and prior financial years that were approved by the Accounting Officer due to non-collection, and subsequent prescription of debt.

30.8 Third party funded CSOs (- R 24 550 000)

The amount of R24 550 000 relates to cash disbursements made to CARA funded CSOs, which are not budgeted for by the NDA and are funded from third party funds.

30.9 Research, monitoring and evaluation costs (+R 3 609 111)

Research and evaluation studies are procured in the last quarter of a financial year by design, committing that year's budget for studies, that will only be implemented and reported on in the new financial year. As the studies progress in the new financial year, the prior year's committed funds that have been rolled over, are then disbursed on those studies. As a result, the progress on the studies committed from a particular year's budget, are reported in the annual performance plan for the next financial year. The under-spending in the 2021-22 financial year is due to the 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.

30.10 NDA grant funded CSOs (+R 8 302 585)

The under-spending in grant funding is due to projects that have been approved and committed by the Accounting Authority, but which have either not yet been contracted, not yet met the conditions for disbursement as per the Grant Funding Agreement, or which have met the conditions late in the financial year, and have been accrued for, rather than being physically disbursed.

30.11 CSO development implementation costs (+R 6 789 344)

The under-spending is mainly due to the nil reported spent against the budget for digitisation of CSO initiatives, where the procurement request for Technical Advisory Services on Digital Transformation was initiated by the user department late in the financial year, and awarded after year end at a cost of R1,7 million.

The under-spending is also attributed to savings in project monitoring costs due to the approval of grants to NDA funded projects late in the financial year and the savings in the CSO engagement and support costs due to the planned national summit on the State and CSO partnership model with Nedlac which did not materialise.

30.12 CSO Volunteer programme (+R30 000 000)

The NDA received an adjustment of its annual budget allocation to an amount of R30 000 000 in November 2021, to stimulate the youth employment through a volunteer programme managed by CSOs. The underspending is occasioned by delays in concluding the process to select and award qualifying CSOs for funding to implement the programme. The award process for both CSOs and the tender for PPE for volunteers are expected to be concluded in the first quarter of the 2022-23 financial-year.

30.13 General expenses (+ R 10 133 343)

The under-spending is attributable to the budgeted activities which did not materialise during the year in areas such as marketing and communications, implementation of the planned records management services, relocation of offices where leases expired, and planned Microsoft Power BI licenses.

30.14 Capital expenditure (+ R1 971 551)

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.

30.15 Consulting and professional fees (+ R14 720 425)

Budgeted funds were reprioritised in the last quarter of the financial-year for priority projects identified by management that were awarded at or just after year end, and therefore were unspent, such as the migration of the financial system to Microsoft Dynamics 365 Business Centra, which will enable improved financial controls to be implemented in the new financial year end, and forensic investigations related to the CARA and UIF programmes, which were implemented from third party funds. There was also underspending on the NDA Turnaround Strategy Project (R3 million) due to delays in project implementation, as well as underspending on the risk and compliance toolkit, payroll support and the CSO database system development.

31. PRIOR YEAR RESTATEMENT

In the current year, management identified that recoveries from grant funded projects were incorrectly classified as revenue from exchange transactions and not as revenue from the non-exchangeable transactions. The effect of the reclassification is as indicated below:

Statement of financial performance - 2021	As previously reported R	Re-classification R	Restated R
Revenue from exchangeable transactions (other income)	(49,704)	-	(49,704)
Revenue from non-exchangeable transactions	-	49,704	49,704
Net effect in the total revenue	**(49,704)**	**49,704**	**-**

32. EVENTS AFTER THE REPORTING DATE

32.1 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.

- **NDA funded projects (R 1 696 801)**
  The NDA Interim Accounting Authority approved projects six (6) projects amounting to R1 696 801 at a meeting held on 4 April 2022, which was a continuation of an approval meeting that commenced on 29 March 2022. These projects have been disclosed under commitments.

- **Tender process finalised after year end (R 2 634 885)**
  The tender process for the following tenders was initiated and finalised before the end of the financial year, but the approval and contracting fell in the month of April 2022:

  > Forensic investigation for CARA programme, awarded 19 April 2022 at R412 896;
  > Forensic investigation for UIF programme, awarded 19 April 2022 at R446 936;
  > Technical advisory on digital transformation, awarded 13 April 2022 at R1 775 053.

32.2 Adjusting events after reporting date

Debt write-off

An amount of R227 399 for irrecoverable lease deposits relating to the 2016-17 and prior financial years were approved for write-off by the Accounting Officer due to non-collection, and subsequent prescription of debt.

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