



**PORTFOLIO COMMITTEE  
PRESENTATION  
3rd QUARTER PERFORMANCE REPORT**

by

**Prof NA Nevhutanda  
Chairperson of the Board**

# Presentation Contents

1. Introduction
2. NLB Strategy
3. NLB Progress to Date
4. Enhanced Controls
5. Key Strategic Focus
6. 3<sup>rd</sup> Quarter Income Summary
7. Grant Application Status
8. Grant Allocation Status



# Presentation Contents Cont.

9. Employment Equity
10. Training & Development
11. Media Coverage
12. Contact Centre
13. Performance Against Business Plan
14. Progress Against Post Audit Implementation Plan
15. Risk Management
16. Summary Financial Report



# NLB Delegation

Prof NA Nevhutanda – Chairperson of Board

Mrs Thabang Mampane – Chief Executive Officer

Mr Jeffery Du Preez – Senior Executive Grant Funding

Mrs Anashnee Maharaj-Domun- Finance (Behalf of CFO)

Mr Sanele Dlamini – Office of CEO (Planning & Reporting)



# NLB Strategy

## Vision:

***“The catalyst for social upliftment”***

## Mission:

- To regulate all lotteries and sport pools with integrity and ensure the protection of all participants;
- To maximise revenue for good causes in a responsible manner;
- To distribute funds equitably and expeditiously.

## Values:

- Integrity
- Performance Excellence
- Service Excellence
- Social Consciousness

## Strategic Objectives


Improve impact of NLDTF

Review regulatory practice

Sustain organisational capability

Ensuring stability and enhancing business continuity

# NLB Progress to Date


- NLB has made strides in ascertaining the implementation of the five year strategy and the Annual Performance Plan as endorsed by the Parliament and approved by the Minister
  - key achievements include:
    - ✓ Appointment of the Chief Executive Officer and the Executive Management Team
    - ✓ Improved Risk Management
    - ✓ Rollout of Fraud awareness campaigns
    - ✓ Improved Performance and Financial reporting
    - ✓ Enhanced controls ensuring compliance with the State Legislation (PFMA, Labour Relations Act, Employment Equity Act) and the National Treasury Regulations
- 

# Enhanced Controls

- The Board has approved the implementation of verification process which talks to verification of all grant applications
- The verification process entails:
  - ✓ Appointed Internal auditors to audit applications especially financial statements
  - ✓ Our verification Officers visit projects to ascertain their existence
  - ✓ The grant funding process has been aligned such that every project get subjected to a verification process (pre and post adjudication)
  - ✓ Appointed 5 forensic companies to conduct investigations on various projects



# Enhanced Controls Cont.

- ✓ Assigning Legal Secretaries to sit in the adjudication panels to advise the adjudication panels
  - ✓ The verification process aligns to the Public Finance Management Act (PFMA)
  - ✓ Adjudication discussions are recorded for purposes of quality assurance
  - ✓ Organizations whose applications are non compliant are communicated with and interviews are scheduled
  - ✓ Once every quarter, there is a Board/DA meeting where the chairpersons of Distributing Agencies are given update on various NLDTF and NLB processes
- 



# KEY STRATEGIC FOCUS FOR 2013/14

## Improve impact of NLDTF

- Capacitate Provinces who are not meeting 5% of funding
- Establish baseline for 50% allocation of funds to rural projects and meet the targets
- Establish proactive funding by identifying key projects across all 9 provinces
- Roll out two more provincial offices probably in Northern Cape and Northwest (where they are not meeting the minimum target)
- Finalise the funding policy and develop a funding model
- Enhance funding process

## Review Regulatory practice

- Develop a regulatory policy
- Enhance compliance from National and other lotteries
- Improve monitoring on NLDTF beneficiary and enforce compliance

## Sustaining organisational capability

- |  |  |   |
|--|--|---|
| <ul style="list-style-type: none"><li>• <b>VALUE PROPOSITION</b></li><li>• Shareholder value</li><li>• Beneficiary value</li><li>• Employee value</li><li>• Return on investment</li></ul>   | <ul style="list-style-type: none"><li>• <b>EXTERNAL INFLUENCES</b></li><li>Technology</li><li>Demographics</li><li>Economy</li><li>Change Management</li></ul> | <ul style="list-style-type: none"><li>• <b>COMMUNICATION</b></li><li>Leadership roles</li><li>Strategic Partners</li><li>Stakeholder Relations</li><li>Feedback Mechanism</li></ul> |
| <ul style="list-style-type: none"><li>• <b>ORGANISATIONAL CAPACITY AND CAPABILITY</b></li><li>• Organisational Structure</li><li>• Alignment with NLB objectives</li><li>• Investment in people</li><li>• Setting standards/professionalising the organisation</li><li>• Competencies</li><li>• Training and Development</li></ul> |  | <ul style="list-style-type: none"><li>• <b>KNOWLEDGE MANAGEMENT</b></li></ul>   |

## Develop sustainability strategy

- License transition resource plan in place
- Business Continuity plan in place
- Enterprise risk management plan in place
- All Divisional strategies in place and implemented
- NLB business sustainability strategy in place

# 3rd Quarter Income Summary

	Current Quarter	Corresponding Quarter – last year	Quarterly Variance	Year to date	Corresponding period – last year	Annual Variance
<b>Sales</b>	1, 147 billion	1, 212 billion	65 million	3, 424 billion	3, 512 billion	88 million
<b>34% Contribution to NLDTF</b>	390 million	412 million	22 million	1,164 billion	1,194 billion	30 million



# 2012/13 APPLICATIONS STATUS...

## As at 31 Dec 2013

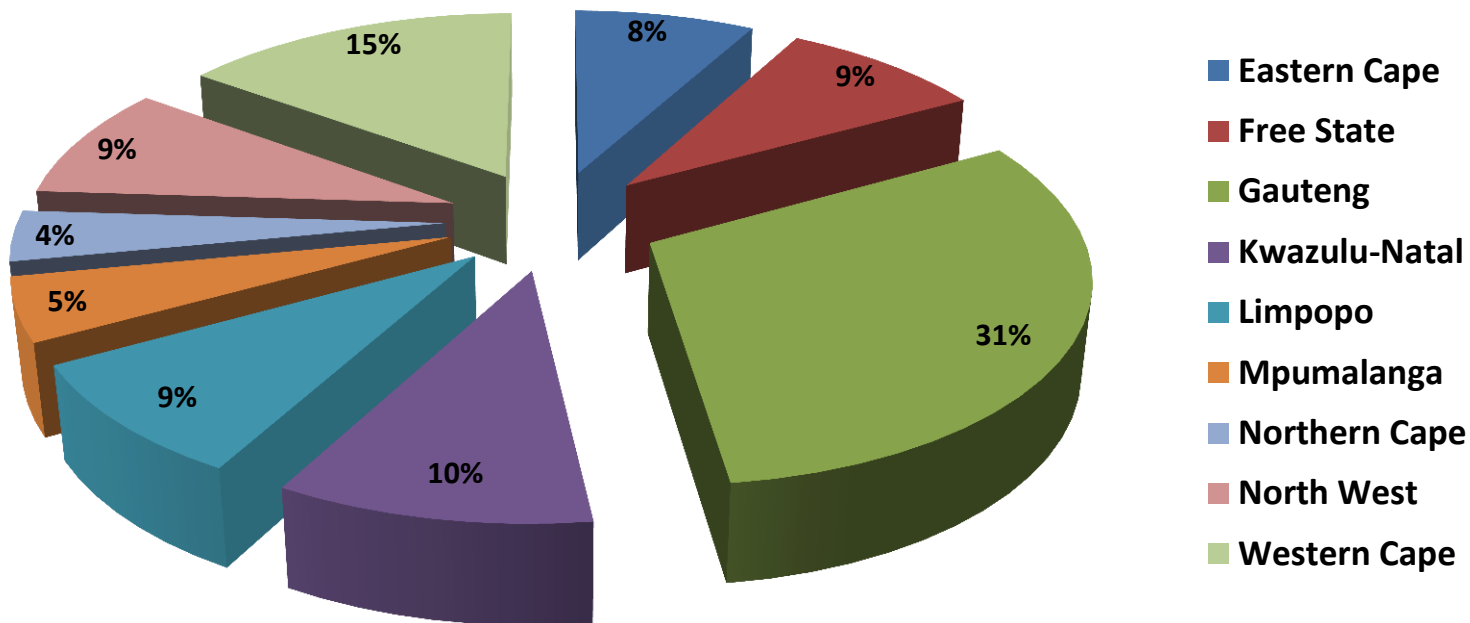
Sector	Closing Date	Total Applications Received	Applications Completed	Remaining	Completion Rate
Arts & Culture	18/04/13	2,783	483	2,300	17%
Charities	12/12/12	7,733	4,033	3,700	52%
Sport	02/11/12	4,371	3,571	800	82%

**Demand seems to exceed the available resources**

# GRANT ALLOCATION STATUS AS AT 31 DECEMBER 2013

Sector	Budget (R 'million)	Amount allocated (R' million)	Amount withdrawn (R 'million)	Available budget (R 'million)	Number of organisations allocated funded	Average Allocation R'000
Arts & Culture	492	423	17	86	97	4,000
Charities	947	844	-	103	1,733	487
Sports	463	319	18	162	1,170	395
Miscellaneous	105	76	-	29	33	2,303
<b>Total</b>	<b>2,007</b>	<b>1,662</b>	<b>35</b>	<b>380</b>	<b>3,033</b>	<b>548</b>

# GRANT ALLOCATION STATUS AS AT 31 DECEMBER 2013...Provincial Split



# GRANT ALLOCATION STATUS AS AT 31 DECEMBER 2013...Provincial Split per Sector

Provinces	Sport	Arts	Charities	Miscellaneous
EC	8%	3%	10%	1%
FS	5%	8%	11%	0
GP	42%	21%	29%	67%
KZN	7%	9%	11%	7%
LP	8%	8%	11%	9%
MP	5%	3%	6%	0
NC	2%	10%	4%	0
NW	4%	23%	5%	0
WC	19%	15%	13%	16%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

# Employment Equity Status

## Workforce Profile

Levels	Males					Females					
	A	C	I	W	%	A	C	I	W	Total	%
Executive	0	1	1	0	40%	3	0	0	0	5	60%
Management	9	0	1	0	53%	7	1	0	1	19	37%
Staff	51	4	1	0	42%	64	4	1	8	133	58%
Contract employees	1	0	1	0	16%	10	0	0	0	12	84%
Interns/learners	14	0	0	0	54%	12	0	0	0	26	46%
Grand Total	75	5	4	0		96	5	1	9	195	

- From a gender point of view NLB presents a balance
- The organization will prioritize the employment of a white male

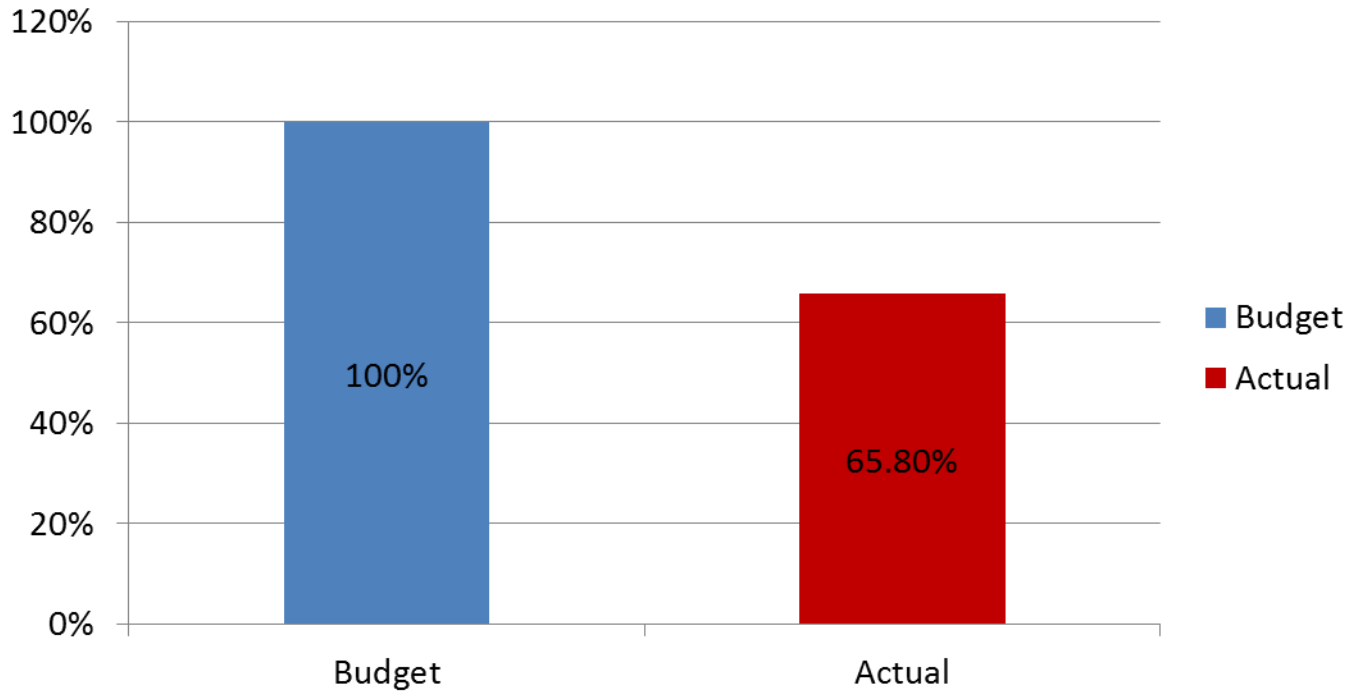
# Training and Development

## TRAINING PROGRAMMES CONDUCTED IN OCTOBER AND NOVEMBER 2013

TRAINING PROGRAMMES	MALES				FEMALES				TOTAL
	A	C	I	W	A	C	I	W	
Management	1				1				1
HR Standards Workshop – Corporate Services	1								2
ACFE Fraud Conference - Compliance Inaugural Public Sector Compliance Conference	1								1
Professionally qualified and experienced specialists and middle management	2								2
ACFE Fraud Conference - Risks Corporate Governance Conference – Comp Sec	1				1				2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents. HR Standards Workshop – Corporate Services	3				2				5
Certified Wellness coordinator Training					1				1
Semi-skilled					2				2
Supply Chain Management - Finance	1				1				2
Records Management – Corporate Services					1				1
Advanced Excel for Office Professionals - ECP									
Unskilled - Electrical, plumbing and Carpentry – Corp Services	1								1
Office Administration	1				6				7
<b>Total</b>	<b>12</b>				<b>15</b>				<b>27</b>



# Training and Development



The total YTD budget at the end of October 2013 was R2, 090 million and R1,322 million has been spent to date.

# Media Coverage Statistics

Month	Number of items	% Positive	% Neutral	% Negative	AVE Value
October	228	51%	33%	15%%	R1 650 676
November	159	76%	14%	10%	R 833 874
December	54	67%	30%	4%	R 608 103
<b>TOTAL</b>	441	64%	26%	10%	R 3 092 653

- Majority of the positive media coverage was as a result of various beneficiaries who benefited by being funded by the National Lotteries Board (NLB)
- Majority of the negative publicity was as a result of cases being investigated including Basadi Empowerment Trust, Lefatsi La Rona and others

# Contact Centre Performance

	October	November	December	Total
Calls Offered	8244	10543	4519	23306
Call answered	7347	9745	4005	21097
Abandoned Rate	886(10.8%)	783(7.4%)	514(11.4%)	2183(9.7%)
Service Level	72.8%	80.3%	80.6%	77.9%
Transfer	966	1469	607	3042
Average Handling Time	00:02:04	00:01:42	00:01:48	00:02:05
Average wait time to Answer	00:00:23	00:00:25	00:00:36	00:00:28



# Contact Centre Performance

## 3RD QUARTER WALK-IN PERFORMANCE

- Total number of Walk-in =64
- All completed Client Evaluation form
- 7 Beneficiaries Defrauded by Contractors

<b>Number of walk-ins</b>	<b>Nature of the query</b>	<b>Stakeholder 's service rating</b>
27	Funding requirements information	Excellent
8	Follow up on application Made	Good
3	Report Submission	Excellent
8	Grant agreement	Excellent
9	Progress report assistance	Excellent
4	appeal	Good
5	Submission of outstanding document	Excellent

# Performance against the Business Plan

Output	Performance Measure or Indicator	Annual Target	3rd Quarter milestones	Actual Achievement	Reason for Variance	Corrective Action
Quantitative gaps as required by the Lotteries Act attained (5% per province and 50% for rural projects).	Completion status of Quantitative gaps as required by the Lotteries Act (5% per province and 50% for rural projects) addressed.	At least 5% grant funding allocated to each province and establish a baseline for funding projects in rural areas.	5% grant funding allocated to provinces. Enhance the existing system to start capturing rural projects allocations	<p><b>Not Achieved</b></p> <p>EC -8%            FS-9%            GP-31%            KZN-10%            LP-9%            MP—5%  <b>NC-4%</b>            NW-9%            WC-15%</p> <p>The data for the 50% priority areas would be available by the end of March.</p>	<p>The Province where target has not been met is NC due to proportionally the least number of applications received with a high number of non-compliant applications.</p> <p>Due to the delay in the appointment of developer the data is captured manually.</p>	During the next calls targeted calls to be implemented.
Comprehensive Funding Policy to ensure compliance with the Lotteries Act	Legislative Compliance and approval status of Policy.	Environmental scan complete and results incorporated into procedures on an interim basis	Interim Audit progress Report Draft Funding Policy	<b>Achieved</b>	The final document has been submitted. The recommendations of the Impact Study and New Bill must be incorporated before approval by the Board.	

# Performance against the Business Plan

Output	Performance Measure or Indicator	Annual Target	3rd Quarter milestones	Actual Achievement	Reason for Variance	Corrective Action
Three operational Offices	Establishment of status of offices	Capability Audit complete	Needs Assessment Completed	<b>Achieved</b>	Briefing sessions were conducted in NC, FS and EC.	
Fully implemented e-system that incorporates all related processes.	Status of e-system incorporation with relating processes.	System scoping	ICT Strategy and Policy Developed	<b>Achieved</b>	System scoping developed. EGMS requirements developed	
Customer satisfaction	Customer satisfaction measured by relevant rating scales and/or reports.	Establish a customer satisfaction baseline.	Customer Services Charter implementation on targets for quarter achieved	<b>Achieved</b>	Survey conducted and results available	
Conduct reviews to ensure compliance with the Lotteries Act.	Number of compliance reviews conducted	57 compliance reviews	Conduct 15 compliance reviews	<b>Achieved 29</b> reviews conducted during this quarter		

# Performance against the Business Plan

Output	Performance Measure or Indicator	Annual Target	3rd Quarter milestones	Actual Achievement	Reason for Variance	Corrective Action
Lotteries regulated according to the Lotteries Act	Legislative compliance and approval status of regulatory policy and enforcement data	Regulatory policy and procedures partially developed and implemented	Policy fully implemented and monitored	<b>Not achieved</b> Draft regulatory policy developed. Still to be tabled to EXCO for recommendation.	Challenges encountered in interpreting the Lotteries Act for competitions run on behalf of NPOs.	Table the policy for approval by the Board
			Report on structured analysis	<b>Not achieved</b> Draft report on structured analysis developed. Still to be tabled to EXCO for recommendation.	Report compiled but still to be presented for recommendation and approval.	Table the report for approval by EXCO and Legal and Compliance Committee.
Human and Organisational capacity aligned with current and future needs of the NLB.	Organisational alignment	New Organisational structure populated	Filling of positions in alignment with the organisational structure	<b>Achieved</b>	Structure populated as per the HR plan	
Develop policies for Knowledge Management, Organisational Learning	Completion status of Policy for knowledge management and organisation learning	Knowledge Management concept document finalized.	Approval of scope	<b>Achieved</b>	Draft concept document already developed awaiting inputs and comments from EXCO	

# Performance against the Business Plan

Output	Performance Measure or Indicator	Annual Target	3rd Quarter milestones	Actual Achievement	Reason for Variance	Corrective Action
Integrated Communication & Stakeholder Strategy	Completion status of environmental scan, policy and Strategy.	Implementation of Phase 1 of strategy	Audit and Review Implementation of the Strategy	<b>Achieved</b>	Internal, external and stakeholders communication activities done as per the communication and stakeholder strategy plans for the third quarter	
Business sustainability Strategy in Place.	Completion status.	Business sustainability model developed	Environmental analysis completed	<b>Achieved</b>	Draft sustainability strategy developed	
Lottery Licence transition managed. (Licence transition plan and resources on place)	Resource allocation status for Transition Plan.	License transition plan and resources in place.	Continue implementation and review of resource plan	<b>Achieved</b>	RFP process well underway and on time in relation to the Project Time line	





# Progress against Post-Audit Implementation Plan

<b>FINANCIAL YEAR:</b>	<b>2012/2013</b>
<b>ITEM</b>	<b>NUMBER</b>
Number of issues raised (findings)	28
Number of issues resolved	3
Number of issues partially resolved	25
Number of issues not yet addressed	0

- In this quarter, the status of the plan against actual audit work performed is at 80%,
- In order to achieve our plan by March 2014, resources with audit skills residing in various divisions of the organisation will be utilized during the internal audit.



# Risk Management

Top Ten Strategic Risks following the revision of the strategic risk register of the NLB

Legend: Critical risk = ■ High risk ■

No	Rating	Risk Description	No	Rating	Risk Description
1	Critical	License transition	6	High	Inappropriate Grant allocation
2	Critical	IT Infrastructure	7	High	Continuity and sustainability of National Lottery
3	Critical	Fraud and Corruption	8	High	Poor Stakeholder Relations
4	Critical	Illegal Lotteries	9	High	Possible change in Legislation
5	Critical	Conflict of Interest	10	High	Ineffective Governance with other Stakeholders



**NATIONAL LOTTERIES BOARD**  
**STATEMENT OF FINANCIAL PERFORMANCE - NINE MONTHS ENDED 31 DECEMBER 2013**

• R'000

	ACTUAL	BUDGET	LAST YEAR ACT	VARIANCE	
				BUDGET	LAST YEAR ACT
<b>Revenue</b>	133 215	212 687	86 778	(79 472)	46 437
Operating costs	(133 428)	(212 939)	(86 954)	79 511	(46 474)
<b>Operating surplus</b>	(213)	(252)	(176)	39	(37)
Finance income	213	252	176	(39)	37

# NATIONAL LOTTERY DISTRIBUTION TRUST FUND

## STATEMENT OF FINANCIAL PERFORMANCE

NINE MONTHS ENDED 31 DECEMBER 2013

R'000

	DECEMBER 2013	DECEMBER 2012	VARIANCE
<b>Revenue</b>	<b>1 164 703</b>	1 194 852	(30 149)
Weekly game sales	1 164 703	1 194 852	(30 149)
Other	-	-	-
<b>Operating expenses</b>	<b>(1 974 566)</b>	(1 167 518)	(807 048)
Allocation of grants	(1 853 322)	(1 081 725)	(771 597)
Grant to NLB	(121 210)	(85 768)	(35 442)
Other operating expenses	(34)	(25)	(9)
Finance income	193 494	212 950	(19 456)
<b>Net (deficit)/surplus</b>	<b>(616 369)</b>	240 284	(856 653)

# NLDTF Cash Status as at 31 December 2013

<b>R'millions</b>				
Cash on hand				4 301
Amount committed				2 987
Available				1 314
Reserved 2013/2014				154
Net current year revenue for availability 2014/2015				1 160

**THANK YOU!!!**

