NATIONAL DEVELOPMENT AGENCY

Annual Report

2020/21

NDA
National
Development
Agency

I have the honour of submitting the annual report of the National Development Agency for the period 01 April 2020 to 31 March 2021.

Ms Lindiwe Zulu, MP
Minister of Social Development
Date: 30 September 2021

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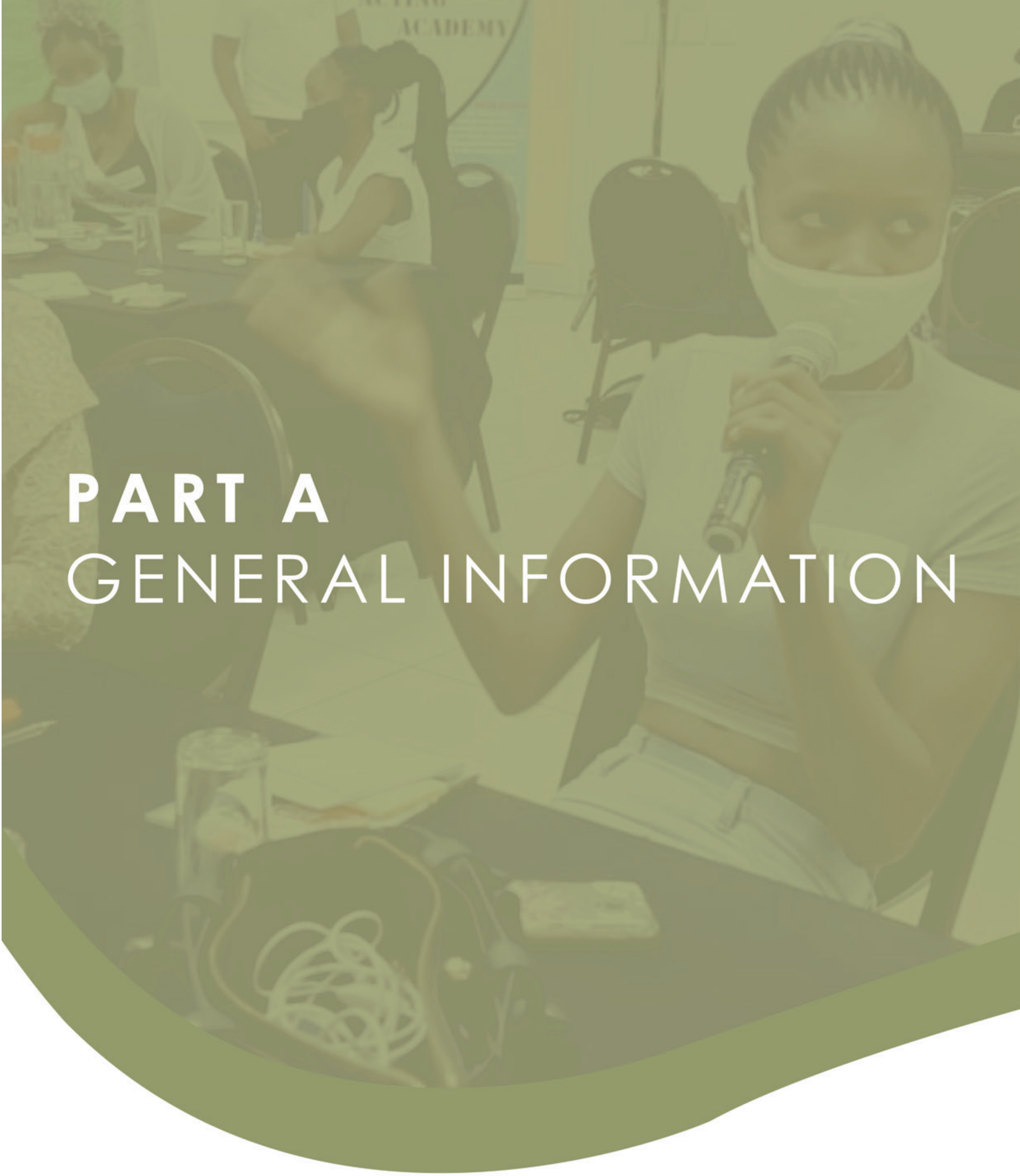


PART A
GENERAL INFORMATION

“What counts in life is not the mere fact that we have lived. It is what difference we have made to the lives of others that will determine the significance of the life we lead.”

- Nelson Mandela

NDA
National
Development
Agency

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 South Africa 4 Daventry Street, Lynnwood Bridge Office Park Lynnwood Manor Pretoria 0081
Bankers' information – Name and address of bank	Standard Bank, Investec and FNB
Company Secretary - Full name and professional designation	Ms Karabo Sibanyoni (Certified Director)

1.2 List of Abbreviations

AFU	Asset Forfeiture Unit
AGSA	Auditor General South Africa
BEE	Black Economic Empowerment
CARA	Criminal Asset Recovery Account
CCMA	The Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CNDC	Community Nutrition Development Centre
COIDA	Compensation for Occupational Injuries and Diseases Act
COO	Chief Operations Officer
CSO	Civil Society Organisation
COVID-19	Corona Virus Disease
DDM	District Development Model
DPME	Department of Planning, Monitoring and Evaluation
DSD	Department of Social Development
ECD	Early Childhood Development
EE	Employment Equity
EXCO	Executive Committee
FNS	Food and Nutrition Security
GBV	Gender-based Violence
GRAP	Generally Recognised Accounting Practice
HSRC	Human Sciences Research Council
IAS	International Accounting Standards
ICT	Information and Communications Technology
IFW	Irregular, Fruitless and Wasteful
IT	Information Technology
KZN	KwaZulu-Natal
KPI	Key Performance Indicator
MP	Member of Parliament
MTEF	Medium-term Expenditure Framework
NAG	Network Action Group
NEHAWU	National, Education, Health and Allied Workers Union
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
RTO	Resource and Training Organisation
SASAWU	South African State and Allied Workers Union
SASSA	South African Social Security Agency
SDG	Sustainable Development Goals
SEL	Social, Emotional and Learning
SRD	Social Relief of Distress
STATS SA	Statistics South Africa
UFH	University of Fort Hare
UIF	Unemployment Insurance Fund
WHO	World Health Organisation

1.3 Foreword by Chairperson

The 2020/21 financial year was one of significant amount of adaption to the “new way” of living brought about by the outbreak of COVID-19 pandemic and the National Development Agency (NDA) was no exception. A balance had to be achieved between adhering to the various levels of lockdown restrictions in terms of the Regulations of the Disaster Management Act No 57 of 2002, (as amended) and implementing the NDA’s mandate in terms of the National Development Act 108 of 1998, as amended. The Board therefore oversaw the amendments to the strategic outcomes and budget adjustments in order to support the initiatives of the Department of Social Development portfolio in addressing the effects of the COVID-19 pandemic. This included approvals for procurement of Personal Protective Equipment, printing of informative booklets about COVID-19, issuing of food and hygienic parcels and funding of Civil Society Organisations (CSOs).

The Audit and Risk Committee of the Board, in particular, provided assurance on matters related to the risk management, annual performance plan and financial reports. The Committees engaged regularly with Internal Audit and the external audit team from the Auditor General of South Africa (AGSA), which has resulted in the NDA obtaining an Unqualified opinion with findings. There were no material misstatements on performance information. The internal controls have improved, and the oversight and leadership of the Board has improved from the previous financial years. I would therefore like to thank the members of the Audit and Risk Committee and the members of the Board, who showed commitment though with the limited number of Board members, which was extremely challenging.

The Management and Programmes Committee advised the Board on various technical issues and gave recommendations on CSOs which were eligible for grant funding during the period under review. Of particular importance is the Board's resolution to start the process of developing a Turnaround Strategy of the NDA. The Board approved the relevant Terms of Reference to appoint a service provider and the process is underway. In conducting this process, the Board further resolved that it would not be prudent to embark on the process of reviewing or amending the current NDA Act while the development of the Turnaround Strategy was ongoing. The Board therefore did not approve the proposed amendments for further processing by the DSD, in order to align the legislative review with the outcomes of the Turnaround Strategy. The NDA was able to carry out its legislative mandate of alleviating poverty in the processing of grants and forming strategic partnerships.

Through the recommendations of the Management and Programmes Committee, the NDA entered into a partnership with the Unemployment Insurance Fund, to identify 2000 eligible learners to undergo NQF Level 4 training in New Venture Creation. The original contract entered between the NDA and Regenesys was found to be irregular by the AGSA in the prior year. The NDA has since appointed suitable service providers, after following a competitive bid process. The appointed service providers will be providing the learners with the required New Venture Creation training. In addition to the above project, the NDA partnered with the office of the President and the Department of Social Development in a Victim Empowerment Programme. This is a project where funds from the Criminal Asset Recovery Account (CARA): Victim Empowerment Programme, were granted to CSOs that directly addressed cases of Gender-Based Violence and Femicide in South Africa. This project was especially pivotal when cases of violence against women soared in the wake of the Covid-19 pandemic.

The Board noted some challenges in the implementation of various projects that have resulted in irregular expenditures, which the Board has obtained expert and legal opinions from the National Treasury and independent attorneys. The Board has since shared opinions with management and the Minister to initiate processes to obtain a condonation of the irregular expenditures from the National Treasury in accordance with the prescribed framework. The Board would like to highlight that the AGSA has raised concerns about the irregularies in the major programmes of the NDA. The Volunteer Programme was declared irregular to the value of R26,9 million, whilst the AGSA also highlighted the fraud risk indicator with regards to possible material misstatements/ irregularities in relation to the implementation of the CARA programme.

The year 2020/21 was the final year of the Board's term which officially lapsed on the 30th of June 2021. I would like to encourage the incoming Board to continue with the implementation of resolutions and interventions as outlined in the Close-out report of the current Board, with specific emphasis on the concerns raised by National Treasury and AGSA. I wish to further thank all the members of the Board, management of the NDA and Minister of Social Development for their support of this Board.

ZS Ndlovu

Ms Zamandlovu Ndlovu
Chairperson of the Board
Date: 30 September 2021

1.4 Chief Executive Officer's Overview

We have been through one of the most difficult years that we have ever experienced as a country, due to the COVID-19 pandemic and this posed challenges in the way we do business. The pandemic exposed gaps in our system and the fact that we still need to ensure that we bridge the digital divide and promote e-government as a country in order to ensure that we provide uninterrupted access to services; even during a pandemic like the one that we are still dealing with.

In order to limit the spread of the COVID-19 virus, the NDA, as an Agency of government had to scale down on its service targets due to the lockdown restrictions. This was a challenge to the mandate of the NDA which demands face-to-face interventions with communities. As a result, the NDA's resource mobilisation efforts were hampered, as potential partners in both government and private sectors redirected their resources towards COVID-19 interventions.

That said, there were great achievements during the year under review. The NDA interventions in addressing the COVID-19 pandemic were achieved through the Volunteer Programme in partnership with 220 CSOs around the country. This Programme created 2049 jobs with a focus on rural areas targeting unemployed graduates. The volunteers implemented advocacy programmes by providing information and education on COVID- 19 protocols to citizens and communities in indigenous languages. Over and above, they were assisting rural communities to access the special SASSA R350 SRD grant through online applications and queue management at SASSA sites.

In response to the gender-based violence, which was compounded by the hard lockdown, the NDA fast tracked the implementation of the Criminal Asset Recovery Account (CARA) Programme in partnership with the 312 CSOs. In March 2020, DSD appointed NDA as the implementing partner for two CARA projects, at a total contract value of R95 million, exclusive of an administrative fee of R5.7 million for the implementation of the contract over a 24- month period. As at 31 March 2021, R46 million had been disbursed to CSOs appointed on the programme. It must be noted that it was the first time that CARA programme was implemented by NDA through a transparent call for proposals process from CSOs implementing GBVF programmes. The main purpose of the GBVF programme is to curb the spread of violence against women and children – something that has become a second pandemic in our country.

In one of the darkest times that we faced as a country, a time that saw many businesses shutting down and people losing their jobs, the NDA continued to play a critical role in building the capacity of civil society organisations that deliver services to grassroots communities. The Agency performed well in its capacity building interventions that saw it reach out to 1 114 CSOs. This was achieved through on-line and e-development interventions. Furthermore, the NDA managed to allocate 100% of its grant funding budget to 49 CSOs, to the value of R7,9 million, of which 33 of them were women-led. This was in line with our women empowerment interventions.

The NDA managed to achieve all its targets in the area of research through the production of the research publications and the valuation reports. Modern technology also assisted the organisation to run virtual dialogues to engage on research outputs so as to influence development policy and practice- which is important if we are to move forward as a country and to implement interventions informed by research. Times like these call for innovation and creativity on how we render our services.

The entity operated under tight financial constraints due to the allocations from the fiscus that were negatively impacted by historically low revenue collections by government and the devastating impact of the COVID-19 pandemic on the global economy. The Agency received an adjusted final allocation of R 216,2 million from the fiscus through the MTEF budget allocation process for the period under review resulting in a funding reduction of R8,3 million. This final adjusted allocation translates to 1,8% increase compared to the allocation of R 212,4 million received in the 2019/20 financial year. The percentage increase in the allocation was far below real inflation for the same period. The Agency received third party funds from other government departments to the value of R 115,4 million which supplemented the official allocation received from the fiscus.

An amount of R 262,4 million was spent in the current year on the three organisational programmes compared to a total revised budget of R 334,8 million which translates into a budget utilisation of 78% of the annual budget. The underspending of R 72,4 million against budget is made up of expenditure that was committed in the form of operational and project contracts as well as open purchase orders that had not been paid at the end of the period under review.

The Agency requested a rollover of R8 537 077 funds from the National Treasury for the 2019/20 financial year, that was approved in November 2020. The entity reported a cash surplus of R23,18 million for the 2020/21 financial year and this cash surplus represents funds committed in the form of open purchase orders, contracts for operational and project expenditure that had not been incurred at the end of the financial year as well as a project approved by the Board before financial year end, that had not yet been awarded and contracted.

The Agency has a Supply Chain Management system in place under the supervision of the Chief Financial Officer as per the requirements of the Public Finance Management Act of 1999 as amended. During the period under review, the Agency capacitated the Supply Chain Management function and strengthened compliance and monitoring controls by filling two vacant and reprioritised positions which enabled segregation of incompatible functions. Controls and processes were further strengthened through the review of all existing Supply Chain Management policies and the development of new policies in the areas of Asset Management, Irregular Fruitless and Wasteful expenditure, Travel Management and Facilities Management. The improved identification and reporting of irregular, fruitless and wasteful expenditure as well as the strengthening of controls and capacitation of the Supply Chain Management function are beginning to bear fruit. This is evident through the reduction of instances of non-compliance and irregular expenditure in the current year compared to the previous financial years. The Agency awarded nine tenders during the current financial year and did not receive or award any tenders that originated from unsolicited bids.

The Board, through the Audit and Risk Committee with the support of Internal Audit function, exercised oversight over the implementation of effective and efficient systems of internal controls. That includes the progress made by Management in addressing the audit findings from the previous financial year. Significant findings were raised in the 2019/20 financial year on the following areas:

- Procurement and contract management;
- Consequence management;
- Performance Information related to limitation of scope;
- Expenditure management relating to the incurrence of irregular expenditure;
- Strategic planning and performance management;

The NDA, through the Internal Audit unit, developed the Audit Turnaround Strategy which served as a basis to monitor progress in the implementation of management's commitments. This stringent monitoring process has resulted in the drastic reduction of findings from 2019/20 financial year to 2020/21 financial year. It should be noted that the NDA regularly presented the same progress reports to the Portfolio Committee on Social Development.

The Board further mandated the establishment of a Project Risk & Governance Committee which reports to the Executive Committee, Audit & Risk Committee and to the Board. It was charged with the assessment, mitigation and reporting of project risk on material projects. The Agency operates in a constrained fiscal environment where the available financial resources to implement its mandate are not keeping up with inflation and the cost of doing business.

During the 2020/21 financial year, the NDA's transfer allocation was reduced by R8,3 million. In order to cut costs, the Agency implemented various cost containment initiatives by utilising the limited resources efficiently in the 2020/21 financial year. These include the closure of district offices where leases had expired, analyses of a solution to manage the travel budget, and a process that is in progress to conduct a comparison between leasing commercial property and the leasing of state accommodation from the Department of Public Works. Additionally, 19 funded vacant posts were frozen during the financial year, and the funds were redirected by the Board towards the implementation of the Volunteer Programme as a COVID-19 response programme. Management is embracing the use of technologies such as Microsoft Teams and other digital platforms to cut costs on travel and hiring of venues when engaging with communities and partners. In the 2021/22 financial year, the Agency will be embarking on an organisational Turnaround Strategy process that will, amongst others review the service delivery model, the cost structure of the entity and the most efficient organisational structure to deliver the NDA services.

I would like to express my sincere gratitude to the Honourable Minister of Social Development, Ms Lindiwe Zulu, MP, for her leadership in ensuring that the work of the NDA receives prominence within the DSD portfolio. Through the Minister's leadership, the NDA played a crucial role in mitigating the effects of the pandemic, by assisting the DSD with the Community Nutrition Development Centres (CNDC) programme and SASSA with the Social Relief of Distress (SRD) programme. I would also like to thank the Deputy Minister, Ms Hendrietta Bogopane-Zulu for her enduring support for the community based work and her relentless clarion call for the renewal and repositioning of the NDA brand.

My sincere gratitude also goes to the NDA Board whose leadership and unwavering support to NDA Management navigated the NDA through a very difficult and challenging financial year. Last, but certainly not least, my heartfelt gratitude goes to the NDA Management and staff for their tireless work in serving our communities with dignity and upholding the principles of Batho Pele. I would like to urge them, as our ambassadors on the ground, to continue with their dedication and commitment in serving our people - as we strive towards the vision of championing development for a society free from poverty.

Mrs Thamo Mzobe
Chief Executive Officer
Date: 30 September 2021

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 information.

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

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, performance information, human resources information and financial affairs of the entity for the financial year ended 31 March 2021.

Mrs Thamo Mzobe
Chief Executive Officer
Date: 30 September 2021

ZS Ndlovu

Ms Zamandlovu Ndlovu
Chairperson of the Board
Date: 30 September 2021

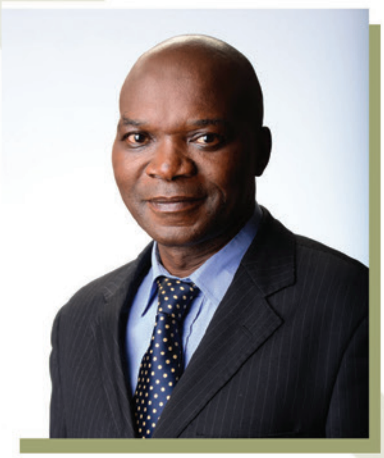
Executive Management

Mrs Thamo Mzobe
Chief Executive Officer

Ms Hajra Mansour
Chief Internal Audit

Ms Susan Khumalo
Chief Operations Officer

Ms Karen Muthen
Chief Financial Officer



Mr Bongani Magongo
Development Management & Research Executive

Ms Lerato Dhlamini
Acting Corporate Services Executive

Ms Karabo Sibanyoni
Company Secretary

Provincial Managers

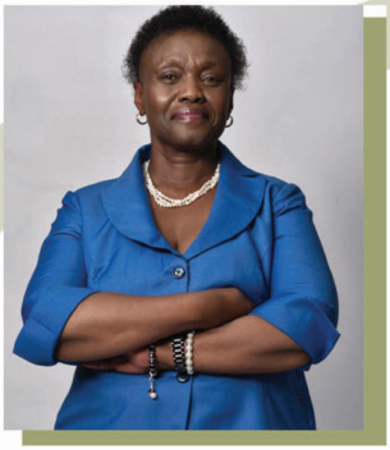
Ardiel Soeker
Western Cape

David Potlako Ntlatleng
North West

Gillian Mahange
Limpopo

Itumeleng Kwenane
Free State

Lesedi Piki
Northern Cape



Mapule Phora
Gauteng

Maxwell Mathebula
Mpumalanga

Nokulunga Skeyi
Eastern Cape

Yolisa Ndima
KwaZulu-Natal

1.6 Strategic Overview

Vision

Championing development for a society free from poverty.

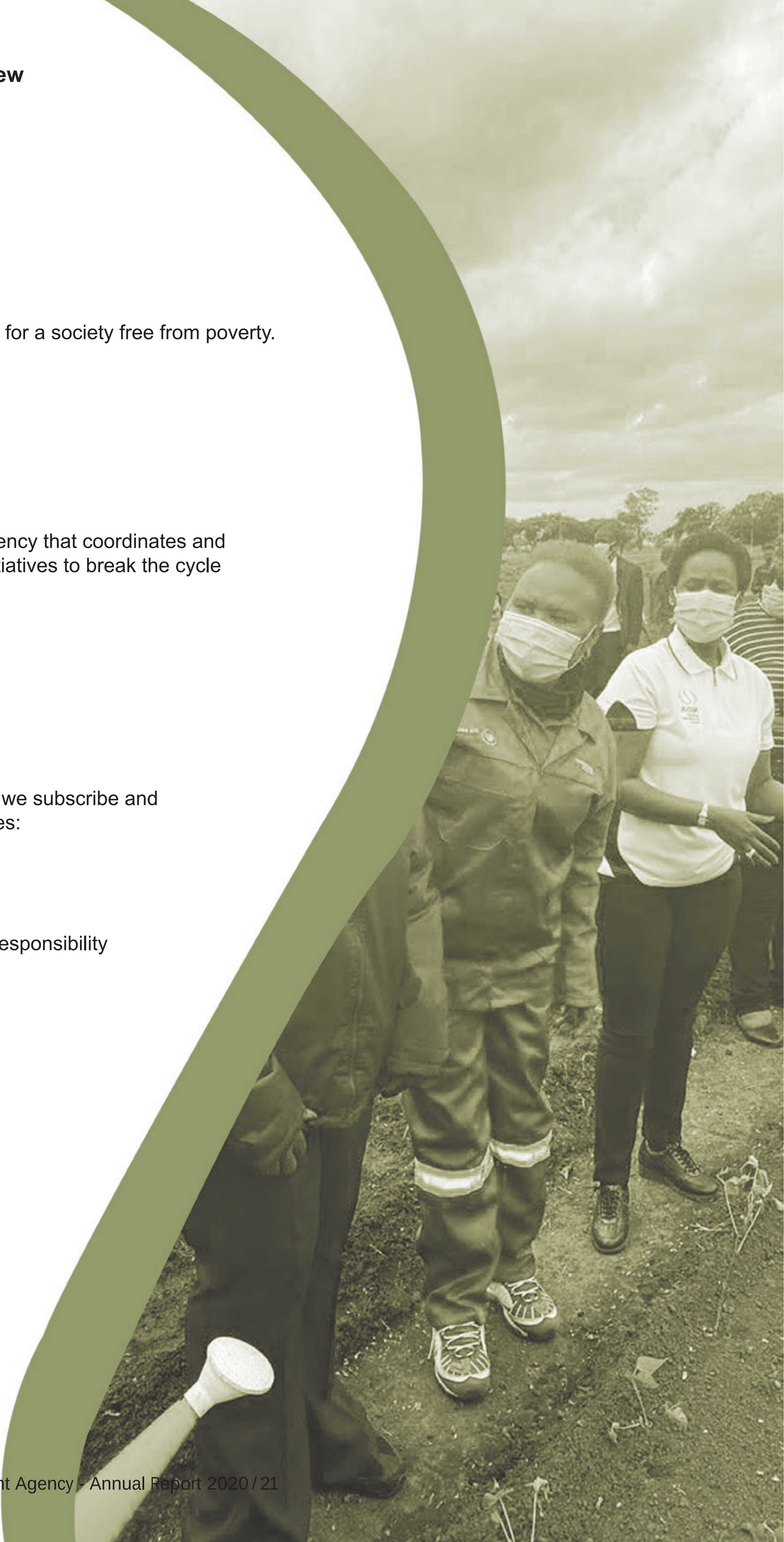
Mission

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 in November 1998 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. The primary mandate of the NDA is to contribute towards the eradication of poverty and its causes by granting funds to civil society organisations (CSOs) to:

a) Implement development projects in poor communities.
b) 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.

Duties and powers of the NDA:

(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

   (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

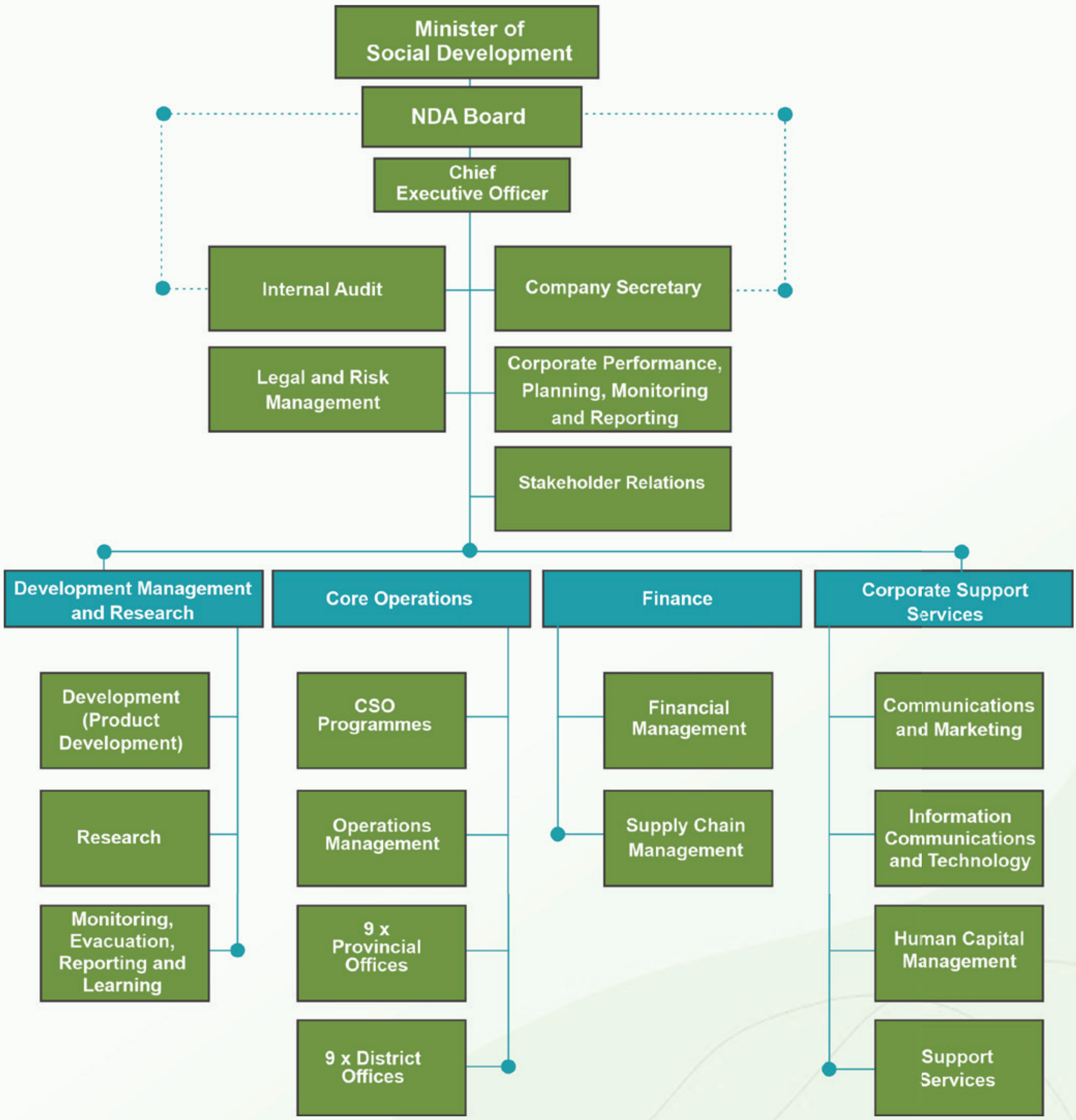
(b) in respect of each financial year of the organisation, a comprehensive, narrative report containing -

(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

(ii) 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

"It is in your hands, to make a better world for all who live in it".

- Nelson Mandela

2.1 Auditor's Report: Predetermined Objectives

The AGSA performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. The audit was extended 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.

Following that audit process, the AGSA did not identify any material findings on the usefulness and reliability of the reported performance information for Programme 2 – Civil Society Organisations Development (Refer to Pages 77 – 78 of this report)..

2.2 Overview of Performance

Service Delivery Environment

The 2020 calendar year had an impact of epic proportions across the globe. The enormity of the Corona Virus has seen colossal changes across the public to both private and civil society operations. The concerted global response to the pandemic from its onset has been one of prioritising resources towards healthcare in a bid to lessen the envisaged impact on humanity. The overall impact on developing countries was catastrophic as these countries are largely faced with a myriad of developmental challenges competing for limited budgetary resources.

South Africa's response to the pandemic was no different. The President of the Republic, Mr Cyril Ramaphosa, announced an economic stimulus package to the value of R500 billion to lift the country from the economic abyss imposed by COVID-19. The pressure on the fiscus had built up to a point where expectedly, large scale budget cuts had to be implemented across government to fund the economic recovery plan, healthcare initiatives and social protection efforts, amongst others.

The COVID-19 pandemic caused severe social and economic disruptions; and the ability for CSOs and Non-Profit Organisations (NPOs) to provide services was severely threatened. CSOs with their limited resources continued to mitigate the impact and burden placed by COVID-19 on poor and vulnerable communities. As such, they found themselves experiencing a twofold crisis: the first one having to satisfy the high demand for their services during this difficult period and at the same time an increasing need for financial resources that will enable them to play a crucial role in helping the country through this crisis.

There are various challenges that impacted and continuously impact the operation of CSOs during lockdown level 1 to level 3. From the perspective of CSOs providing services to communities; the impact was on the restricted movement of CSOs to provide services in communities. CSOs ordinarily provide services to communities through in-person interactions. As a result, the limited access to beneficiaries have impacted the extent to which services can be rendered to communities under strict regulations without adequate support from government; CSOs that work in the Gender-Based Violence sector had to deal with increased levels of GBV in communities. Furthermore, CSOs and NPOs experienced reduced or limited financial support for regular programmes due to focus on funding initiatives aimed at fighting COVID-19.

The country is experiencing the second pandemic wave of Gender-based violence and Femicide. Most of the reported cases are taking place in the communities and the organisations that are supporting victims are mostly emerging organisations in the communities. Most of the organisations at the forefront of supporting Gender-based violence victims are at beginner levels 1 and 2 capacity, which need NDA support and coordinated mentoring. To this end, the NDA provided support and coordination of newly established Gender-based District structures; led dialogues with local structures and ensured involvement and participation of CSOs; facilitated information-sharing platforms for different CSOs in the sector and communities, and undertook capacity building of CSOs in the gender-based violence space on relevant new laws and policies passed by the State (establishment of 12 GBV courts and the role of various stakeholders communities and their support). NDA participation lent support and clout to the work of the CSOs when they interact with other organs of the state.

The NDA successfully implemented the CARA Programme. This programme is aimed at fighting the scourge of gender-based violence and femicide through funding of 312 CSOs to the value of R85, 6 million. Participating CSOs ensure that GBV survivors have improved access to care, support, prevention services and quick access to the justice system.

CSO Capacity Building

This programme area aims at providing funding mechanisms as well as institutional capacity-building support to Civil Society Organisations (CSOs) that implement programmes that are aimed at combating poverty within poverty-stricken communities in the country. The programme is geared at developing institutional capacities of CSOs by rolling out training in skills development for members of these organisations. This effort is purposed at achieving necessary operational capacities for delivering quality services to the economically disadvantaged communities. The CSO Development programme has a national outlook, however, the implementation is guided by local municipalities and village level needs. The programme's focus is directed towards addressing poverty challenges that affect the vulnerable and most often economically marginalized communities in the country.

The CSOs form the bedrock of the civil society sector and they are often referred to as the third sector, which operates alongside the public and the private sector. They are an important stakeholder in the development of any country, particularly one like South Africa that seeks to deepen the socio-economic development of its marginalised citizens through the promotion of access to resources and economic opportunities.

The growth of the sector can be measured by the number of CSOs that have been and continue to be registered with relevant regulatory authorities such as the NPO Directorate at the Department of Social Development. The total number of CSOs registered has continued to increase on an annual basis. However, the number of CSOs that lack the capacity required to manage the implementation of community intervention has continued to increase over the years. To this end, the NDA has trained a total number of 1 114 CSOs on institutional management and governance in an effort to prevent the collapse of these organisations. The coexistence of the civil society sector and the public sector remains critical as it plays a fundamental function in fighting poverty, unemployment and inequalities in the communities. The public and the private sectors recognize the importance of the civil society sector as an influential partner that contributes to public discourse on community development programmes and initiatives.

Volunteer Programme

The NDA implemented the volunteer programme in direct response to the COVID-19 pandemic. The NDA entered a partnership with 200 CSOs to implement the Volunteer Programme that enlisted 2049 volunteers. At a basic level, the CSOs assisted communities with the distribution of food parcels, support of elderly and disabled persons and dissemination of COVID-19 information at hot spots as well as door-to-door within communities. At an advanced level, and based on their competence, others are assisted with community screening interventions, counselling for Gender-Based Violence cases and assisting people who need access to chronic medication to visit the health care facilities.

In addition to that, they assisted communities with the various registrations to access government relief funds such as the SASSA special relief of distress funds and the Department of Agriculture Disaster Relief Fund for small scale farmers. The volunteers reached and interacted with over 211 171 households, distributed 73 581 food parcels to vulnerable households and assisted 171 289 people to apply for the Social Relief of Distress grant in all 52 districts countrywide. A rapid assessment of the programme was conducted by NDA. The aim was to generate evidence that would inform the NDA and the social development sector on the value added by the volunteer programme and its contribution to the national response to the COVID-19 pandemic. The assessment made the following findings:

- The programme was a relevant and timely entry initiative to dispel the myths and misinformation about COVID-19, coming at a time when there were widespread doubts and speculation about the existence of COVID-19 in many parts of the country.

- Through the placement of volunteers to assist in the registration of R350 social relief grant recipients, the programme timeously mitigated the impacts of lockdown on household income generation and food security.

- By availing themselves to share information on procedures to access services and distributing information sheets on application processes, volunteers created platforms and mechanisms for communities to access information which was problematic in the past and had created negative attitudes towards the departmental and agency staff.

- Volunteers identified cases of social ills that were affecting individuals and households thereby responding to the problems seeking attention during the pandemic. These include cases of GBV, child abuse, substance abuse, profiling and discrimination of foreigners, gang-related violence and violent crimes.

- Volunteers reached the vulnerable and disempowered communities and filled gaps in service provision support systems. They also anchored inter-departmental collaboration and bridged the digital divide by providing support on online applications for grants.

- The objectives of the programme were successfully achieved, including:

  - identifying households that were eligible for the R350 SRD grant;
  - ensuring the marginalized and vulnerable citizens had access to relief packages;
  - rolling out COVID-19 awareness campaigns in diverse settlements; and
  - collecting data to ensure beneficiaries of the disaster relief efforts were profiled.

- The programme left a notable legacy of organized queueing and referral systems that will continue to be useful in grant application and collection processes at SASSA and Post Offices.

- The programme strengthened collaborative linkages with government departments and agencies as well as local non-profit sector entities.

- Technical and soft skills that volunteers gained as they were implementing the programme enhanced their employability, as a result, 141 Volunteers were employed by government institutions such as the Department of Social Development, Water Affairs, Education; SAPS, SASSA and CSOs.

- Volunteers were able to reach, assist and identify individuals and households that needed special attention due to their vulnerability to COVID-19 and the secondary psychosocial and economic impacts of the pandemic.

- The volunteers' self-drive, pre-existing relationships and trust between CSOs and communities, and the door-to-door approach used by volunteers to demonstrate the COVID-19 protocols, contributed significantly to programme success.

Furthermore, the NDA afforded economic opportunities to 21 women-led Cooperatives to provide PPE to the value of R1, 5 million (R1 596 977,00) for the Volunteer Programme. These Cooperatives are based in the nine provinces of our country.

Vangasali ECD Campaign

The NDA participated in the Vangasali ECD Campaign. The campaign encouraged unregistered ECD programmes to submit a request for assistance to comply with the Children's Act 38 of 2005. The NDA submitted ECD database to benefit from the programme. The campaign involves a nationwide implementation of the ECD Registration Framework, the associated Vangasali registration toolkits and methods that create a developmental pathway for the registration of all ECD services.

In Limpopo, the NDA collaborated with the following institutions in response to the COVID-19 pandemic namely, HOPE Worldwide South Africa, Limpopo Church Network and Albany South Africa. The aim of the collaboration was to assist disadvantaged families with basic amenities. The programme was rolled out in all districts due to the high demand occasioned by the success of the programme. Beneficiaries were identified through CSOs especially churches which are part of the NDA database. Schools and ECD centres were also identified as points of entry into the communities. The beneficiaries were provided with food parcels, seeds and dignity packs. Through the engagement with the Limpopo Provincial DSD, three shelters were also identified to provide food parcels and dignity packs.

In an effort to mobilise resources, the NDA in partnership with the Eskom Foundation identified 57 indigenous ECD centres in the disadvantaged wards of the Eastern Cape. The identified ECD centres received financial support to the amount of R1,4 million. The partnership has contributed in improved access to Early Childhood Development that has created a solid foundation for development in lifelong learning and mitigated vulnerability to structural poverty. Furthermore, the intervention contributed to improved infrastructure in ECD centres, ensuring compliance with the norms and standards.

Service Delivery Model

The NDA service delivery model utilises a decentralised approach and its oversight management happens at the district level as opposed to the provincial level. The rationale for decentralization was premised on the need to move closer to communities for effective deployment of services. The decentralised approach is based on the district municipality as the administrative unit. The NDA service delivery model aligns with the District Development Model (DDM) which requires programmes to be spatially referenced across 44 districts and 8 metros. The model continues to be rolled out and a review is underway to consolidate it to operate more cost-effectively. The review of this model recognises collaborations as a cornerstone of its success. Key stakeholders are also expected to share common resources to maximise resource utilisation.

The NDA service delivery model includes interventions that are provided through four sub-programmes that form the core of *Programme 2*.

Figure 1: Service Delivery Model

- **CSOs mobilisation** is the engagement process with CSOs at a local level to identify developmental needs, possible interventions, referrals to other departments and supporting communities to develop community structures or formations to organise themselves.
- **CSOs empowerment** is a community participation process through CSOs that provides the NDA with a space to implement interventions that use "development creation" principles focusing on the following outcome areas for local civil society organisations.

- **CSOs institutional capacity building** is the process of developing and strengthening the institutional skills, abilities, processes and access to resources needed to thrive in the fast changing world. The following interventions are offered to CSOs:

    - Training - formal and non-formal
    - Mentorship
    - Incubation

- **CSOs resource mobilisation** and linkages is a critical intervention that assists CSOs to identify resources and linking them to alternative resources at all levels.

Research Programme

The research programme is tasked with the responsibility of actualising the secondary mandate of the NDA as espoused in Section 3 (2) of the NDA Act. Through this programme, the NDA has conducted and commissioned research studies in order to generate empirical evidence for enhanced development policy and engage stakeholders as prescribed in the NDA Act. The outputs of the research studies are intended to provide empirical data and information in the development of policies in South Africa. The following five studies were conducted and completed during the 2020/21 financial year:

Behaviour Change and Modification in the wake of COVID-19 Strategies and Policy Implications for the Social Development Portfolio

a) This study was conducted by the NDA research team. The aim of the study was to review a range of human behavioural change models and programmes that can inform policy and programme designs for the social development portfolio in response to the COVID-19 pandemic. This desktop research reviewed different change behavioural models, theories, frameworks and strategies to promote healthy lifestyles. The research proposed a pragmatic behavioural change approach for the social development sector, based on sound practice and experience.

Requirements for Transforming the Civil Society Sector in South Africa

b) This study was conducted by the Human Science Research Council. This was an exploratory study aimed at identifying the challenges CSOs face with regards to self-governance and facilitating state-civil society relations towards democratic sustainability. The study employed a desktop analysis that involved a literature review on transformation challenges of the civil society sector to inform the theoretical and transformation needs assessment approach adopted by the study.

The study revealed that there are number of caveats that will need to be addressed in the socio-political space of South African civil society and that in order to facilitate a transformed civil society towards co-governance, there is a need to engage in a policy review to facilitate quality deliberation.

Creating Capacities and Building Capabilities for the Civil Society Sector in South Africa

c) This study was conducted by Human Science Research Council. The study relied largely on relevant international, regional and local literature on the roles and types of civil society organisations, the key challenges these organisations face, the reasons for these challenges and the main mechanisms used to build the capacity of CSOs internationally, regionally and locally. This was complemented by interviews with key stakeholders in the civil society sector in South Africa and a content analysis of the qualitative data arising from the interviews. The study pointed out that government and the business sector have a critical role to play in supporting the civil society sector in a coherent and integrated manner through functional public-private partnerships. It also showed that there are a wide-range of mechanisms for capacity-building, including mechanisms aimed at developing skills among the leadership and staff.

Analysis of Best Practices in ECD Centres in the Eastern Cape Province in the Context of Legislation and Policy

d) The NDA in partnership with the University of Fort Hare's (UFH) Early Childhood Development Centre (ECDC) conducted a research study whose main purpose was to inform effective implementation of the ECD policy and produce best practices in ECD centres in the context of legislation and policy. Post intervention Information was collected to measure the effect of the interventions that were implemented during Phase 2 of the project and compare the results with the pre-intervention or baseline results conducted during Phase 1 of the project.

The Funding Mechanisms for Civil Society Organisations (CSOs) in South Africa

e) This study was conducted by Babhuti Research Projects. The aim of the study was to understand the current civil society sector funding environment in South Africa and ascertain its implications on operations and sustainability of the sector. The study provided an overview of the funding landscape for CSOs in South Africa, its challenges and failures, and guides the sector on policy regulations and legislation. It also drew on global perspectives and an effective civil society funding model to provide recommendations on funding policy and regulation and on how the State and sector can address funding as a whole.

The study recommends mainly the following to the NDA:

- Proactive donor engagements to strengthen CSOs and funder dialogues.
- Creation of platforms and corporate partnerships for CSO sector funding purposes.

- Fostering of strategic alliance and partnerships with corporate social investment sector.

- Boosting of its evidence-based advocacy levels for CSOs.

- Influence on donor policy.

- Address research gaps and donor advocacy on behalf of CSOs for proposed funding models that support sustainability, independence and innovation.

- Infrastructural support and capacity-building programmes to be put in place to assist the CSOs to receive these grants.
- CSOs to enhance their visibility through the promotion of their activities and the use of technology and media.

Development Policy dialogues

The NDA held five development policy dialogues with different stakeholders. These dialogues were informed by the research findings and recommendations conducted by the Agency. The aim was to ensure that stakeholders engage with evidence to discuss development policies to inform programming in the fight against poverty, inequalities and unemployment across the social development sector.

The following are summaries of these dialogues:

a) ***Capacity and Capabilities of Civil Society sector*** – This dialogue was held in collaboration with the Human Sciences Research Council (HSRC). The content providers were DSD, NDA, SASSA, HSRC, National Coordinator Alliance for NPO Networks, Nedlac's community constituency and Business Unity South Africa. The dialogue was about the launch of the report and the policy brief stemming from the research.

b) ***Food Nutrition and Security dialogue in South Africa*** – The dialogue was conducted through a webinar platform and attended by 136 participants from different sectors such as government, CSOs, academia, private sector and independent individuals. The content presenters were STATSSA who presented on how far the country is, in measuring SDG 2 (Zero Hunger), the HSRC presented on stronger policy coordination for better food and nutrition security outcomes which emanates from the policy brief produced for the NDA. DPME gave an overview of progress towards the National Food and Nutrition Security Plan (2018-2023) for South Africa, and lastly, DSD presented on the Department's interventions on food and nutrition security.

c) ***Poverty, Inequality and Social Exclusion in South Africa*** – The dialogue was conducted through a webinar platform and attended by 65 participants from different sectors such as the government, CSOs, academia, private sector and independent individuals. The researchers from the Centre for Social Development in Africa and the University of Johannesburg presented the findings from the NDA study on Poverty, Inequality and Social Exclusion in South Africa. Statistics South Africa (STATS SA)'s presentation focused on measuring the SDG 1 (End Poverty) and SDG 10 (Reduced Inequality) in South Africa.

d) ***Social and Emotional Learning Out comes in (Control Group)*** – The Network Action Group (NAG) and the NDA conducted a dialogue with 13 practitioners from the control site of the study. The dialogue focused on experiences of ECD practitioners in implementing the programme relating to children`s responses, challenges and adaptions of the lessons in Social, Emotional and Learning (SEL).

Key highlights that emerged from this dialogue were:

- COVID-19 and lockdown affected the ECDs since most of the parents took a decision that they are keeping children at home due to fear of children getting COVID-19 infections.
- A number of children did not come back to ECD centres even though COVID-19 regulations were eased.
- Network Action Group assisted ECD practitioners a lot by ensuring that there was home schooling during hard lockdown. Parents were sent activities and stories to educate their children during lockdown. However, most of the children reside with elderly parents or guardians who are unable to assist them with home schooling. Children with younger parents were assisted with home schooling and even the children themselves indicated that they were being taught when they were not coming to ECD centres.
- Since the ECD practitioners are remunerated based on the number of children enrolled, ECD practitioners were negatively affected by lockdown since they had no income when ECDs were closed and even when fewer children were attending ECD centres. Inadequate income negatively affected ECD practitioners as they experienced reduced food consumption and inability to purchase and afford basic needs such as medical care.

e) ***Social and Emotional Learning Outcomes (Experiment Group***) – The Network Action Group (NAG) and the NDA conducted a dialogue with 24 practitioners currently administering the SEL programme in their respective ECD centres from the experiment site of the research study.

The key highlights that emerged from this dialogue were:

- Difficulties of ECD centres abiding with the COVID-19 regulations due to limited operating space and inadequate ventilation, practitioners often found it challenging to have the children maintain social distancing during lessons and the teaching processes. Some of the teaching lessons require children to be active and play, and in some cases to share teaching and learning resources (particularly with ECD centres that have limited resources). This made it further difficult for practitioners to ensure that children maintain social distancing.
- Due to the Covid-19 pandemic, ECD centres in the study's experiment site have experienced a drastic decrease in the number of learners attending the ECD centres.
- ECD learning was affected by COVID-19, however, the practitioners made an effort to continue the teaching processes using a WhatsApp group as a platform where tasks and teaching material would be shared with parents to teach children at home. However, this did not bear any fruits, as practitioners mentioned that they had to start from scratch with all the lessons which were shared with parents.

Monitoring and Evaluation

The NDA has conducted evaluation studies on NDA CSO development programmes to assess and evaluate programme effectiveness, efficiency, implementation as well as results. The monitoring and evaluation has developed and enhanced systems, processes and tools that are used to collect information for periodical assessment of projects and programmes implemented by the NDA and the social development sector, in particular the civil society sector.

The declaration of the state of emergency as South Africa's response to the COVID-19 pandemic, the President of the Republic on the 15th March 2020 and subsequent total lockdown of the country on the 23rd March 2020, signalled a difficult financial year.

The stringent measures to mitigate and slowdown the spread of the COVID-19 virus made it very difficult to perform any meaningful operations for the programme as it relies on face-to-face contact with people. The stringent measures under level 5 and the level of the COVID-19 risk mitigation measures were in force for the two quarters of the year under review. These measures largely affected the evaluation work as it involves contact with a large number of people, travelling to provinces and collection of data using face-to-face interviews. There was however a great improvement in the subsequent quarters of the year which resulted in the achievement of the following three evaluations targeted for the year:

Evaluation Study	Main Findings	Recommendations
ECD projects implemented by the Resource and Training Organisations		
	• The projects assist people with disabilities to generate an income for themselves and reduce their reliance on the monthly social grant provided by the government. • Through the additional resources, the projects were able to expand their production line, thus producing more products and subsequently increasing sales. • Projects are able to sustain themselves even after the project contract ended with the NDA.	• Projects should engage private and different government departments for more funding. This will aid in running the projects more effectively, which in turn will make the projects more sustainable. • Due diligence for all projects to be conducted as having skilled facilitators for such projects will ensure that the needs of people with disabilities are catered for. • Close monitoring of these projects should be done even after the contract has ended to ensure that the project is still relevant to the needs of the beneficiaries.
Evaluation of ECD projects implemented by the Resource and Training Organisations (RTOs)		
	• The program has largely capacitated the ECD practitioners with the necessary skills and the opportunity to either find employment or set up their own ECDs. • Resignations by practitioners who received training from RTOs impacts negatively on the initial purpose of increasing human capacity for ECDs, thereby affecting the sustainability of ECDs.	• Future longitudinal study on the benefits of ECD programmes aimed at enhancing early childhood development should be conducted. • The program has incredible capability of eradicating poverty through job creation. However, there is a need to consider increasing financial resources and make arrangements for compensating practitioners and RTO ECD programme facilitators so that they can be retained.
Rapid Assessment of NDA CSO Volunteer Programme		
	• COVID-19 awareness and community service were rated as the most relevant interventions by volunteers as it strengthened collaboration among government departments and created linkages with private sector and other non-profit sector entities. • The programme assisted to redefine and strengthen referral systems, benefitting communities who previously had limited understanding of the processes and procedures for accessing services.	• Develop volunteer management guidelines that provide guidance to CSOs to recruit, train, support, motivate, monitor and empower volunteers. • Need for sound monitoring and evaluation systems that empowers volunteers, enhances learning and contributes to evidence-based local decision-making. • Strengthen value-based collaboration among government departments and other stakeholders. • Secure stakeholder support and promote community ownership for sustainability of programme outcomes.

Organisational Environment

The year 2020 saw South Africa and the world experiencing unprecedented business and normal life disruptions due to the emergence of the COVID-19 pandemic. South Africa was placed on hard lockdown during the first quarter of 2020. The NDA through the Human Capital Management unit developed and implemented the NDA risk adjustment strategy, drawing from the Government's response to COVID-19. The NDA ensured that Personal Protection Equipment (PPE) was procured for all staff members. Furthermore, all staff members were provided with two (2) cloth masks and sanitizers for personal protection.

Employees with comorbidities were approved to work from home following their doctor's confirmation. Social distancing protocols were implemented to ensure that the infections were minimal within the office. Where employees had been affected, the NDA ensured swift response in the closure and subsequent fumigation of offices. Furthermore, psychosocial support was provided to employees during the pandemic and beyond through the services from ICAS which included counselling.

In support of the achievement of the organisational objectives, the Human Capital Management unit focused on creating a sustained integrated human resources value proposition for the organisation's strategic goals and objectives through:

- Ensuring that the right skills and capacity is recruited into the organisation, especially at coal face service delivery level.
- Ensuring that employee skills and competencies are sharpened to enable them to deliver on NDA goals and objectives.
- Creating an enabling environment that supports the health and welfare on employees, amid the COVID-19 pandemic, though employee wellness programs and OHS.
- Ensuring that there is labour stability in the NDA over the short, medium to long term through multi term salary and wage agreement; and
- Adjusting Human Resources & Development policies to the changing business requirements and labour laws.

Human Capital Management continuously strived to promote a healthy relationship with organised labour to ensure a conducive working environment for NDA employees. To this end, an organisational rights agreement was concluded on 11 August 2020 with both SASAWU and NEHAWU. In its preamble, the organisational rights agreement state that "the parties recognize, acknowledge and declare their fundamental belief in dialogue, discussion, consultation and negotiation as the ideal methods of conducting and regulating industrial relations within the context of this agreement".

Finance and Supply Chain Management

As part of the drive to improve the financial management controls, a total of seven Finance and Supply Chain Management policies were revised and approved by the Board for implementation. To improve compliance in policy implementation, organisation wide virtual workshops were hosted to train staff on pertinent policy provisions. These include essential provisions concerning procurement such as asset management and disposals, irregular, fruitless and wasteful expenditure, travel procedures, debt management, finance policy and procedure manual. To support policy implementation, the capacity of the Finance Department was improved through the recruitment and appointment of personnel in key positions for monitoring of transactions and efficient utilisation of resources in line with approved policies.

In relation to the planned output of Reduced balance of total reported irregular, fruitless and wasteful expenditure, the programme was successful in embedding new procedures involved in the identification, determination, assessment and investigation of such expenditure, including loss analysis, value for money assessments, referrals for investigation and disciplinary processes. These procedures are aligned with the National Treasury legislative frameworks prescribed for dealing with irregular, fruitless and wasteful expenditure (IFW expenditure).

The implementation of such processes during the year under review, resulted in the referral of 421 historical IFW transactions committed by former employees, totalling R96,1 million to National Treasury for condonement. The root causes resulting in the IFW expenditure were analysed and resulted in the implementation of improved internal controls over the prevention and detection of IFW expenditure, in the Finance and Supply Chain areas of responsibility. Improved controls have resulted in a significant year-on-year reduction of approximately 82% in the irregular expenditure recorded during the 2020/21 financial year.

Institutional response to prioritising women, youth and people with disabilities

The NDA has fully aligned its revised Supply Chain Management Policy to the Preferential Procurement Regulations issued in terms of the PPPFA Act, Act 5 of 2000. In order to align with the regulations contracting with designated categories of persons being historically disadvantaged by unfair discrimination on the basis of race, gender or disability; this has been monitored and reported to the management on a monthly basis and quarterly to the accounting authority during the year under review. The NDA has thus established an important baseline of support for the designated groups and has been able to set procurement targets for the new year that improve on the baseline achievement set during the year under review.

A service provider was appointed during the year to conduct a verification of the BEE status of the NDA. A preliminary outcome report has been provided to management, and the analysis highlights areas of improvement, which will be prioritised for implementation over the 3year MTEF period to enhance the support provided by the NDA to historically disadvantaged persons, and to improve compliance with the requirements of the BBBEE codes set by the Department of Trade and Industry.

Challenges

Continuous challenges have been experienced around the area of operational project management and implementation, largely due to ineffective monitoring and reporting of projects during implementation. These weaknesses have culminated in poor project contracting and the inadequate planning of project implementation strategies, taking into account the results of risk, governance, compliance and monitoring assessments. Inadequate risk mitigation and project planning has resulted in significant delays in the implementation of some projects. The NDA has identified these as some of the issues that have led to underperformance in critical areas of planned deliverables. Management of the NDA is putting in place mechanisms to strengthen accountability and implement consequence management across the organisation.

The implementation of the CSO Development model hinges on personal contact by Development Practitioners with CSOs that we have partnered with. The necessary restrictions that were put in place by the government that limit movement have affected the ability to provide support to the CSOs. This has also affected full compliance from certain governance aspects of the programme. As an improvement measure, there is a need to adapt to the new normal of operation which will require high-level digitisation of the work of the NDA, particularly the implementation of the CSO Development Framework. The NDA will, through the IT unit, seek to provide fit-for-purpose tools of trade for enhanced programme implementation and develop digital platforms for continuous interaction with CSOs under the new normal.

Key policy developments and legislative changes

There were no legislative changes affecting the work of the NDA, besides the Instruction and Practice Notes issued by National Treasury during the period under review.

Progress towards achievement of institutional Impacts and Outcomes

Impact statement	Reduced levels of poverty in South Africa			
Outcome	**Outcome Indicator**	**Baseline**	**Five-year target**	**Progress**
Good Governance	Effective systems in place to achieve good governance.	Qualified audit opinion.	Clean audit.	The NDA has achieved an Unqualified Audit with Findings on its AFS. There were no material misstatements identified on Audit of Predetermined Objectives.
	Amendment of the NDA Act	NDA Act (2003)	Amended NDA Act.	The NDA has produced a concept document detailing the proposed changes to the NDA Act. The Concept document has been shared with the Department of Social Development whose competency is to lead the process of amendment of the NDA Act.
Establish effective public private partnership modalities to effect development goals.	Revenue generated through strategic partnerships.	New Indicator	R500 million	The NDA has so far raised R15 785 000 in the 2020/21 financial year. The annual target of R100m was not met largely to poor economic challenges occasioned by the COVID-19 pandemic.
Self-sufficient and self-reliant communities.	Strengthen Civil Society mechanisms/ formations towards achieving NDP goals	New Indicator.	Strategically position and embed capacity building model for South Africa.	The NDA is engaged in a turnaround process which will largely seek to reposition the NDA from service delivery point of view and define an impactful capacity building model.
	Fund strategic poverty eradication initiatives	New Indicator	80% disbursement of funds raised from strategic partnerships.	In the 2020/2021 financial year, 100% of funds allocated for grant funding of CSOs had already been approved for disbursement by the NDA Board.
Influencing development policy through thought leadership.	Develop a research agenda for improvement of NDA work.	New indicator.	Research agenda.	The Research agenda has been developed and approved by the NDA Board. It is currently being implemented and gets updated annually with new focus areas to align it to key strategic developments.

2.3 Performance Information by Programme

Programme 1 - Governance and Administration: Performance information

The role of the Governance and Administration 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:

- Maintenance of financial records.
- Management and safeguarding of organization's resources (assets and liabilities).
- Co-ordination and management of the organizational budget processes.
- Financial reporting services and provision of information for decision making purposes.

The Supply Chain Management unit provides strategic sourcing services to all business units across the NDA. 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 functions:

- Demand Management
- Acquisition Management
- Logistics Management
- Disposal Management & Monitoring Supply Chain performance

Programme 1 - Governance and Administration: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Programme 1 – Table 2.4.4.1:

Outcome	Output	Output indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Performance 2020/21	Actual Performance 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for variance	Reason for revision to the outputs/ output indicators/ Annual Target
Good Governance	Approval and implementation of the Consequence Management Framework	Percentage compliance to the Consequence Management Framework	New indicator	New indicator	100%	0%	-100%	The KPI was not SMART which made the target difficult to measure.	The target was revised to ensure that it is measurable.
	Reduced balance of total reported irregular, fruitless and wasteful expenditure	Percentage (%) reduction of cumulative balance of UIFW expenditure reported in the prior year annual financial statements	New indicator	New indicator	80%	0%	-80%	Reference to Unauthorised expenditure was taken out of the indicator as it does not apply to the NDA as per Section 34 of the PFMA .	Target changed from UIFW to IFW as Unauthorized expenditure does not apply to Schedule 3A entities as per Section 34 of the PFMA.
	Amended NDA Act	NDA Act Amended	New indicator	New indicator	Approved amendment document	Consultations undertaken with internal stakeholders to obtain inputs on the amendment of the NDA Act.	Amendment document not approved.	The annual target was revised to confine it to the development of a position document. The KPI could only be achieved through a legislative process led by the Department of Social Development	The target had to be revised to focus only on the aspects which are within the NDA's control such as producing the position document.

Programme 1 – Table 2.4.4.1: (Continues)

Outcome	Output	Output indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Performance 2020/21	Actual Performance 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for variance	Reason for revision to the outputs/ output indicators/ Annual Target
Good Governance	Employee Climate Survey report	Approved Employee Climate Survey	New indicator	New indicator	Employee Climate Survey conducted.	Draft Terms of Reference for the Employee Climate Survey.	Climate Survey revised to development of a Climate Survey Framework	Re-prioritisation of budget to Covid-19 pandemic.	To develop a framework that will guide future implementation of the employee climate survey.
	Brand Strategy	Approved Brand Strategy	New indicator	New indicator	Brand Strategy Approved.	Brand Strategy not developed	Brand strategy KPI revised to provision of a draft to be finalized in the ensuing financial year.	Re-prioritisation of budget to Covid-19 pandemic	To allow time for approval of the Draft Brand Strategy concept document and provision of budget in subsequent years.

Programme 1 – Table 2.4.4.2:

Outcome	Output	Output indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Performance 2020/21	Actual Performance 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for variance
Good Governance	Implementation of Consequence Management.	Percentage (%) implementation of Consequence Management in relation to IFW cases.	New indicator	New indicator	80%	1. 64% • 22 Cases of irregular expenditure were identified and are at various stages of processing. • 14 cases identified have been closed and handed for recourse • 6 cases have been recommended for recovery • 4 cases have been recommended for write-off • 2 cases have been recommended for recovery from service provider who has indicated willingness to pay • 1 case has offered to settle the debt and is being handled through HR processes • 8 cases are still under legal review/ investigation	16%	The process of consequence management took longer than anticipated as it had to follow due process to avoid infringing individual's rights. The other contributing factor to the slow pace of implementation of consequence management was due to the lack of capacity in both Legal and Human Resources Units.
	Reduced balance of total reported irregular and fruitless and wasteful expenditure.	Percentage (%) reduction of cumulative balance of IFW expenditure reported in the prior year annual financial statements.	New indicator	New indicator	80%	The performance is at 0% due to delayed condonation of IFW by National Treasury. On 11 November 2020, the NDA submitted a consolidated list of irregular expenditure, comprising 421 transactions totalling R96,1 million for condonation by National Treasury. The condonation request of R96,1 million would have resulted in 66% reduction of the R145,9 million cumulative balance (as disclosed in the 2018/19 financial year).	-80%	The National Treasury has the final authority to take a decision to write-off the qualifying IFW expenditure. To date no condonation has been granted by National Treasury.

Programme 1 – Table 2.4.4.2: (Continues)

Outcome	Output	Output indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Performance 2020/21	Actual Performance 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for variance
Good Governance	Approval and implementation of the Preferential Procurement policy	Percentage compliance to the preferential procurement policy	New indicator	New indicator	100% compliance	• 100% compliance level has been achieved. • NDA complied with the revised SCM Policy that was approved by the Board on 30 November 2020. The policy included the Preferential Procurement Policy. • There has been compliance also with the previous and the 2017 PPPFA Regulations issued in terms of the PPPFA Act during all four quarters of the financial year.	None	None
	Amended NDA Act	NDA Act Amended	New indicator	New indicator	Position document on the NDA Act amendment	Management developed the position document and presented it to the Board, but was not approved.	Non-approval of the position document	The Board advised that the position document should be delayed in order to align it to the NDA Turnaround Strategy to be undertaken in the 2021/22 financial year.

Programme 1 – Table 2.4.4.2: (Continues)

Outcome	Output	Output indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Performance 2020/21	Actual Performance 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for variance
Good Governance	NDA Turnaround Strategy	Approved Turnaround Strategy	New indicator	New indicator	NDA Turnaround Strategy approved	A concept document for the Turnaround Strategy was developed, presented to the Board and was approved.	NDA Turnaround Strategy not approved	Delays on the finalisation of the concept document was due to extensive consultation which delayed the procurement of service provider to undertake the Turnaround Strategy .
	Employee Climate Survey Framework	Approved Employee Climate Survey Framework	New indicator	New indicator	Approved framework for Employee Climate Survey	An Employee Climate Survey Framework was developed, presented to EXCO and was approved.	None	None
	Brand Strategy	Approved Draft Brand Strategy	New indicator	New indicator	Draft Brand Strategy	The Draft Brand Strategy Document was developed and presented to EXCO but was not approved.	Draft Brand Strategy not developed	The draft Brand Strategy was referred for alignment with the NDA Turnaround Strategy to be undertaken in the 2021/22 financial year.

Programme 2 - CSO Development

The purpose of the programme is to elevate the NDA to become the lead 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 by utilizing key 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 poor communities have capabilities to provide quality services to the communities they serve.

The Programme also focuses on providing grants to CSOs that works with poor 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 private sector to increase the funding base of CSOs working in poor communities.

The programme functions through Provincial and District Offices which provide operational platforms for 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 coordinated and implemented in the Districts.

Programme 2 - CSO Development: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements **Programme 1 – Table 2.4.4.1**
Programme 2 – Table 2.4.4.1

Outcome	Output	Output indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Performance 2020/21	Actual Performance 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for variance	Reason for revision to the outputs/output indicators/ Annual Target
Establish effective public private partnership modalities to effect development goals	Integrated development initiatives coordinated.	Number of integrated development initiatives coordinated.	New indicator	New indicator	3	0	-3	There were no programme activities carried out for the KPI as a result of lockdown restrictions.	Annual target was revised in line with more collaborative opportunities due to COVID-19.
Self-sufficient and self-reliant communities	Increased work opportunities created as a result of CSOs development interventions.	Number of work opportunities created as a result of CSOs development interventions	New indicator	New indicator	450	2049	1599	The target was achieved due to the implementation of the COVID-19 Response Programme (Volunteer Programme)	Annual target revised as additional work opportunities were created through the CSO Volunteer Programme.
	Increased CSO income generated as a result of NDA intervention.	Value of increased CSO income generated as a result of NDA interventions	New indicator	New indicator	R 5 815 530	0	-R 5 815 530	There were no programme activities carried out for the KPI as a result of lockdown restrictions.	Output increased due to projections of more income to be earned by Co-operatives who would provide PPE such as face masks to communities.
	Empowered CSOs that are able to address poverty.	Number of CSOs capacitated in organisational management.	5261	5500	3400	0	-3400	There were no programme activities carried out for the KPI as a result of lockdown restrictions.	Annual target reduced due to lockdown restrictions. Indicator changed to online training due to lockdown restrictions
	Empowered CSOs that are able to address poverty.	Percentage disbursement of funds for grant funding.	-	80%	80%	0	-80%	There were no programme activities carried out for the KPI as a result of lockdown restrictions.	Annual target revised to target more CSOs to provide relief through development projects.

Programme 2 – Table 2.4.4.2:

Outcome	Output	Output indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Performance 2020/21	Actual Performance 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for variance
Establish effective public private partnership modalities to effect development goals.	Resources Mobilised	Rand value of resources raised to fund CSOs development interventions	R147m	R55m	R100m	R15 785 000	-R84 215 000	A poor economic outlook affected the performance of the KPI. Potential donors reprioritized their resources towards the COVID-19 interventions
	Strategic Partnerships established.	Number of strategic partnerships established.	New indicator	New indicator	5	5	0	None
	Integrated development initiatives coordinated.	Number of integrated development initiatives coordinated.	New indicator	New indicator	9	9	0	None
Self-sufficient and self-reliant communities	Increased work opportunities created as a result of CSOs development interventions	Number of Work opportunities created as a result of CSOs development interventions.	New indicator	New indicator	2000	2049	49	Target was met and exceeded due to partnership with other departments on the implementation of the Volunteer Programme.
	Increased CSO income generated as a result of NDA intervention.	Value of increased CSO income generated as a result of NDA interventions.	New indicator	New indicator	R 24 000 000	R3 212 469	-R20 787 531	The normal business activities of the CSOs were affected by COVID-19 lockdown restrictions.
	Empowered CSOs that are able to address poverty.	Number of CSOs empowered through on-line and e-development interventions.	New indicator	New indicator	300	1114	814	The target was achieved and exceeded due to the readjustment of the risk levels in the last two quarters of the financial year, which allowed contact (face-to-face) training.
	Empowered CSOs that are able to address poverty	Percentage disbursement of funds for grant funding	-	95%	95%	100%	5%	The target was surpassed by 5% due to improved budget utilisation

Programme 3 - Research

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 1998, (as amended) which state that the NDA must: -

- Promote consultation, dialogue and sharing of development experience between civil society organisations and relevant organs of state;
- Promote debate on development policy; and
- Undertake research and publication aimed at providing the basis for development policy.

These requirements of the NDA by the state classifies this function as the secondary mandate of the NDA. In order to fulfil this mandate, the NDA structured the delivery of this mandate into two programmatic areas which are the research function, monitoring and evaluation function.

The primary focus of the research function is to conduct research that informs development policy and create platforms for debate and sharing of experience. The monitoring and evaluation serves 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.

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

Programme 3 – Table 2.4.4.3:

Outcome	Output	Output indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Performance 2020/21	Actual Performance 2020/21	Deviation from planned target to Actual Achievement 2020/21	Reasons for variance
Influencing development policy through thought leadership	Research publications that contribute to development policy and practice	Number of research publications that informed development practice on government priorities	New indicator	New indicator	3 research publications	5 research publications	2 additional research publications were produced	Two additional research studies were undertaken. Behaviour Change Modification in the wake of COVID-19 and Analysis of ECD policy implementation in rural settings
	Research publications that contribute to development policy and practice	Approved Research and Evaluation Agenda	New indicator	New indicator	Research and Evaluation agenda approved	Research and Evaluation agenda approved	None	None
	Evaluation reports that contribute to development practice	Number of evaluation reports that contribute to development practice	New indicator	New indicator	3 Evaluation reports	3 Evaluation reports	None	None
	Engagements to influence development policy and practice	Number of external dialogues to engage on NDA research outputs	New indicator	New indicator	5 dialogues	5 dialogues	None	None
	Engagements to influence development policy and practice	Number of times NDA research work is referenced	New indicator	New indicator	5 referenced NDA research work	9 referenced NDA research work	4 additional referenced NDA research work reported	The report by Babhuti Research Projects on Civil Society Funding mechanisms and the HSRC research report on Regulatory Frameworks Requirements for the South African Civil Society Sector to Promote their Active Participation in a developmental State referenced twice on each report

Strategy to overcome areas of under performance

The NDA has retargeted the following indicators for implementation in the 2021/22 financial year:

- Rand value of resources raised to fund CSOs development interventions.
- Percentage (%) reduction of cumulative balance of UIFW expenditure reported in the prior year annual financial statements.
- Approved Turnaround Strategy.

The NDA could not mobilise sufficient resources for funding of CSO development interventions largely due to prevailing poor economic challenges at the height of Covid-19. The organisation has since employed a Stakeholder Relations resource to assist in resource mobilisation and the CSO Development Unit has also stepped up its efforts to engage a range of stakeholders in the mining, agricultural, public and private sector organisations to support CSO development. The NDA has already engaged the National Treasury for condonation of UIFW. The necessary process and criteria for condonation has been followed and a submission has been made for National Treasury's consideration. Lastly, the Turnaround Strategy will be implemented in the 2021/22 financial year, following the appointment of a service provider to lead that process. The repositioning of the NDA brand as well as inputs into the amendment of the NDA Act will be subsumed in the turnaround process.

Response to the COVID – 19 Pandemic: Performance information

Following the declaration of the national state of disaster on the 15th of March by the President Cyril Ramaphosa, occasioned by the global Covid-19 pandemic, government through the National Coronavirus Command Council enforced a 21day nationwide lockdown starting on 26 March 2020. The president impressed the importance of mobilising all state institutions in leading the fight against the pandemic and the need to have all stakeholders including every company, trade union, NGO, university, college, school, religious group and taxi association involved in the fight. In response to President's clarion call, the Minister of Social Development announced an unprecedented developmental and sustainability-enhancing social relief and social revitalisation programmes, which included:

- Intensifying efforts on programmes that target hunger through the food and nutrition distribution programmes led by the Department and SASSA;

- Upscaling existing and initiating new innovative and responsive programmes in collaboration with partnerships;

- Strengthening COVID-19 responses that targeted partnerships within private, civil society organisations including NPOs, academic-research and multilateral partners.

At the height of the virus in early March 2020, the NDA programmes were severely disrupted as the government took several measures to contain the pandemic. The measures taken under the national state of disaster included restrictions on the movement of people and goods. These curtailed the implementation of CSO development programmes as well as the economic programming usually carried out by the said organisations for community development.

In response, NDA formulated responses to the pandemic at a time when there was still a lack of information about the virus. The responses were tailored towards enhancing the partnership with civil society organisations (CSOs) where they were to recruit volunteers who would then work in communities, particularly townships and rural areas in all 52 Districts of the country.

This approach was informed by the District Development Model/Khawuleza that is purposed towards coherency and impactful government service delivery within the 44 Districts and 8 Metros around the country. A decision was taken to embed the response on the civil society organisations in line with the mandate of the National Development Agency, which is anchored on building the capacity of civil society organisations to provide projects and programmes that eradicate poverty in communities. The programme initially started with 52 CSOs that provided and managed 580 volunteers in the initial implementation of the programme in April 2020. The Board approved a budget of R1,8 million from the 2019/20 budget to fund the programme.

At a basic level, the volunteers focused mainly on COVID-19 advocacy and ways to reduce transmission of the virus, distribution of food parcels to vulnerable community members, queue management support at SASSA offices in the administration of grant payments, support of elderly and disabled persons and dissemination of COVID-19 information at hot spots as well as door-to-door within communities. At an advanced level and based on their competence, others assisted with community screening interventions, counselling for Gender-Based Violence cases and assisting people who need access to chronic medication to visit the health care facilities. R32 million of the 2020/21 approved budget reprioritised 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 for administration of the volunteers. At the end of the financial year, the budget of R32 million was fully utilised.

The volunteers reached and interacted with over 211 171 households, distributed 73 581 food parcels to vulnerable households and assisted 171 289 people to apply for the Social Relief of Distress Grant and the Department of Agriculture Disaster Relief Fund for small scale farmers. A total of 2049 volunteers were deployed across all provinces in the implementation of the Volunteer Programme.

The Supply Chain Management function procured R5,9 million worth of personal protective equipment (PPE) for staff and volunteers participating in the NDA funded volunteer programme. The PPE comprised mainly of gloves, coveralls and hand sanitisers. This was procured in compliance with the emergency procurement regulations that were implemented by National Treasury. Of the spend of R5,9 million on PPE, R1,5 million was spent on direct procurement from 23 cooperatives operating across the country, R5,2 million was procured from emerging micro-enterprises, and R2,3 million from youth-owned businesses.

As alarming increases in the levels of gender-based violence (GBV) were experienced in communities over the lockdown period, the NDA began rolling out the implementation of grant funding to CSO's participating in the CARA Programme, implementing programmes focused on the alleviation of GBV and its impact on communities. As at the end of the financial year, R46 million had been disbursed to 274 contracted CSO's participating in the programme.

The HR department focused on the development and implementation of the NDA COVID-19 Risk-Adjusted Strategy & Plan. Furthermore, the HR department represented the NDA at DSD Sector COVID-19 War Room and Sector Health & Wellness Work Stream, in support of the NDA during this time. HR ensured that measures in line with a directive issued by the Department of Employment & Labour (Previously Department of Labour) and the Department of Public Service and Administration, COVID-19 Occupational Health and Safety Measures in Workplaces are implemented.

The Risk-Adjusted Strategy & Plan developed and implemented by HR ensured that critical services were provided during Lockdown Level 5 at NDA and also ensured that NDA services were provided in an environment that adhered to health and safety. Furthermore, PPE was provided to employees at all NDA offices. Health protocols were implemented at the NDA workplace thus reducing the devastating effects of the COVID-19 pandemic. Compliance Officers were appointed in all NDA Provincial offices as well NDA Head Office to monitor the implementation of the health protocols. Staff Capacity at the offices was adjusted at various lockdown events in line with the Government COVID-19 regulations.

Performance of COVID-19 Intervention

Budget Programme	Intervention	Geographic location (Province / District / Location Municipality) where possible	No. of beneficiaries (Where possible)	Disaggregation of Beneficiaries (Where possible)	Total Budget allocation per Intervention (R'000)	Budget Spend per Intervention	Contribution to the Outputs in the APP (Where Applicable)	Immediate Outcome
R32 million	CSO Volunteer Programme	All 52 Municipal Districts	2049	R19.7 million was spent on stipend for volunteers R5.2 million was spent on Procuring PPE for staff and volunteers participating in the NDA funded volunteer programme. R7.3 million was spent as management fee for the CSOs.	R32 million	R32 million	Number of Work opportunities created as a result of CSOs development interventions	2049 Work opportunities were created

Linking performance with budgets

	2020/21			2019/20		
Programme Name	**Final Budget**	**Actual Expenditure**	**Under/(Over) spending**	**Final Budget**	**Actual Expenditure**	**Under/(Over) spending**
Governance and Administration	102 682	90 284	12 398	114,990	113,799	1 191
CSO Development	224 883	165 587	59 296	128,120	123,740	4 ,380
Research and Development	7 228	6 499	729	10,030	7,978	2 ,052
	334 793	**262 370**	**72 423**	**253,140**	**245,517**	**7,623**

2.4 Revenue Collection

	2020/2021			2019/2020		
Programme Name	**Budgeted Revenue**	**Actual Revenue**	**(Over)/ Under collection**	**Budgeted Revenue**	**Actual Revenue**	**(Over)/ Under collection**
Transfer from National Treasury	216 240	216 240	-	212,354	212 355	1
Other Income	118 553	61 223	(57 330)	40,786	28 510	(12 276)
	334 793	**277 463**	**(57 330)**	**253,140**	**240,865**	**(12 2759)**

2.5 Capital Investment

A financial management system is in place to ensure that a thorough needs analysis precedes requests for capital investment and that all requests are properly evaluated prior to a final decision 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 furniture, office equipment and computer hardware and software, which are held for administrative purposes and used over a longer period to deliver the services required of the NDA. These assets are located at decentralized office sites across the country and security measures are in place to ensure assets are safe guarded. Additional compliance and accountability controls will be implemented in the new financial year to increase the frequency of asset verification counts and to control the allocation and movement of assets in an effort to curb asset losses.

The NDA uses a computerised Asset Management System on the Microsoft Dynamics Great Plains financial management system to maintain adequate records of its assets. The asset register is updated on a monthly basis for new asset purchases, replacements and to write-off any lost or stolen assets. Assets are verified on a bi-annual basis and the results of the physical verification are reconciled in the asset register, as well as the general ledger.

At the end of each financial year an impairment assessment is carried out based on asset condition and depreciated replacement costs and useful lives of assets are re-evaluated based on asset condition. Accumulated depreciation and carrying values are adjusted for changes in estimates in accordance with GRAP accounting standards and write-offs required are also processed accordingly.

“No country can really develop unless its citizens are educated”.

- Nelson Mandela

NDA
National Development Agency

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. It is classified as a Schedule 3A entity in terms of the Public Finance Management Act, 1999 as amended and reports to the Department of Social Development. Furthermore, the entity aligns itself to the recommendations entrenched in the King IV Report on Corporate Governance. The NDA is led by a Board appointed by the Minister of Social Development in terms of Section 5 of the NDA Act. The Board is responsible for the strategic leadership, financial management and oversight of the NDA as the Accounting Authority.

The Board is fully accountable to the Minister of Social Development and reports quarterly and annually to both the Minister and the Parliamentary Portfolio Committee on Social Development (PPC). During the period under review, the Board reviewed and approved all performance and financial quarterly as well as annual reports on time without any hindrances. Through the leadership of the Board, the NDA further presented and accounted all reports to the Department and the PPC accordingly.
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3.2 Portfolio 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 the following to the PPC:

a) Annual Report 2019/20

b) Quarter 2 Performance Report 2020/21

c) Quarter 3 Performance Report 2020/21

d) Annual Performance Plan 2020/21

e) Covid-19 pandemic response measures

f) Action Plan to respond to AG Audit Findings and BRRR

g) Adjustment budget allocations 2020/21 and impact on delivery programmes

3.3 Executive Authority

The Minister 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. The following reports have been submitted to the Executive Authority.

2019/20	Documents Submitted	Due Date for submission	Date submitted by the NDA
Quarter 1	Performance and Financial Results	31 July 2020	31 July 2020
Quarter 2	Strategic Plan and MTEF	31 October 2020	31 October 2020
	Annual Report 2018/19	31 October 2020	31 October 2020
	Performance and Financial Results	31 October 2020	31 October 2020
Quarter 3	Performance and Financial Results	31 January 2021	31 January 2021
Quarter 4	Performance and Financial Results	30 April 2021	30 April 2021

3.4 Accounting Authority

The Board is the Accounting Authority of the NDA. It is appointed by the Minister of Social Development in terms of Section 5 of the National Development Agency Act, 1998 as amended. The Board adheres to the provisions of the PFMA and has fiduciary duties towards the NDA. Furthermore, the Board adheres to the Principles on Good Corporate Governance as outlined in the King IV Report and is therefore responsible for:

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

The role of the Board/Accounting Authority

In addition to the above, the Board of the NDA :

a) Holds absolute responsibility for the performance of the public entity;
b) Retains full and effective control over the public entity;
c) Has to ensure that the public entity complies with applicable laws, regulations and government policy;
d) Has unrestricted access to information of the public entity;
e) Formulates, monitors, reviews corporate strategy, major plans of action, risk policy, annual budgets and business plans;
f) Ensures that the shareholders' performance objectives are achieved;
g) Manages potential conflicts of interest;
h) Develops a clear definition of levels of materiality;
i) Must attend quarterly meetings;
j) Ensures financial statements are prepared;
k) Must appraise the performance of the Chairperson;
l) Must ensure effective Board induction;
m) Must maintain integrity, responsibility and accountability.

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, overall responsibilities and powers of the Board of the NDA. The newly reviewed and approved Board Charter and Terms of References of Committees were submitted to AGSA during the audit process of the 2020/21 financial year.

Composition of the Board

As indicated above, the Board served with just 6 members of the required eleven members. This was due to resignations and deployment of some members to other positions within the public sector. In addition to the above, the Board appointed two Independent members of the Audit and Risk Committee, who aided in ensuring proper oversight and assurance of the quarterly and annual reports of the NDA. The Board was therefore able to continue with its function and role towards the NDA despite the limited number of members. The Board has in the meantime advised the Minister on the limited number of Board members of the NDA and the Department is in the process of finalising the recruitment process of a fully constituted Board of the NDA.

Committees

The Board has established four Committees:

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

Name of Committee	No. of meetings	No. of members	Committee Members
Management and Programmes	6	4	Prof Rose September Mr. Abram Hanekom Ms. Zamandlovu Ndlovu Ms. Carmen-Joy Abrahams
Audit and Risk	11	3	Ms. Fungai Mushohwe Mr. Mochele Noge Ms. Carmen-Joy Abrahams
Human Resources and Remuneration	6	4	Mr. Abram Hanekom Mr. Tebogo Mopeloa Prof Olwethu Sipuka Prof R September
Social and Ethics*	0	1	Prof Olwethu Sipuka

*Due to the limited number of members, the Board resolved not to convene the Social and Ethics Committee and directly attend to all matters pertaining to the Committee.

The table below discloses relevant information on the Audit and Risk Committee members

Name of member	Qualifications	External or internal	Position in the NDA	Date appointed	Date resigned	Number of meetings attended
Ms. Fungai Mushohwe	Bachelor of Commerce Accounting Masters of Business Administration CA(SA)	External	Independent Audit and Risk Committee Member	1 March 2020	Still a Member	11
Mr. Mochele Noge	Bachelor of Commerce Economics Honours of Commerce in Accounting Post Graduate Diploma: tax law Post Graduate Diploma: International tax Masters of Commerce SA and International Tax) CA(SA)	External	Independent Audit and Risk Committee Member	1 March 2020	Still a Member	9
Ms. Carmen-Joy Abrahams	Bachelor of Commerce Honours of Commerce Masters of Commerce	External	Member of the Board	01 April 2019	30th of June 2021	9
Mr. Tebogo Mopeloa	BA: Public Administration Post Grad: Public Management Masters: Public Management	External	Member of the Board	01 April 2019	4th October 2020	6

Remuneration of the Board Members and Independent members of Audit and Risk Committee

Name of Member	Board fees	Other Expenses	Total
Mr. O Sipuka	162,092	-	162,092
Mr. T F Mopeloa	169,423	-	169,423
Ms. Z S Ndlovu	148,572	-	148,572
Mrs. F Mushohwe	110,546	-	110,546
Mr. M Noge	81,648	-	81,648
Mr. A Hanekom	218,864	-	218,864
	891,145	**-**	**891,145**

3.5 Risk Management

The Board of NDA has adopted the enterprise-wide risk management Framework which is in 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. 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 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 revenue 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 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 following audits were planned for the year under review:

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

The Asset Management audit, the CSO Development audit and the Human Resources audit were deferred to the 2021/22 financial year due to two ad-hoc audits that management requested the unit to perform. Areas of weaknesses that were identified during the audits are addressed by management on an ongoing basis and monitored through the audit turnaround strategy.

3.7 Compliance with laws and regulations

The NDA fell short of complying adequately with relevant laws and prescripts which led to instances of Irregular, Fruitless and Wasteful expenditure as disclosed in the AFS. The NDA has since developed a compliance checklist in line with laws and regulations, which is periodically reviewed and monitored.

3.8 Fraud and Corruption

Among 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:

The AGSA highlighted, in the Management report, the following fraud risk factors that should be addressed to ensure that sufficient measures/controls are in place to prevent material misstatement due to fraud.

- The non-compliance with SCM legislation increases the risk of fraud in procurement.
- The allegations on misappropriation of CSO funding increases the risk of fraud on disbursements made to the CSOs.

There was an allegation of misappropriation of funds allocated to the CSOs. The previous Board in its close out report resolved to:

- Report the matter of the anonymous email to the Minister
- Consider the internal audit report on CARA from the DSD
- Initiate the process of acquiring the services of a forensic investigator/fraud to investigate the allegations

The PFMA and its regulations clearly stipulate that matters such as incurring unauthorised, irregular as well as fruitless and wasteful expenditure, the possible abuse of the SCM system (including fraud and improper conduct) and allegations of financial misconduct should be investigated. Disciplinary steps should be taken based on the results of the investigations. The AGSA audits included an assessment of the entity's management of consequences. No significant findings were identified.

3.9 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 to enable the Board Members and NDA staff to facilitate recording of any interest that might impact on the NDA. 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 to minimise conflict of interest. This is done through a review of conflict of interest policy whereby initiatives such as NDA employees not doing business with the state and employees seeking permission/approval to perform work outside public service are incorporated.

3.10 Code of Conduct

The NDA Code of Conduct was developed and approved by the Board during the reporting period. The purpose of the Code is to promote exemplary conduct by assisting both the employer and employees to know and understand the minimum standards of conduct and the expected behaviour required from 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. The policy has been workshopped and distributed to all staff members to ensure that they are aware of the salient clauses on the policy and conforms their conduct to the NDA Values.

3.11 Health, Safety and Environmental Issues

The NDA has put in place effective Occupational Health and Safety (OHS) measures to ensure that there are no injuries or diseases that occur to employees in the workplace. There is an existing Occupational Health and Safety Committee in the organisation which also includes Organised Labour. The role of the committee is to ensure that the provisions of the Health and Safety Act are implemented in the organisation as well as ensuring monitoring thereof.

The NDA also has in place a Policy of Occupational Health & Safety which pronounces the NDA policy intentions on matters of health & safety in the workplace. OHS inspections were also conducted and interventions discussed and monitored by the OHS Committee. With the break of the COVID-19 pandemic that South Africa experienced in 2020/21 financial year, NDA developed a risk adjustment strategy, drawing from the Government's response to COVID-19. The NDA ensured that PPEs are procured for all staff members to ensure health and safety in the workplace. All employees were provided with two cloth masks and sanitizers for personal protection. The NDA continues to comply with the Disaster Management Act regarding each adjusted lockdown levels due to COVID-19 by practicing health and safety measures allowing employees to come to the office on a rotational basis.

Employees with comorbidities were approved to work from home following their doctor's confirmation. Employees over the age of 60 were also approved to work from home due to their vulnerability to COVID -19 pandemic. Social distancing protocols were implemented to ensure that the infections were minimal within the office. Where employees had been affected, Human Capital Management ensured swift response in closing and fumigation of offices. The OHS Committee provided monitoring measures on the implementation of the risk adjusted strategy. The NDA also reports the COVID-19 reported positive cases to the Department of Social Development on a monthly basis. Currently 27 NDA employees tested positive for COVID-19 since the beginning of the pandemic, but no fatalities have been reported and all those who were reported positive have since recovered.

The NDA continues to comply with the Compensation for Occupational Injuries and Diseases Act, No 130 of 1993, as amended, (COIDA) legislation and is in good standing. This is to ensure that in an unlikely event of an NDA employee getting involved in an accident in the workplace, they are able to leverage on those governments benefits provided for in the COIDA.

3.12 Company Secretary

During the period under review, the Board filled the vacant position of the Company Secretary on the 1st of June 2020. The Company Secretary coordinates the following on behalf of the Board:

- Annual schedule and compliance calendar.
- Overall administrative support and record keeping of all proceedings of meetings.
- Advice and guidance on corporate governance matters.

- Continuance, training on corporate governance principles
- Ensures tthat 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 to the PFMA and King IV Report on Principles of Good Corporate Governance.

3.13 Audit and Risk Committee Report

The purpose of the Audit and Risk Committee of the NDA is to provide an oversight function thereby assisting 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 operations of the Committee are governed by the Audit and Risk Committee Charter, which provides clear guidelines with regard to, amongst others, membership, authority and responsibilities.

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 adopted appropriate formal terms of reference and its Audit Committee Charter regulated its affairs in compliance with this Charter, discharging all its responsibilities as contained therein.

Evaluation of Internal Controls

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.
- 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 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 using 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.

Evaluation of the Annual Report

The Audit Committee of the Board 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.

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 internal audit plans. The Committee confirms that, during the year under review, a number of weaknesses around performance measurement were identified, and management was directed to ensure that an appropriate corrective action plan was implemented in the 2020/2021 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 Board, 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 2021.

FMushohwe

Ms F Mushohwe
Chairperson of the Audit and Risk Committee
Date: 30 September 2021

3.14 B-BBEE Compliance Performance Information

Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	*Response Yes / No*	*Discussion (include a discussion on your response and indicate what measures have been taken to comply)*
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	Not Applicable	
Developing and implementing a preferential procurement policy?	Yes	The NDA revised the SCM Policy, which included the Preferential Procurement requirements. There has been compliance also with the 2017 PPPFA Regulations issued in terms of the PPPFA Act during all four quarters of the 2020/2021 financial year.
Determining qualification criteria for the sale of state-owned enterprises?	Not Applicable	
Developing criteria for entering partnerships with the private sector?	Not Applicable	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	Not Applicable	

PART D
HUMAN RESOURCES

"For to be free is not merely to cast off ones chains, but to live in a way that respects and enhances the freedom of others".

- Nelson Mandela

NDA
National
Development
Agency

4.1 Introduction

As a function, Human Resource Management & Development has evolved from a transaction orientated to a strategic function to enable business to achieve its strategic objectives. Consistent with the NDA's posture to continue to institutionalise this strategic approach, the NDA is implementing the 5-year Human Resources Management, Development Strategy & Plan, which informs Human Resources contribution to the realisation of NDA's strategic goals and strategic objectives. In supporting business to achieve its objectives, Human Capital Management has also consciously focused on creating a sustained integrated human resources value proposition for the organisation's strategic goals and objectives by:

- Ensuring that the right skills and capacity is recruited into the organisation, especially at the coal face which is the service delivery level.
- Ensuring that employees skills and competencies are sharpened to enable them to deliver on NDA goals and objectives.
- Creating an enabling environment that supports the health and welfare of employees, amid the COVID -19 pandemic, through employee wellness programs and OHS.
- Ensuring that there is labour stability in the NDA over the short, medium to longterm through multi term salary and wage agreement.
- As the business requirements and labour laws change, the Human Resources & Development policies are continuously reviewed to ensure proper and strategic alignment.

4.2 Human Resources Oversight Statistics

The NDA has five divisions that implement both the primary and secondary mandates. These are Development Management & Research, Finance, Office of the COO, Office of the CEO, and Corporate Services Support. During the year under review, the NDA had 189 employees, which include employees on fixed term contracts within its total workforce. However, as at the 31 March 2021 the NDA had 179 employees.

Personnel cost by programme

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee (R'000)
Programme 1	90 284	47 878	18	65	737
Programme 2	165 587	69 870	27	118	592
Programme 3	6 499	5 208	2	6	868
TOTAL	**262 370**	**122 956**	**47**	**189**	**651**

Personnel cost by salary band

Level	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Top Management	9 761	8	6	1627
Senior Management	26 873	22	22	1222
Professional qualified	68 392	56	104	658
Skilled	14 208	12	34	418
Semi-skilled	1 033	1	6	172
Unskilled	2 689	2	17	158
TOTAL	**122 956**	**101**	**189**	**651**

Performance Reward

Level	Performance rewards (R'000)	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	180	9 761	0,15
Senior Management	557	26 873	0,45
Professional qualified	2 557	68 392	2,08
Skilled	678	14 208	0,55
Semi-skilled	54	1 033	0,04
Unskilled	87	2 689	0,07
TOTAL	**4 113**	**122 956**	**3,35**

NB. The above performance rewards were for the 2017/18 Financial year performance. The expenditure thereof was provisioned for in that year.

Training Costs

Programme	Personnel expenditure (R 000)	Training expenditure (R 000)	Training Expenditure as a % of Personnel Cost	No. of employees trained	Average training cost per employee (R 000)
Programme 1	47 878	119	0.10	15	7.9
Programme 2	69 870	114	0.09	66	1.7
Programme 3	5 208	0	0	2	0
TOTAL	**122 956**	**233**	**0.19**	**83**	**2.8**

The NDA is committed to creating an environment that promotes continuous learning and development to enhance employees' skills and competencies to reach their full potential and contribute to the realisation of NDA strategic objectives. The breakdown of the training expenditure includes short courses, seminars, workshops and study assistance.

A total R233 328 has been spent on learning and development interventions in 2020/21 and 83 employees took up the opportunity for learning and development. The training programme was hampered by the COVID-19 pandemic wherein the availability of relevant interventions was limited. Six (6) bursaries/study assistance were awarded to employees at the beginning of the academic year to pursue long-term studies towards the attainment of a formal qualification.

Employment and Vacancies

Programme	2019/2020 No. of employees	2020/2021 Approved posts	2020/2021 No. of employees	2020/2021 Number of contractors	2020/2021 Vacancies
Programme 1	61	66	57	1	9
Programme 2	118	120	116	0	4
Programme 3	7	7	6	0	1
TOTAL	**186**	**193**	**179**	**1**	**14**

Levels	2019/2020 No. of employees	2020/2021 Approved posts	2020/2021 No. of employees	2020/2021 Number of contractors	2020/2021 Vacancies
Top Management	6	6	5	0	1
Senior Management	20	23	21	0	2
Professional qualified	102	106	101	0	5
Skilled	38	38	32	0	6
Semi-skilled	4	4	4	1	0
Unskilled	16	16	16	0	0
TOTAL	**186**	**193**	**179**	**1**	**14**

The NDA will continue to work towards the vacancy rate of 10% through filing critical vacancies while achieving employment equity targets. The table above summarises the NDA Employment and vacancies report. The vacancy rate is low this year due to the reprioritisation done due to the Covid-19 pandemic and employee exits wherein recruitment is still underway.

The NDA is operating above the approved staff establishment and this is being addressed through ongoing process of budget reprioritisation to vacant funded posts, as per the approved NDA structure. However, where the NDA had vacant critical positions, internal arrangements were made through appointment of internal staff members on acting and secondments capacity to mitigate negative impact on service delivery.

Reasons for staff leaving

Reason	Number ofemployees	% of total no. of staff leaving
Death	0	0%
Resignation	6	3%
Dismissal	0	0%
Retirement	1	1%
Ill health	0	0%
Expiry of contract	5	3%
Other	0	0%
TOTAL	**12**	**7%**

The above table outlines the attrition trends in relation to the number of staff that left the organisation during the 2020/2021 financial year. Quarterly statistics are reported and the annual turnover rate is an average of the four quarterly statistics. As at 31 March 2021, twelve (12) employees left the organisation; the majority of them was as a result of the expiry of the fixed term contracts.

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	4
Written Warning	4
Final Written warning	2
Dismissal	0
Other (CCMA dispute)	2
TOTAL	**12**

Progressive discipline was meted out to a total of 12 employees in the employ of NDA during the financial year 2020/21. Two matters were related to insubordination, 7 were related to non-compliance with NDA policies and procedures and one was for absenteeism. One dispute of unfair labour practice was referred to CCMA and settled at Conciliation.

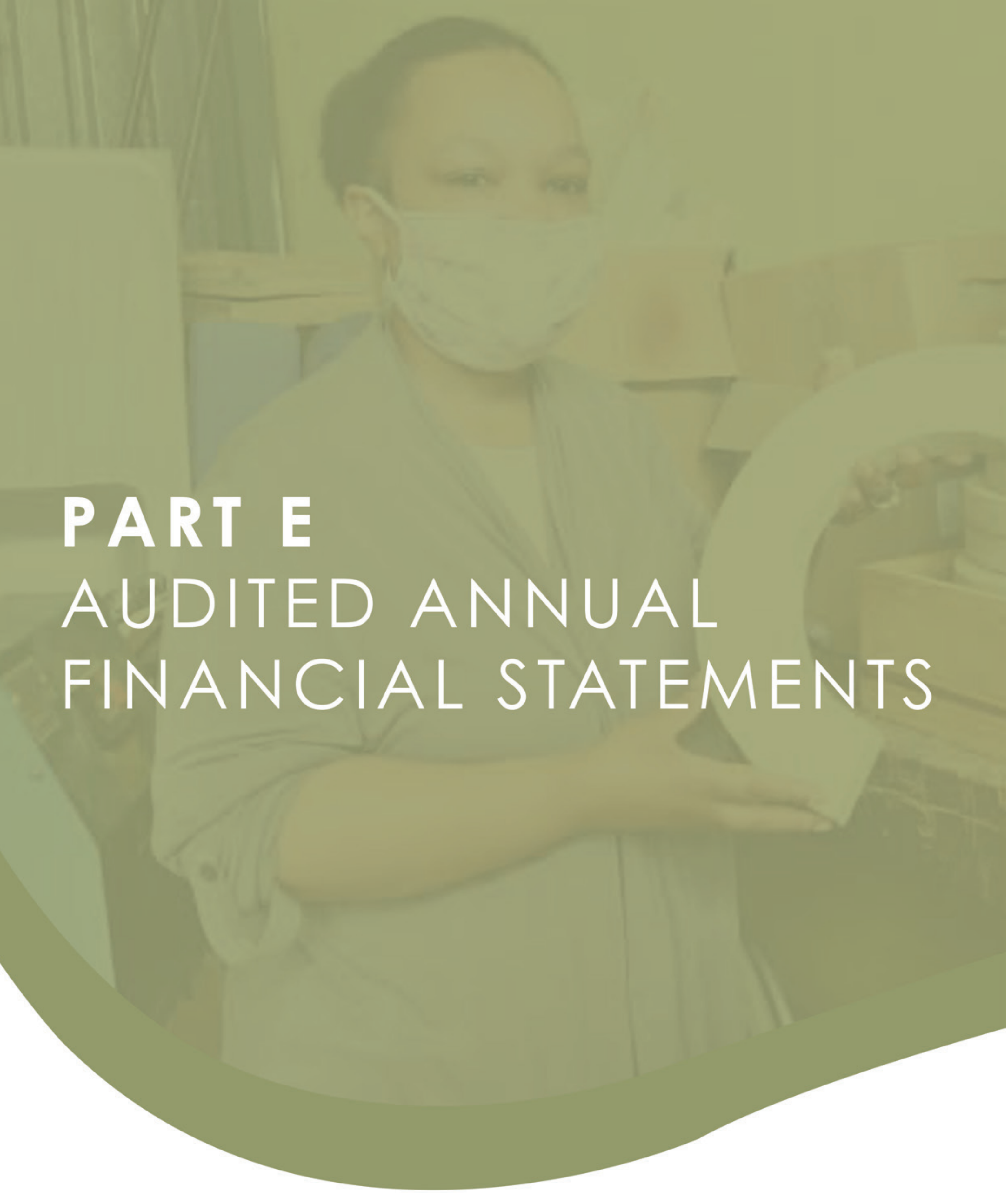
Equity Target and Employment Equity Status

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	3	0	0	2	1	0	0
Senior management	7	8	0	1	0	1	0	0
Professional qualified	60	68	1	2	0	1	0	1
Skilled	24	29	2	3	1	1	0	1
Semi-skilled	3	6	0	1	0	0	0	0
Unskilled	14	13	1	1	0	0	0	0
TOTAL	**110**	**127**	**4**	**8**	**3**	**4**	**0**	**2**

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	1	0	0	0	0	0	0
Senior management	12	12	2	2	0	0	0	0
Professional qualified	36	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	**57**	**101**	**5**	**8**	**0**	**3**	**0**	**2**

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top management	0	0	0	0
Senior management	0	0	1	1
Professional qualified	0	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 NDA's employment profile is mostly represented by females at 65%, of whom 94% are Africans. People with disability account for 2% of the entire NDA staff of which mostly is represented by females at 56% who are Africans. Although females dominate the organisation's employment statistics, there is still a need to increase women representation at senior management level to achieve the employment equity targets at that level. The targets recorded here are based on Year 3 of the NDA 5 Year EE Plan.



PART E
AUDITED ANNUAL FINANCIAL STATEMENTS

"It is what we make out of what we have, not what we are given, that separates one person from another".

- Nelson Mandela

NDA
National Development Agency

5.1 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 81 to 143, which comprise the statement of financial position as at 31 March 2021, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Development Agency as at 31 March 2021, 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 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 going concern and using the going concern 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 2021.

Programmes	Pages in the annual performance report
Programme 2 – civil society organisation development	45 – 47

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 39 to 49 for information on the achievement of planned targets for the year and management's explanations provided for the under/over-achievement 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:

Expenditure management

21. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R29 471 760, as disclosed in note 29 to the financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority (92%) of the irregular expenditure was caused by the payment of stipends to volunteers without the approval of a delegated official. The remainder was caused by non-compliance with supply chain management legislation.

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 incurrence of irregular expenditure.

28. Management did not adequately review compliance with applicable legislation to prevent irregular expenditure.

Auditor-General

Pretoria
02 September 2021

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 and 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 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 board of directors, which constitutes 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 identify during my audit.

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

5.2 Annual Financial Statements for the year ended March 31, 2021

The NDA Board is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is 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 that 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 acknowledges that it is ultimately responsible for the system of internal financial control established by the entity and places considerable importance on maintaining a strong control environment. To enable the fulfillment of these responsibilities, the NDA Board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the NDA and all employees are required to maintain the highest ethical standards in ensuring the NDA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the NDA is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the NDA endeavours to minimise it by ensuring that appropriate infrastructure, 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, 2022 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 with operations in the year ahead. As a result, the annual financial statements have been prepared on a going concern assumption.

The Board is accountable for the fiduciary governance and oversight of the NDA. The Chief Executive Officer, as the Accounting Officer of the NDA, is responsible for the financial affairs of the NDA. The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and this is supported by their report. The annual financial statements set out on pages 81 to 143, which have been prepared on the going concern assumption, were approved by the Board on 01 September 2021 and were signed on its behalf by:

Ms. Thamo Mzobe

Interim Accounting Authority

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

	NOTES	2021 R	2020 R
ASSETS			
Current Assets			
Cash and cash equivalents	3	125,563,363	51,624,407
Receivables from exchange transactions	4	1,616,977	1,861,451
Receivables from non-exchange transactions	5	139,495	449,574
		127,319,835	**53,935,432**
Non-Current Assets			
Property, plant and equipment	6	6,896,162	5,400,712
Intangible assets	7	3,538,403	3,881,176
		10,434,565	**9,281,888**
Total Assets		**137,754,400**	**63,217,320**
LIABILITIES			
Current Liabilities			
Payables from exchange transactions	9	9,852,569	6,575,121
Payables from non-exchange transactions	10	6,051,507	299,926
Provisions	11	5,916,873	5,890,711
Short-term employee benefits	12	10,467,686	10,506,358
Accrual for committed projects	13	7,165,180	9,498,532
Unutilised third party funds (deferred income)	14	64,679,801	12,627,707
		104,133,616	**45,398,355**
Total Liabilities		**104,133,616**	**45,398,355**
Net Assets		**33,620,784**	**17,818,965**
Accumulated surplus		33,620,784	17,818,965

STATEMENT OF FINANCIAL PERFORMANCE

	NOTES	2021 R	2020 R
Revenue			
Non-exchange revenue			
Transfer revenue	15	216,240,000	212,355,000
Other grants-third party funds	16	54,812,591	24,975,999
Total revenue from non-exchange transactions		**271,052,591**	**237,330,999**
Exchange revenue			
Other income	17	3,417,375	2,694,179
Finance income	18	2,993,538	839,892
Total revenue from exchange		**6,410,913**	**3,534,071**
Total revenue		**277,463,504**	**240,865,070**
Expenditure			
Mandate expenses			
Disbursements to NDA funded projects		(4,476,739)	(10,087,647)
Disbursements to third party funded projects		(46,000,000)	-
Third party funded capacity building costs	20.3	(8,812,591)	(24,918,479)
CSO development programme implementation costs	20.1	(3,052,250)	(8,738,567)
Research, monitoring and evaluation costs		(1,291,403)	(2,650,504)
NDA funded capacity building costs	20.2	(1,165,964)	(8,151,862)
Mandate staff costs		(75,078,072)	(77,171,020)
CSO volunteer program (COVID response)	22	(32,208,782)	-
Total mandate expenses		**(172,085,801)**	**(131,718,079)**
Administration expenses			
Accommodation and travel	20.4	(2,306,051)	(17,206,962)
Audit fees		(2,780,376)	(4,498,981)
Board fees	19	(891,145)	(684,436)
Consulting and professional fees	20.5	(3,104,408)	(3,942,107)

		2021	2020
Administration expenses			
Depreciation and amortization		(2,395,882)	(2,904,309)
Operating leases	20.6	(12,427,346)	(13,352,385)
Admin staff costs	20	(54,447,812)	(50,454,853)
IT communication costs		(3,244,059)	(3,985,627)
Relocation of offices		(44,613)	(1,399,977)
Impairment losses		-	(3,981)
Increase in allowance for losses		(707)	-
Loss on disposal of assets		(159,001)	(207,873)
General expenses	20.7	(8,483,507)	(15,157,156)
Total administration expenses		**(90 283 907)**	**(113 798 647)**
Total expenditure		**(262,369,708)**	**(245,516,726)**
Surplus/ (Deficit)		**15,093,796**	**(4,651,656)**

The increase in allowance for losses relates to a long outstanding debtor that was approved for write-off in the current financial year.

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus	Total net assets
	R	R
Balance at April 1, 2019	**22,470,621**	**22,470,621**
Changes in net assets		
Deficit during the year	(4,651,656)	(4,651,656)
Total changes	(4,651,656)	(4,651,656)
Opening balance as previously reported	17,818,965	17,818,965
Prior year adjustments	708,023	708,023
Balance at April 1, 2020 as restated*	**18,526,988**	**18,526,988**
Changes in net assets		
Surplus for the year	15,093,796	15,093,796
Balance at March 31, 2021	**33,620,784**	**33,620,784**

CASH FLOW STATEMENT

	NOTES	2021 R	2020 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Transfer revenue		328,543,915	238,992,253
Interest income		2,945,189	945,770
Other receipts		4,078,162	1,235,173
		335,567,266	**241,173,196**
		-	
Payments			
Employee costs		(129,077,506)	(127,001,566)
Suppliers		(44,282,010)	(103,143,277)
Funded projects		(79,121,341)	(3,159,307)
Northern Cape Provincial Department of Social Development		(3,785,645)	-
National Treasury: surplus surrender		-	(10,485,399)
Rand Water Foundation		(1,653,584)	-
		(257,920,086)	**(243,789,549)**
Net cash flows from operating activities	**23**	**77,647,180**	**(2,616,353)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(3,708,224)	(1,869,236)
Purchase of other intangible assets	7	-	(3,978,993)
Net cash flows from investing activities		**(3,708,224)**	**(5,848,229)**
Net increase/(decrease) in cash and cash equivalents		**73,938,956**	**(8,464,582)**
Cash and cash equivalents at the beginning of the year		51,624,407	60,088,989
Cash and cash equivalents at the end of the year	3	**125,563,363**	**51,624,407**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Other income	4,000,000	1,795,563	5,795,563	3,417,375	(2,378,188)	30.1
Interest received – investment	2,398,756	(553,700)	1,845,056	2,993,538	1,148,482	30.2
Total revenue from exchange transactions	**6,398,756**	**1,241,863**	**7,640,619**	**6,410,913**	**(1,229,706)**	
REVENUE FROM NON- EXCHANGE TRANSACTIONS						
TRANSFER REVENUE						
Government grants & subsidies	224,544,000	(8,304,000)	216,240,000	216,240,000		
Other grants third party funds	-	104,577,700	104,577,700	54,812,591	(49,765,109)	30.4
Transfer from accumulated funds	-	6,334,855	6,334,855	-	(6,334,855)	30.3
Total revenue from non-exchange transactions	**224,544,000**	**102,608,555**	**327,152,555**	**271,052,591**	**(56,099,964)**	
Total revenue	**230,942,756**	**103,850,418**	**334,793,174**	**277,463,504**	**(57,329,670)**	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

EXPENDITURE						
	Approved budget	**Adjustments**	**Final Budget**	**Actual amounts on comparable basis**	**Difference between final budget and actual**	**Reference**
	R	R	R	R	R	
Admin staff costs	(58,055,673)	7,390,662	(50,665,011)	(54,447,812)	(3,782,801)	**30.5**
Board meeting fees	(1,217,188)		(912,032)	(891,145)	20,887	
Depreciation and amortization	-	-	-	(2,395,882)	(2,395,882)	30.6
Operating leases	(14,217,865)	2,753,585	(11,464,280)	(12,427,346)	(963,066)	
Third party funded CSOs	-	(95,553,700)	(95,553,700)	(46,000,000)	49,553,700	30.7
NDA funded capacity building costs	(5,868,521)	4,732,584	(1,135,937)	(1,165,964)	(30,027)	
Research, monitoring and evaluation costs	(4,915,164)	3,247,745	(1,667,419)	(1,291,403)	376,016	
Third party funded capacity building	-	(9,024,000)	(9,024,000)	(8,812,591)	211,409	
NDA grant funded CSOs	(11,528,000)	3,412,213	(8,115,787)	(4,476,739)	3,639,048	30.8
CSO development programme implementation costs	(8,185,635)	(1,378,937)	(9,564,572)	(3,052,250)	6,512,322	30.9
Volunteer programme	-	(31,815,949)	(31,815,949)	(32,208,782)	392,833	
Mandate staff costs	(84,201,792)	8,968,590	(75,233,202)	(75,078,072)	155,130	
General Expenses	**(16,741,792)**	**3,917**	**(16,737,875)**	**(8,528,827)**	**8,209,048**	**30.10**
Capital expenditure	**(3,928,500)**	**(492,650)**	**(4,421,150)**	**-**	**4,421,150**	**30.11**
IT communications costs	**(3,704,700)**	**300,000**	**(3,404,700)**	**(3,244,059)**	**160,641**	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

EXPENDITURE	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Audit fees	(3,500,000)	17,455	(3,482,545)	(2,780,376)	702,169	
Consulting and professional fees	(5,637,257)	(3,516,694)	(9,153,951)	(3,104,408)	6,049,543	30.12
Accommodation and travel	(9,240,669)	6,799,605	(2,441,064)	(2,305,051)	136,013	
Total expenditure	**(230,942,756)**	**(103,850,418)**	**(334,793,174)**	**(262,210,707)**	**72,582,467**	
Operating surplus	**-**	**-**	**-**	**15,252,797**	**15,252,797**	
Loss on disposal of assets	-	-	-	(159,001)	(159,001)	
Surplus before taxation	-	-	-	15,093,796	15,093,796	


Standard Bank
09/10/2020
Lejweleputswa Victim Empowerment CSOs
One million one hundred thousand ONLY
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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 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
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

The financial statements incorporate the following principal accounting policies that are consistent with those adopted in the 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

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

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

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

1.4 Going concern assumption

These annual financial statements are prepared on the assumption that the entity will continue in operation for the foreseeable future, and will be able to meet its obligations for at least the next twelve months. The entity's current ratio of approximately 1.3:1, 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 2020/2021 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 and 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 in 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 in 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 items of property, plant and equipment used for administrative purposes, to end of useful life, after which the assets are donated. As a result, an active trading market for these assets does not exist, and the fair value of the assets is difficult to estimate. The value in use is therefore used to estimate the recoverable service amount. The NDA applies the depreciated replacement cost approach in determining value in use. The replacement cost of the asset to replace the assets gross service potential is assessed, and is then depreciated to reflect the asset in used condition. If the recoverable service amount of the asset, being its depreciated replacement cost is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

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

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

During the financial year, the NDA revised the average useful life range for furniture and fixtures, thereby increasing the maximum useful life to 20 years.

Derecognition of property, plant and equipment.

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

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

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

1.7 Intangible assets

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

An asset is identifiable if it either:

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

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

Initial recognition

An intangible asset is recognised if:

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

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

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

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

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

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

Subsequent measurement of intangible assets

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

Amortisation and impairment

The depreciable amount of an intangible asset with a finite useful life is allocated on a straight-line basis over its useful life, as amortisation. Amortisation begins when the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation ceases at the date that the asset is derecognised. The residual value of an intangible asset with a finite useful life is assumed to be zero. The amortisation charge for each period is recognised in surplus or deficit. Intangible assets are amortised on the straight-line basis over the estimated useful lives between 3-18 years. During the financial year, the NDA revised the useful life range for intangible assets, thereby increasing the maximum useful life to 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 into several operating leases for office space and office equipment. Operating lease payments are recognised as an expense in surplus or deficit on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability in the statement of financial position.

1.9 Financial instruments

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

Non- derivative financial instruments

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

(a) Cash and cash equivalents

(b) Receivables from exchange transactions

(c) Receivables from non-exchange transactions

(d) Payables from exchange transactions

(e) Payables from non-exchange transactions

Recognition and de-recognition

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

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

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

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

(a) Cash and cash equivalents

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

Cash held by the entity includes cash balances held on behalf of third parties in terms of agreements entered with 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 an other entity without directly giving approximately equal either value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

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

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

Impairment of financial instruments

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows over the expected life of the instrument, discounted at the original effective interest rate.

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

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 payments

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 from 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 settle the obligation created by the event.

A constructive obligation is an obligation that derives from the NDA's actions where:

(a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the NDA has indicated to other parties that it will accept certain responsibilities; and

(b) as a result, the NDA has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Measurement

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at reporting date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation. Provisions are not recognised for future operating 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..

Performance bonus

A provision is raised for the present obligation related to the estimated cost of performance and related payments when the NDA 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, a bonus provision is only raised if there are sufficient cash holdings to support the present obligation

1.11.2 Contingent assets

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future event not wholly within the control of the entity. 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 of 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.

An 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 of 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 are disclosed in the notes of the financial statements.

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 of the annual financial statements

1.13 Accrual for committed projects

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

1.14 Unutilised third party project funds (Deferred income)

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

1.15 Revenue from exchange transactions

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

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

The following are regarded as exchange transactions:

(a) Rendering of services

(b) 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, 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 revenue when funds are received into NDA bank accounts.

(c) Management fees

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

Recognition of management fees

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

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

(a) The amount of revenue can be measured reliably;

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

(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, with conditions attached as stipulated as per the grant funding contract. Other grants are recognised as revenue in surplus or deficit when the NDA has met the stipulations and conditions imposed by the grantor of such funds.

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 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 are 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 exempt from disclosure.

1.20 Fruitless and wasteful expenditure

In terms of section 51(1)(b)(ii) of the PFMA, accounting officers and accounting authorities must take effective and appropriate steps to prevent fruitless and wasteful expenditure. 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 be followed 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 for 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 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 authorized for issue. Adjusting events after reporting date are those that provide evidence of conditions that existed at reporting date. An entity is required to adjust amounts recognised in the financial statements that reflect adjusting events after the reporting date.

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

(a) Nature of the event

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

2 LEGAL FORM AND REGISTERED OFFICE OF THE NDA

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

The Entity's registered offices is as follows:

26 Wellington Road
Parktown Johannesburg
2193

3. CASH AND CASH EQUIVALENTS

	2021 R	2020 R
Cash and cash equivalents consist of:		
Cash on hand	21,949	29,333
Call and current accounts	84,101,375	48,850,446
Money markets accounts	41,440,039	2,744,628
	125,563,363	**51,624,407**

Cash holdings increased mainly due to the receipt of third-party funds for the project implementation. 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 R7 605 383 (2020: R5 384 560).
b) Cash balances held on behalf of third parties to the value of R64 679 801 (2020: R12 627 707).
c) Funds committed to operational expenditure to the value of R10 798 109 (2020: R9 818 661).

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Rental deposits	1,547,139	1,839,962
Interest receivables	69,838	21,489
	1,616,977	1,861,451

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Other receivables	139,145	449,574

Sundry staff debtors mainly relate to study expenses.

6. PROPERTY, PLANT AND EQUIPMENT

	2021			2020		
	Cost	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Furniture and fixtures	4,431,079	(3,389,430)	1,041,649	4,668,779	(3,230,746)	1,438,033
Motor vehicles	302,708	(227,031)	75,677	302,708	(166,489)	136,219
Office equipment	2,092,539	(1,403,306)	689,233	2,275,450	(1,270,256)	1,005,194
Computer equipment	10,778,970	(5,689,367)	5,089,603	8,780,691	(5,959,425)	2,821,266
Total	**17,605,296**	**(10,709,134)**	**6,896,162**	**16,027,628**	**(10,626,916)**	**5,400,712**

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Reinstatements	Disposals	Other changes	Depreciation	Change in estimate	Total
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**

Computer equipment increased mainly due to procurement of infrastructure for implementation of the disaster recovery site.

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Other changes	Depreciation	Change in estimate	Impairment loss	Total
Furniture and fixtures	1,849,317	279,286	(65,021)	-	(651,002)	26,574	(1,121)	1,438,033
Motor vehicles	196,760	-	-	-	(60,541)	-	-	136,219
Office equipment	1,322,772	93,881	(31,165)	(25)	(385,786)	5,517	-	1,005,194
Computer equipment	3,073,649	1,496,069	(111,687)	-	(1,964,997)	331,092	(2,860)	2,821,266
	6,442,498	**1,869,236**	**(207,873)**	**(25)**	**(3,062,326)**	**363,183**	**(3,981)**	**5,400,712**

Pledged as Security

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

Restricted title

Carrying value of property, plant and equipment does not include any assets whose title is restricted.

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

	2021			2020		
	Cost / Valuation	Accumulated amortisation	Carrying Value	Cost/Valuation	Accumulated amortisation	Carrying value
Intangible assets under development	3,978,993	(469,742)	3,509,251	3,978,993	(138,159)	3,840,834
Other software	68,525	(61,637)	6,888	68,525	(59,056)	9,469
ERP system	1,721,302	(1,699,038)	22,264	1,721,302	(1,690,429)	30,873
Total	**5,768,820**	**(2,230,417)**	**3,538,403**	**5,768,820**	**(1,887,644)**	**3,881,176**

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Change in estimate	Total
Intangible assets under development	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**

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Change in	Total
Intangible assets under development	-	3,978,993	(138,159)	-	3,840,834
Other software	23,674	-	(14,205)	-	9,469
ERP system	83,674	-	(83,674)	30,873	30,873
	107,348	**3,978,993**	**(236,038)**	**30,873**	**3,881,176**

Pledged as security

Carrying value of intangible assets does not include any assets pledged as security.

Restricted title

Carrying 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 is as follows:

	Depreciation before adjustment	Depreciation after adjustment	Effect on current year	Effect in the next 12 months	Effect on future periods
Computer equipment	791,042	225,695	565,347	181,033	684,146
Office equipment	64,668	19,711	44,957	16,883	49,405
Furniture	252,716	63,490	189,226	15,818	128,966
	1,108,426	**308,896**	**799,530**	**213,734**	**862,517**

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 R799 530

Intangible assets

In terms of GRAP 31- Intangibles, the useful lives of all assets were reviewed by management at year end. The effect of revisions is as follows:

	Amortisation before adjustment	Amortisation after adjustment	Effect on current year	Effect in the next 12 months	Effect on future periods
9.5	9,470	2,583	6,887	1,879	5,009
ERP system	30,873	8,616	22,257	8,615	13,641
	40,343	**11,199**	**29,144**	**10,494**	**18,650**

The useful lives revision of intangible assets resulted in an increase in carrying values of the intangibles and an equivalent reduction in amortisation expense of R29 144.

9. PAYABLES FROM EXCHANGE TRANSACTIONS

	2021	2020
	R	R
Trade payables	8,419,274	5,873,231
Operating lease liabilities	1,433,295	701,890
	9,852,569	**6,575,121**

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, system upgrade, as well as printing expenses.

Payables comprise mainly of amounts owing on the disaster recovery site implementation, software licenses, skills audit, insurance costs, and various operating leases.

Operating lease liability relates to the difference between 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.

Operating lease liability has increased mainly due to the head office lease, which was concluded in the last quarter of the prior financial year. The operating lease liability is higher in initial years, and reduces over the term, as the contractual costs escalate per year, thus reducing the operating lease liability as the lease nears termination.

10. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

UIF Covid-19 stipends accrual	5,848,000	-
Other creditors	62,854	91,976
Staff creditors	140,653	207,950
	6,051,507	**299,926**

11. PROVISIONS

	2021	2020
	R	R
Provision for performance bonus		
Opening balance	5,890,711	5,890,711
Performance bonus paid out	(4,113,273)	-
Provision raised	4,139,435	-
	5,916,873	**5,890,711**

12. SHORT-TERM EMPLOYEE BENEFITS

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

Leave provision		
Opening balance	9,725,885	8,327,665
Provision raised in the current year	819,992	2,288,745
Leave paid out	(882,298)	(890,525)
	9,663,579	**9,725,885**
Accrual for 13th cheque		
Opening balance	780,473	869,950
Provision raised in the year	3,257,258	3,447,914
Paid out	(3,233,624)	(3,537,391)
	804,107	**780,473**
Total short-term employee benefits	**10,467,686**	**10,506,358**

A lower leave provision was raised in the current year due to reduced annual leave balances as employees were required to utilise leave entitlements within a certain timeframe to avoid forfeiture. Additionally, staff was required to utilise annual leave during the annual shutdown period over the festive season, further lowering the accrual annual leave balances by financial year end.

13. ACCRUAL FOR COMMITTED PROJECTS

	2021	2020
	R	R
Opening balance	9,498,532	3,217,137
Approved NDA funded projects during the year	31,137,587	10,087,647
Approved third party funded projects during the year	46,000,000	-
Cash disbursed to NDA funded projects during the year	(33,348,781)	(2,686,763)
Cash disbursed to third party funded projects during the year	(46,000,000)	-
Closed projects during the year	(80,430)	(831,649)
Balances moved from accruals to commitments	(41,728)	(287,840)
	7,165,180	**9,498,532**

The accrual for committed projects comprise amounts owing to CSOs participating on the Volunteer Programme, as well as payments approved to be disbursed to Grant Funded CSOs at the end of the financial year for contractual payment conditions met, but not yet paid to these organisations by the end of the financial year.

The decrease in the accrual is primarily due to the lower number of grants awarded to CSOs in the current year, due to a reprioritisation of the budget to enable implementation of the Volunteer Programme. The approved NDA funded projects and cash disbursed to NDA funded projects includes accruals and payments made to CSOs under the volunteer programme as well as grants approved by the Board for CSO projects.

14. UNUTILISED THIRD PARTY FUNDS (DEFERRED INCOME)

	Opening balance	Received during the year	Interest received during the year	Management fee	Expenditure	Closing Balance
Name of Funder						
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	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 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 agreements entered into with funders have not yet been met at the end of the year.

During the year, the NDA received funding from DSD for implementation of the CARA project, 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, as well as refunds that were effected to Rand Water Foundation and DSD Northern Cape.

The payment of R1 850 015 under Rand Water Foundation funds includes R196 431 recouped by the NDA for training implemented. Included in receipts under Unemployment Insurance Fund, is a refund of R2 920 986 from the former service provider engaged to implement the UIF contract, related mainly to unpaid stipend payments to learners. The effect of the refund has been an equivalent decrease in the non-exchange revenue and mandate expenses recognised in the prior year, with a nill effect on the opening balance of the retained earnings. Once assessments and reconciliations relevant to this refund have 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.

UNUTILISED THIRD PARTY FUNDS- 2020

Name of Funder	Opening balance	Received during the year	Interest received during the year	Management fee	Expenditure and Funds returned	Closing Balance
DSD: Limpopo	1,935,226	3,000,000	99,171	(181,553)	(1,633,979)	3,218,865
DSD: Eastern Cape	470	-	-	-	-	470
DSD: North West	66,350	-	-	-	-	66,350
DSD: Northern Cape	3,610,826	-	174,820	-	-	3,785,646
DSD: Mpumalanga	136,670	-	-	-	-	136,670
DSD: Kwazulu Natal	714,084	-	29,417	-	-	743,501
DSD: Free State	545,402	-	33,028	-	-	578,430
South African Social Security Agency	1,614,447	-	-	-	-	1,614,447
Adopt an ECD campaign funds	32,352	-	-	-	-	32,352
Rand Water Foundation	1,721,297	-	82,914	-	-	1,804,211

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

	Nelson Mandela Children's fund	Received during the year	Interest received during the year	Management fee	Expenditure and Funds returned	Closing Balance
Gautrain Management	37,000	-	-	-	(21,750)	15,250
Anglo American (Kolomela mine)	552,329	-	-	-	-	552,329
Nelson Mandela Children's fund	-	136,706	-	-	(57,520)	79,186
Unemployment Insurance Fund	-	23,703,750	-	(441,000)	(23,262,750)	-
	10,966,453	**26,840,456**	**419,350**	**(622,553)**	**(24,975,999)**	**12,627,707**

Unutilised third party funds represent a portion of funds received 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.

15. NON-EXCHANGE REVENUE

	2021	2020
	R	R
Operating grants		
Transfer revenue	216,240,000	212,355,000

16. OTHER GRANTS- THIRD PARTY FUNDS

Other grants		
Utilised portion of conditional grant (UIF)- third party funded capacity building	5,848,000	23,262,750
Utilised portion of conditional grant (CARA)- third party funded projects (CSOs)	46,000,000	-
Utilised portion of conditional grant (Gautrain management)- third party funded capacity building	-	21,750
Utilised portion of conditional grant (DSD:Limpopo)- third party funded capacity building	2,924,591	1,633,979
Utilised portion of conditional grant (Nelson Mandela Fund)- third party funded research	-	57,520
Utilised portion of conditional grants (DSD: Mpumalanga)- third party funded capacity building	40,000	-
	54,812,591	**24,975,999**

17. OTHER INCOME

	2021	2020
	R	R
Management fees	3,062,857	622,553
Insurance refunds	84,725	154,757
Sundry Income	220,089	742,833
Recoveries from projects	49,704	1,174,036
	3,417,375	**2,694,179**

Recoveries from projects relate to funds recovered from grant funded CSOs that have been cancelled due to inactivity or to failure by CSOs to meet their contractual obligations.

18. FINANCE INCOME

Interest earned on cash balances	2,993,538	839,892

19. EXECUTIVE AND NON-EXECUTIVE MANAGEMENT REMUNERATION

Executive Remuneration 2021						
	Designation	**Appointment date**	**Termination date**	**Basic salary**	**Employer benefits contribution**	**Total**
Ms CTM 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 SL 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 Internal Auditor	November 24, 2005		1,618,504	245,524	1,864,028
Ms L Dlamini	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**
Executive Remuneration 2020						
	Designation	**Appointment date**	**Termination date**	**Basic salary**	**Employer benefits contribution**	**Total**
Ms. C T H Mzobe	Chief Executive Officer	November 1, 2016		1,801,691	459,917	2,261,608
Mr. B Magongo	Research and Development Executive	September 1, 2012		1,314,208	454,284	1,768,492
Mr. S S L Ngcobo	Corporate Services Executive	September 1, 2017		1,443,409	226,092	1,669,501
Ms. S Khumalo	Chief Operations Officer	December 1, 2008		1,218,601	338,204	1,556,805
Ms. H Mansour	Chief Internal Auditor	November 24, 2005		1,472,615	312,106	1,784,721
Mr. S S Shozi	Acting Company Secretary	March 1, 2019		144,129	-	144,129
Mr. S Shingange	Acting Chief Financial Officer	January 1, 2019	November 30, 2019	102,078	-	102,078
Ms. K Muthen	Chief Financial Officer	December 1, 2019		447,188	71,796	518,984
				7,943,919	**1,862,399**	**9,806,318**

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

Non- executive remuneration 2021			
	Appointment date	**Termination date**	**Member's fees**
Mr. O Sipuka	January 4, 2019	-	162,092
Mr. T F Mopeloa	January 4, 2019	-	169,423
Ms. Z S Ndlovu	January 4, 2019	-	148,572
Mrs. F Mushohwe	October 3, 2020	-	110,546
Mr. M Noge	October 3, 2020	-	81,648
Mr. A Hanekom	January 4, 2019	-	218,864
			891,145

Non- executive remuneration 2020			
	Appointment date	**Termination date**	**Members' fees**
Mr R.S Mokgothu	January 4, 2019	October 16, 2019	132,109
Mr. O Sipuka	January 4, 2019	-	138,786
Mr. T F Mopeloa	January 4, 2019	-	93,304
Ms. Z S Ndlovu	January 4, 2019	-	114,923
Ms. J Hermans	January 4, 2019	-	12,879
Mr. A Hanekom	January 4, 2019	-	192,435
	-	-	**684,436**

20. STAFF COSTS

Department Mandate staff costs	2021	Percentage split	2020	Percentage split
Direct mandate salaries	75,078,072	58 %	77,171,020	60 %
Administration and Governance staff costs				
Corporate services	18,406,486	14 %	18,326,501	14 %
Office of the COO	1,626,004	1 %	1,994,833	2 %
Research and development	2,917,409	2 %	3,006,268	2 %
Internal audit	6,465,404	5 %	6,623,406	5 %
Office of the CEO	8,529,381	7 %	7,530,277	6 %
Finance and supply chain	9,933,191	8 %	8,686,345	7 %
Other staff administrative costs				
Staff training costs	233,328	- %	1,265,211	1 %
Performance bonus	4,139,435	3 %	-	- %
Other staff costs related costs	2,197,174	2 %	3,022,011	3 %
	54,447,812	**42 %**	**50,454,852**	**40 %**
	129,525,884	**100 %**	**127,625,872**	**100 %**

21. ADDITIONAL DISCLOSURE NOTES ON EXPENDITURE

	2021	2020
	R	R
21.1 CSO development programme implementation costs		
Travel costs	2,554,579	5,560,022
Ministerial events	132,718	1,546,844
CSO Summit	-	446,255
ECD awards	10,000	50,590
Venue hire and catering	9,875	155,537
Stakeholder engagements	345,078	783,704
Other	-	195,615
	3,052,250	**8,738,567**

21.2 NDA funded capacity building costs		
Travel costs	613,217	2,447,154
Facilitator fees	-	83,400
Venue hire and catering	497,118	4,402,333
Training manuals	33,900	926,033
Participants transport costs	21,728	292,942
	1,165,963	**8,151,862**

21.3 Third party funded capacity building		
UIF training programme- New Venture Creation	-	23,262,750
UIF Covid-19 stipends	5,848,000	-
Venue hire and catering	2,781,177	1,610,500
Other (transport, training, stipends)	183,414	45,229
	8,812,591	**24,918,479**

21.4 Accommodation and travel		
Subsistence and travel claims	723,777	1,388,741
Accommodation	487,262	5,530,099
Airfares	535,839	6,937,306
Car rental	469,431	2,865,057
Board travel expenses	88,742	485,759
	2,305,051	**17,206,962**

	2020	2021
	R	R
21.5 Consulting and professional fees		
Legal fees	179,440	1,450,445
IT security fees	204,129	308,025
Outsourced audit services	399,600	636,306
Systems support and maintenance	215,280	240,580
Other	2,105,959	1,306,751
	3,104,408	**3,942,107**

21.6 Operating leases		
Head office rental	5,874,440	5,741,815
Copiers and printers	662,450	981,855
Other office sites	5,890,456	6,628,715
	12,427,346	**13,352,385**

21.7 General expenses		
Bank charges	69,830	70,830
Security services	99,600	173,200
Interest paid	5,567	122,277
Consumables	118,012	74,960
Offsite storage	183,546	171,276
Insurance	330,130	424,086
Postage and courier	115,714	153,481
Printing and stationery	586,797	1,026,592
Municipal charges- leased buildings	2,269,392	3,018,829
Repairs and maintenance	460,071	321,487
Software license and renewal	2,915,796	3,027,727
Staff welfare	109,758	225,601
Subscriptions and membership fees	8,529	24,456
Telephone and fax	139,514	302,964
Write off account	21,841	-
Catering	115,168	534,723
Donations and sponsorships	-	4,550
Marketing and promotions	326,434	1,894,175
District offices set-up costs	82,696	1,259,395
Travel management charges / fees	418,039	1,451,628
Seminars, workshops and conferences	107,073	874,919
	8,483,507	**15,157,156**

	2021	2020
	R	R
22. CSO VOLUNTEER PROGRAMME (COVID RESPONSE)		
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 financial year, deploying approximately 2063 volunteers, through 203 CSOs operating across all provinces, focusing mainly on Covid-19 advocacy and ways to reduce transmission of the virus, 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.

	2021	2020
	R	R
23. CASH GENERATED FROM (USED IN) OPERATIONS		
Surplus (deficit)	15,093,796	(4,651,656)
Adjustments for:		
Depreciation and amortisation	2,395,882	2,904,309
Loss on sale of assets and liabilities	159,001	207,873
Impairment deficit	-	3,981
Increase in movements in provisions	26,162	-
Adjustment to prior year earnings	707,978	1,078,889
Increase in allowance for loss	707	-
Surplus surrendered to National Treasury	-	(10,485,399)
Changes in working capital:		
Receivables from exchange transactions	244,474	(959,777)
Decrease in other receivables from non-exchange transactions	310,079	(393,352)
Payables from exchange transactions	3,277,450	134,313
Increase in payables from non-exchange	5,751,581	293,074
Unutilised third party funds (deferred income)	52,052,094	1,661,254
Decrease in short- term employee benefits	(38,672)	1,308,743
Decrease in accrual for committed projects	(2,333,352)	6,281,395
	77,647,180	**(2,616,353)**

24. COMMITMENTS		
Authorised operational expenditure		
Already contracted for but not yet incurred:		
Within one year	10,616,984	8,203,849
in the second to fifth year	181,125	1,614,812
	10,798,109	**9,818,661**
Total operational commitments		
Already contracted for but not yet incurred:	**10,798,109**	**9,818,661**

	2021	2020
	R	R

Committed project funds

At the end of the financial year, the entity had committed funds in terms of contracted funding to NPOs and CSOs, and these funds had not yet been disbursed to these organisations by the end of the financial year.

Funds committed to projects	7,605,383	5,384,560

Operating leases commitment

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

Minimum lease payments due		
- within one year	9,800,544	11,166,397
- in second to fifth year inclusive	21,825,012	31,714,786
	31,625,556	**42,881,183**

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

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

25. CONTINGENCIES

25.1. Contingent liabilities

The NDA is currently defending the following legal claims:

Uhuru Publishers

This matter is a claim for damages to the value of R3 507 000 for alleged breach of contract, for the production of a magazine that was irregularly awarded after expiry of the bid validity period, and was subsequently cancelled. On 12 February 2020, the NDA's application to review and set aside the decision to award the tender to Uhuru was granted by the High Court. On 16 March 2020, the NDA received a rescission application to have the order granted by the High Court rescinded. The NDA successfully opposed this application, and it was declared by the court that no valid or lawful agreement came into existence between the NDA and Uhuru.

Fair deal Poultry Farmers CC

This matter is a claim for damages in the amount of R199 940 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.

Pannar Seeds

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 a fixed term contracts expiring in December 2017. The Executive Committee considered a proposal from management to absorb the nine CBOs into the newly created permanent posts of Development Officers, in the revised organizational structure. A proposal for the absorption of the nine CBOs was approved by an Acting CEO, and this decision was later taken on review by the permanent CEO on resumption of her duties, and set aside. The court order to set aside the absorption is currently being challenged by the CBOs in the Labour Court, and is a matter that is pending a decision.

25. CONTINGENCIES (continued)

Unemployment Insurance Fund (UIF)

During the 2020-2021 financial year, a refund of R2 920 986 was received from the service provider appointed to implement the UIF contract on behalf of the NDA, after cancellation of the contract due to irregularities. A preliminary assessment of the refund received indicates that there are material unresolved reconciling items and amounts between the funds disbursed to the service provider to cover stipends, and the actual payments by the service provider to learners on the programme. Some of these items relate to:

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 occurances, 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.

25.2 Other Contingencies

Digitisation of CSO Development Activities Project

On 29 January 2021, the NDA Board approved the Terms of Reference (TORs) for the CSO Digitisation project. The tender for this project as subsequently advertised in February 2021, and closed in March 2021. No acceptable bids were received for this tender, resulting in the Board approving cancellation of the tender on 24 March 2021, and subsequent re-issue of the revised TORs for the project in the new financial year. The Digitisation Project tender is scheduled for re-advertisement in the 2021-2022 financial year, pending the review and revision of the TORs by an independent ICT specialist. Once awarded, the payment of the development costs associated with the project is dependent on the retention of the 2020-2021 budget for the project, as well as budget to be availed from the 2021-2022 financial year. The estimated total cost of the project could not be determined with certainty at the date of preparation of the 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 2020/2021 budget allocation to the value of R216 240 000 (2020: R212 355 000) from DSD during the year which is disclosed under Note 15, as well as R100 700 000 worth of funding from DSD for implementation of the CARA project, which is disclosed under Note 14. DSD as the lead coordinating department for the Victim Empowerment Programme, was allocated R100 million from the Criminal Assets Recovery Account (CARA) in December 2019, for the funding of CSO's and NPO's involved in rendering services to victims of gender based violence and femicide. On 25 March 2020, DSD appointed NDA as the implementing partner for two CARA projects, at a total contract value of R95 million, exclusive of an administrative fee of R5.7 million for the implementation of the contract over a 24- month period.

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 monitoring of these co-operatives by the agency.

26.3. Rand Water Foundation

Rand Water Foundation (RWF) and NDA are PFMA listed Schedule 3A national public entities as defined in the PFMA. RWF transferred funds to the NDA to the value of R1 700 000 in the 2017/2018 financial year for the purposes of providing an early childhood development centre (ECD) to an identified community in the Mpumalanga province on their behalf. At the end of the 2020/2021 financial year, the remaining funds together with interest earned, were transferred back to RWF for co-implementation of the ECD construction.

26.4. 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 Co-operatives 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 transfer 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 2020/2021 financial year, the NDA received a refund from the implementing agent amounting to R2 920 986 resulting from the cancellation of the irregular contract between the NDA and the implementing agent. NDA also received a further R8 million from UIF for the payment of Covid-19 stipends to eligible beneficiaries in attendance prior to lockdown, who could not continue with the programme due to the national lockdown in place during April-June 2020.

26.5. Board members and key management personnel

A related party relationship exists between the entity, its key management personnel and members of the Board. The Board and management did not enter into any transactions 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

26. RELATED PARTIES (continued)

Related party

	Opening balance	Receipts during the year	Expenditure	Balance	Commitment
South African Social Security Agency	1,614,447	-	-	1,614,447	-
Rand Water Foundation	1,804,211	45,804	1,850,015	-	-
Unemployment Insurance Fund	-	10,920,986	5,848,000	5,072,986	118,518,750
National Department of Social Development	-	100,700,000	48,760,000	51,940,000	-
	3,418,658	**111,666,790**	**56,458,015**	**58,627,433**	**118,518,750**

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

Credit risk

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

Exposure to credit risk

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

	2021	2020
	R	R
Cash and cash equivalents	125,563,363	51,624,407
Receivables from exchange transactions	1,616,977	1,861,451
Receivables from non-exchange transactions	139,495	449,574
	127,319,835	**53,935,432**

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

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 2021	Carrying amount	Contractual cash flow	6 months or less	6-12 months	Greater than 12 months
Trade and other payables	15,684,077	15,684,077	15,684,077	-	-
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
	87,529,058	**87,529,058**	**22,849,257**	**-**	**64,679,801**
31 March 2020	**Carrying amount**	**Contractual cash flow**	**6 months or less**	**6-12 months**	**Greater than 12 months**
Trade and other payables	6,875,048	6,875,048	6,875,048	-	-
Accrual for committed projects	9,498,532	9,498,532	9,498,532	-	-
Unutilised third party funds	12,627,707	12,627,707	-	-	12,627,707
	29,001,287	**29,001,287**	**16,373,580**	**-**	**12,627,707**

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:

	2021	2020
	R	R
Fair values		
Cash and cash equivalents	125,563,363	51,624,407
Receivables from exchange transactions	1,616,977	1,861,451
Receivables from non-exchange transactions	139,495	449,574
Payables from exchange transactions	9,852,570	6,575,120
Accrual for committed projects	(7,165,180)	(9,498,532)
Unutilised third party funds	(64,679,801)	(12,627,707)
	65,327,424	**38,384,313**

27. 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.

	2021	2020
	R	R
Opening balance	1,230,856	1,048,580
Add: Fruitless and wasteful expenditure confirmed in the current year	6,664	182,276
Less: Recoveries	(1,264)	-
Closing Balance	**1,236,256**	**1,230,856**
Analysis of fruitless and wasteful expenditure		
Fruitless and wasteful expenditure under determination- current year	5,400	182,276
Fruitless and wasteful expenditure under determination- prior years	1,230,856	1,048,580
Total fruitless and waistful expenditure	**1,236,256**	**1,230,856**
Details of fruitless and wasteful expenditure- current year		
Interest on late payments	4,803	144,853
Travel cancellations	-	37,423
Penalty on courier service cancelled late	597	-
	5,400	**182,276**

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

28. 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.

	2021	2020
	R	R
Opening balance	**145,938,150**	**106,732,730**
Add: Irregular Expenditure - current year	29,471,760	38,889,254
Add: Prior year irregular expenditure confirmed in current year	-	316,166
	175,409,910	**145,938,150**
Analysis of irregular expenditure		
Irregular expenditure under determination- current year	29,471,760	38,889,254
Irregular expenditure under determination- prior years	145,938,150	107,048,896
	175,409,910	**145,938,150**

29. IRREGULAR EXPENDITURE (continued)

Details of transgressions- current year	
Approval of tender not in accordance with approved delegations of authority for data lines.	1,182,735
Competitive bid process not followed for training of employees.	99,833
Competitive bid process not followed for insurance services.	330,130
Competitive bid process not followed for storage and records management services.	190,138
Competitive bid process not followed for office space for Gauteng office.	244,930
Competitive bid process not followed for office space for Western Cape.	281,520
Competitive bid process not followed for office space for Northern Cape.	68,392
Price charged by supplier not in line with NT regulations.	21,710
Award made before approval of one quotation	49,500
Expenditure incurred without approval.	9,612
Approval of extension of programme not in accordance with approved delegations of authority.	4,522,025
Grant funding to CSOs (Volunteer Programme) not approved by the Board in compliance with s12 of the NDA Act, and Grant Funding policy.	22,471,235
	29,471,760

The list of contraventions that comprise the carried forward balance, is under investigation by the Legal Department. On 11 November 2020, the NDA submitted to National Treasury for condonation, a consolidated list of irregular expenditure committed in prior financial years, comprising 421 transactions totalling R96,1 million. If condoned by National Treasury, these irregular transactions will be removed from the cumulative balance of IFW expenditure of R145, 9 million, (as disclosed in the 2019/2020 financial year, representing a 66% reduction of this balance. As at financial year end, these irregular transactions had not yet been condoned by National Treasury

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 taking into account the matching of expenses to income for the period as is required by the accrual basis of accounting. Non-cash expense items such as losses, depreciation, amortisation and leave provision are not budgeted for, whilst capital expense items are budgeted for. The approved budget covers the financial period from 1st of April 2020 to the 31st of March 2021. Variances in excess of 10% between the final adjusted budget and actual expenditure are considered material in amount, and are explained below.

30.1 Other income (- R 2 378 188)

The NDA does not budget for sundry income due to uncertainty in the timing and amount of receipts that comprise sundry income. The actual sundry income that is reported, relates to unplanned income that the entity received during the year, comprised mainly of management fees on funding partnerships, insurance refunds and recoveries from staff members for studies funded by the NDA that have not been satisfactorily completed.

30.2 Interest income (+ R1 148 482)

The higher than budgeted interest income is due to the higher than expected cash balances held in the NDA bank account during the financial year. The high cash balances were as a result of delayed implementation of budgeted activities due to the Covid-19 lockdown restrictions and the slow disbursements on the CARA programme.

30.3 Transfer from Accumulated Funds (+R 6 334 855)

The transfer from Accumulated funds to budget available for the 2021 financial year represents cash surplus funds that National Treasury permitted the NDA to roll over from 2019/2020 financial year, to settle various accruals, payables, provisions and committed expenditure incurred in that financial year. The expenditure related to these funds was disbursed in the 202/2021 financial year. The revenue related to these funds is not recognised in the actual Statement of Financial Performance for the 2020/2021 financial year, since it was received and recognised in the Statement of Financial Performance in the previous year.

30.4 Other grants third party funds (- R49 765 109)

The variance is attributable to the non-recognition of the amounts approved for funding to CARA CSOs which had not met the conditions for recognition in the statement of financial CSOs as at 31 March 2021 to CSOs that met all the conditions for funding.

30.5 Admin staff costs (-R3 782 801)

The overspending in admin staff costs is mainly attributable to the provision for performance bonus for the financial year 2020/2021. The provision was raised following a preliminary assessment of the cash available from the 2020/2021 allocation.

30.6 Depreciation and amortisation (- R2 395 882)

The NDA's budget is prepared on a cash basis of accounting and as a result depreciation and amortisation which are non-cash items, are not budgeted for.

30.7 Third party funded CSOs (+ R 49 553 700)

The under-spending in the third party funded projects is attributable to the delays in the implementation of the CARA programme where only R46 million was disbursed to CSOs during the financial year. The delays were mainly due to the late contracting of CSOs, and subdued monitoring activity, due to the lockdown restrictions on travelling.

30.8 NDA funded CSOs (+R 3 639 048)

The Board approved projects worth R7 892 724 in the year under review. The variance of R3, 6 million is attributable to projects approved but not contracted yet with CSOs. The amount not yet contracted has been moved to commitments, hence the variance in the actual expenditure.

30.9 CSO development implementation costs (+R 6 512 322)

The underspending is mainly attributable to the non-responsive bids received for the tender for the digitisation of the CSOs activities and the slow implementation of budgeted activities due to lockdown restrictions. The budgeted CSO mobilisations and ministerial events could not be fully implemented as budgeted for, resulting in the variance.

30.10 General expenses (+ R 8 209 048)

The under-spending is attributable to the savings from budgeted activities in areas such as IT costs, marketing and communications, municipal rates and taxes and PPE for NDA employees, as activities could not be fully implemented following the restrictions on movement due to the pandemic.

30.11 Capital expenditure (+ R4 421 150)

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 amounting to R3,7 million 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.

30.12 Consulting and professional fees (+ R6 049 543)

The under-spending is attributable to the delay in the tender process for budgeted activities such as the development of the NDA turnaround strategy, and the procurement of the risk software amongst others. The process for the awards were finalised and appointment of service providers concluded by 31 March 2021. Funds, as reported under commitments have been reserved for these awards.

Annual Report
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