



NDA

National
Development
Agency

Annual Report 2015/2016





*I have the honour of
submitting the annual
report of the National
Development Agency for
the period 1 April 2015 to
31 March 2016.*

A handwritten signature in black ink, which appears to read 'BO Dlamini'.

Ms BO Dlamini, MP
Minister of Social Development

Date of submission

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*General
Information*

PART
a

1. ***PART A - GENERAL INFORMATION***

1.1 ***Public entity's general information***

Registered name of the public entity	National Development Agency
Registration numbers and/or other relevant numbers (e.g. FSP)	Public entity established in terms of Section 2 of the National Development Agency Act, Act No 108 of 1998, as amended
Registered office address	26 Wellington Road, Parktown, 2193 Postal address: PO Box 31959 Braamfontein, 2017
Contact details	Tel: (011) 018 5500 E-mail: info@nda.org.za Website: www.nda.org.za
External auditor's information	Auditor-General of South Africa 300 Middel Street New Muckleneuk Pretoria 0181
Bankers' information	Standard Bank, BOE and FNB
Company Secretary	Mr Rakgabo Ben Makgae



1.2 Acronyms

CEO	Chief Executive Officer
CSO	Civil Society Organisation
DSD	Department of Social Development
DBE	Department of Basic Education
ECD	Early Childhood Development
ENE	Estimates of National Expenditure
GCIS	Government Communication and Information Systems
GRAP	Generally Recognised Accounting Practices
HIV	Human Immunodeficiency Virus
ICT	Information Communication Technology
KPA	Key Performance Area
KPI	Key Performance Indicator
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NDA	National Development Agency
NGO	Non-governmental Organisation
PFMA	Public Finance Management Act
PMS	Performance Management System
PMU	Programmes Management Unit
SASSA	South African Social Security Agency
SACED	South African Congress for Early Childhood Development
SLA	Service Level Agreement
TB	Tuberculosis
UIF	Unemployment Insurance Fund

1.3 Foreword by the Minister

"Overcoming poverty is not a gesture of charity. It is an act of justice. It is the protection of a fundamental human right, the right to dignity and a decent life. While poverty persists, there is no true freedom"

Nelson Mandela



Ms Bathabile Dlamini
Minister of Social Development

It is with great pleasure that I provide the foreword to the National Development Agency (NDA)'s annual report for the 2015-2016 financial year. This report brings to a close another successful year of hard work undertaken by the NDA and its staff and outlines the considerable progress it has made for the year under review as guided by the Strategic Plan.

I am also pleased to have oversight on the NDA, particularly during this crucial period as it seeks to reposition itself in order to better implement the strategic priorities outlined in the National Development Plan (Vision 2030).

A key priority for the Agency is to lead and support the effective implementation of our Government's measures to reduce poverty by working closely with civil society organisations and all key stakeholders. A number of developments that are envisioned to provide the strategic direction on the work of the NDA over the next number of years were realised. These include the new Capacity Building programme, the NDA Business Case and its repositioning which were endorsed by Minister and Members of Executive Council (MINMEC). I have no doubt that the new Board will provide impetus for the NDA to fulfil its mandate and functions.

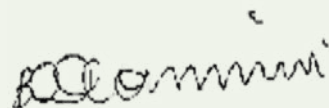
While much remains to be done to reduce the triple challenges of unemployment, poverty and inequality, the achievements of the NDA as summarised in this annual report reflect our enduring commitment to building a society free from indignity of poverty and its associated challenges. The NDA continued to thrive towards bridging the economic gap through its grant funding and capacity building initiatives aimed at civil society organisations.

During the year under review, the NDA's resource mobilisation programme, through its grant funding function mobilised resources totalling R67.3 million. This enabled the Agency to support many civil society organisations in the most deprived areas. Another key deliverable worth a mention is the annual National Early Childhood Development (ECD) Awards which seek to recognise and reward excellence to individual practitioners and organisations in the ECD sector who work tirelessly to give our children a good start for a better future. Recognising their efforts is part of our Government's commitment to universal access to ECD and making it a public good as directed by the resolutions of the ANC's 2012 elective conference in Mangaung. This commitment is further expressed in the South African Integrated Programme of Action for Early Childhood Development-Moving Ahead (2013-2017).

Through our flagship initiative, Project Mikondzo provided a relevant platform to expose the NDA brand and services to more people than ever before. In this regard, 896 households were supported by the NDA through its resource mobilisation programme. The Mikondzo approach affirms the critical role the NDA has to play in building the capacities of civil society organisations working in the most deprived and poor municipalities in South Africa.

We will finalise the appointment of the new CEO in the new financial year to guide the Agency through the repositioning process it has embarked on and to take it to the next level. I would like to express my gratitude to the former CEO, Dr Vuyelwa Nhlapo and the Board under the leadership of Mr Malose Kekana for their sterling contribution during their tenure.

I note with much appreciation the great leadership of the Acting CEO, Ms Nelisiwe Vilakazi who led the Agency and provided the much needed stability in the interim. Last but not least, I want to thank the NDA staff for their commitment and hard work as we close this chapter of our work and look forward to continue working together in tackling the challenges of the new financial year.



Ms Bo Dlamini, MP
Minister of Social Development
Republic of South Africa

1.4 Interim Accounting Authority's Report

During the year under review, the Minister of Social Development, the Honourable Mrs Bathabile Dlamini, appointed Mr Thokozani Magwaza, the Acting Director General at the Department of Social Development, as the Interim Accounting Authority of the NDA. Mr Magwaza had to assume the accounting authority responsibilities effective from 1 July 2015 until the new NDA Board was appointed and assumed its responsibilities from 1 April 2016.



Mr Thokozani Magwaza
Interim Accounting Authority

As guided by the NDA review process and the Mikondzo approach adopted by the social development sector, leading to the development of the new Business Case, the Agency underwent a process of repositioning in order to make a positive contribution to the priorities of the National Development Plan. The Agency also needed to focus its efforts towards making a meaningful contribution towards poverty eradication, employment opportunities and the reduction of inequalities in South Africa. This necessitated the revision of the NDA strategy, seeking to re-focus the programmes to be better responsive to the mandate of the Agency. This resulted in a shift towards building the capacity of civil society organisations that are at emerging stages, requiring support and skills to be productive in responding to community needs.

The NDA, through its business case, introduced the service delivery model that will see its services being decentralised to a district level through the establishment of district offices. This will increase visibility of the NDA and allow the Agency to respond quicker and more effectively when dealing with community and civil society needs.

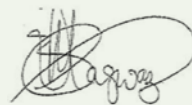
The NDA also successfully continued to partner with the provincial Departments of Social Development to broaden the frontiers for development. The Interim Accounting Authority would therefore like to thank these provincial departments for enlisting the services of the NDA's capacity building programmes to strengthen CSOs in their provinces.

During the year under review, considerable resources were devoted to grant funding and capacity building of CSOs. The NDA will, however, going forward, primarily focus on building the capacity of emerging CSOs and the CSOs that are registered with the Department of Social Development and that are not complying with the Non Profit Organisations Act (1997). However, the current funding levels of the NDA render the institution unattractive, primarily to the civil society sector and other social partners in general. It is for this reason that the NDA will continue to mobilise funding, even outside the allocated fiscus.

The NDA continued to host the South African Early Childhood Development (SAECD) Awards to empower the ECD Sector as part of the ECD campaign.

I would like to thank the previous NDA Board for their leadership and oversight during their term of office. The Minister of Social Development seconded Ms Nelisiwe Vilakazi, the Deputy Director General: Strategy & Organisational Transformation at the Department of Social Development, to act as NDA CEO until a suitable replacement has been appointed. In this regard I would like to thank Ms Vilakazi for steering the ship in the right direction while the NDA underwent the review and repositioning processes. Also, I would like to thank the previous NDA CEO, Dr Vuyelwa Nhlapo, for her stewardship over the past five years.

The work of the NDA could not be accomplished without the tireless efforts of the NDA executives and staff. I therefore wish to take this opportunity to thank the executive management and staff of the NDA, led by the acting CEO, for having embraced the reorientation of the NDA during these challenging times.



Mr Thokozani Magwaza
Interim Accounting Authority

1.5 Chief Executive Officer's Overview

The NDA continued to play a key role in contributing towards the eradication of poverty through its grant funding and capacity building initiatives within the civil society organisations, as espoused in the National Development Plan (NDP) and Outcome 13 on an inclusive and responsive social protection system. This envisages social protection as a concept that brings together several elements through which government seeks to address the multidimensional nature of poverty and inequality.



Mrs Nelisiwe Vilakazi
Acting Chief Executive Officer

During the year under review, the NDA underwent a process of repositioning in response to the outcome of the NDA review undertaken by the National Department of Social Development at the request of the National Treasury. The outcome of the review, together with the environmental scan, was used as the basis for the development of the new NDA business case, which prompted the revision of the NDA's five-year strategy.

The Agency was successful in delivering on its mandate as articulated in its 2015/16 annual performance plan, despite both the financial and human resource constraints. It is therefore my privilege to report on the successes of the NDA.

Resource mobilisation

The NDA resource mobilisation, through its grant funding function, focused on ECD, food security and income generation projects implemented by CSOs in poor communities across the nine provinces. In this regard, the NDA managed to mobilise resources to the value of R67 327 220 to support the programmes of CSOs. The resources were used to fund projects and provide capacity-

building interventions for CSOs in most deprived areas. Furthermore, the NDA funded a total of 154 CSOs working in the areas of income generation, ECD and food and nutrition security, including organisations working with households. A total of 896 households in Mikondzo areas were supported by the NDA through its resource mobilisation programme. In addition, a total of 3 321 people benefitted from CSOs and cooperatives supported by the NDA programme.

South African Early Childhood Development (SAECD) Awards

In partnership with the Department of Social Development, the Department of Basic Education, the Department of Health, UNICEF and the South African Congress for Early Childhood Development (SACECD), the National Development Agency continued to run the South African Early Childhood Development Awards. The 2015/16 financial year attracted 2 813 entries from all categories. It is important to note that the awards have an impact on the sector as demonstrated from the testimonies from practitioners who have participated in the awards.

Capacity building for CSOs

The NDA CSOs capacity-building programme was funded through the NDA allocation and partnerships with the provincial departments of Social Development. The performance results on capacity building far exceeded the targets for institutional strengthening of CSOs. The technical training aspect of the programme has seen a high number of CSO staff members completing a range of technical training such as ECD practitioners, crop and animal farming, and areas relating to sewing through the school uniform cooperatives projects.

As at 31 March 2016, 2 687 CSOs, represented by 5 044 participants, were trained. In addition, 4 947 beneficiaries were capacitated on the institutional strengthening programme, while 138 CSO staff members were enrolled in various technical programmes (ECD L4 practitioner programme, crop production, poultry production, hydroponics, ISO 9001, etc.).

Civil society mobilisation and advocacy

The NDA continuously engaged with its social partners on national development programmes and maintained sound relationships with its key stakeholders. This culminated in ten dialogues and information sharing sessions with CSOs on promoting of the National Development Plan.

Research and knowledge management

The NDA conducted research on the funding of NPOs by government departments and produced a research report titled South African Government funding for non-profit organisations: what is the investment value? This report provided new insights into the value of government funding across all national and provincial departments.

Furthermore, the Agency produced a book titled Enhancing civil society participation in the South African development agenda: the role of the civil society organisations. The book provides research information on the landscape of the civil society sector in South Africa and was produced in collaboration with research institutions such as the Human Science Research Council (HSRC) and the Cooperative for Research and Education (CORE).

Governance and administration

The NDA promoted good governance to maintain organisational excellence and sustainability as supported by the Interim Accounting Authority, and this enabled the Agency to achieve an unqualified audit by the Auditor-General. Leadership was also provided to maintain stability in the

organisation as the NDA underwent repositioning and restructuring, as informed by the review conducted by the Department of Social Development. The NDA continued to maintain sound policies and procedures that comply with all national policies and legislations governing the operation of the Agency.

Enhancing NDA visibility and brand

The NDA used various communication tools and platforms to communicate with both internal and external stakeholders. As part of repositioning, the NDA will begin to decentralise its services through the establishment of districts so that it becomes more visible and accessible in the local communities.



Mrs Nelisiwe Vilakazi
Acting Chief Executive Officer

1.6 NDA Executive Committee



Ms Nelisiwe Vilakazi
Acting Chief Executive Officer



Ms Hajra Mansour
Chief Audit Executive



Dr Anthony Boucher
**Acting Executive
Director Development
Management**



Mr Solomon Shingange
**Acting Chief Financial
Officer**



Mr Bongani Magongo
**Research and
Development Executive**



Mr Thami Ngwenya
**Acting Executive
Director: Human
Resources**



Mr Ben Makgae
Company Secretary

1.7 Statement of responsibility and confirmation of the accuracy of the annual report

To the best of our knowledge and belief, we 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.

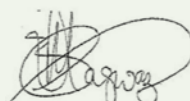
The Accounting Authority is responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements. The external auditors 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 2016.



Mrs Nelisiwe Vilakazi
Acting Chief Executive Officer

Date:



Mr Thokozani Magwaza
Interim Accounting Authority

Date:

1.8 Strategic Overview

Vision



Mission

Facilitate sustainable development by strengthening civil society organisations involved in poverty eradication through enhanced capacity building with grant funding and research.

Values

As a development agency, we subscribe to the following values, which are embedded in our performance management system:

Integrity

- We act with integrity and accept responsibility for our actions
- We conduct our activities in an accountable and transparent manner

Dignity

- We show respect for self and others
- We treat other people the way we would like to be treated

Empowerment

- We seek and realise the potential in all people
- We encourage performance and embrace a positive outlook
- We build capacity in our people to improve performance

Accountability and responsibility

- We make informed decisions collaboratively
- We honour obligations, expectations and requirements
- We adhere to processes, systems and policies
- We assume responsibility for our actions

and the consequences thereof

- We perform duties according to set standards
- We commit to enhancing personal, team and organisational performance
- We accept accountability for the outcomes of our actions

Transparency

- We include all relevant stakeholders when making decisions
- We share and communicate relevant information openly
- We conduct our activities in a transparent manner

Excellence

- We promote, recognise and reward excellent service delivery to all our stakeholders
- We show competence in what we are doing
- We continuously implement improvement strategies to provide excellent service

Partnering

- We recognise our mutual interdependence
- We promote teamwork and support one another

1.9 *Legislative Mandate*

The NDA is a public entity, listed under Schedule 3A of the Public Finance Management Act (PFMA). It was established by the National Development Agency Act, (Act No 108 of 1998, as amended), in November 1998, and reports to the Parliament of the Republic of South Africa through the Minister of Social Development.

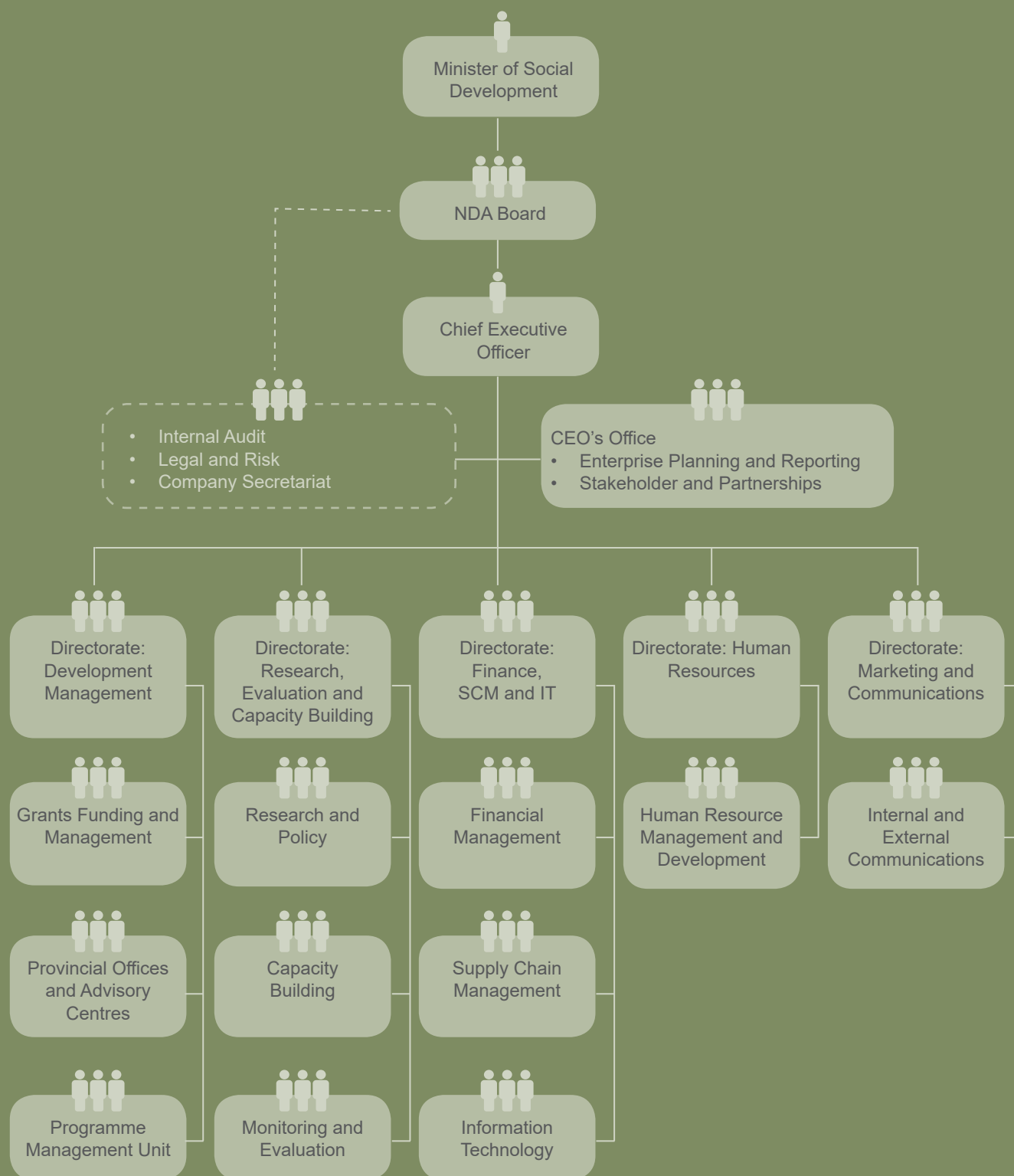
Its primary mandate is to contribute towards the eradication of poverty and its causes by granting funds to civil society organisations (CSOs) to:

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

The secondary mandate is to:

- Promote consultation, dialogue and sharing of development experience between CSOs and relevant organs of state
- Debate development policy
- Undertake research and publication aimed at providing the basis for development policy.

1.10 Organisational Structure (as at 31 March 2016)





*Performance
Information*



2. *PART B – PERFORMANCE INFORMATION*

2.1 *An overview of the service delivery environment*

During the year under review, the NDA underwent a process of repositioning in response to the outcome of its review undertaken by the Department of Social Development, at the request of the National Treasury. The repositioning process was executed alongside the implementation of programmes that the Agency had planned for the 2015/16 financial year. The end of the term of the Board and the end of the contract of the Chief Executive Officer (CEO) almost left a leadership vacuum but, the Executive Authority provided structures that ensured continuity of good governance while the process of appointing a new Board and CEO was under way.

The NDA followed a systematic repositioning process that resulted in the development of a revised NDA five-year strategy and the annual performance plan (2016/17). This process included an environmental scan that consisted of wide consultations with all stakeholders, such as government departments, civil society sector formations and the staff of the NDA, to inform the strategic shift of the Agency. It also included research on functions and the development path of the government on development policies and programmes aimed at addressing poverty, inequality and unemployment.

The outcome of the environmental scan was used as the basis for the development of the NDA business case, which was drafted and presented to the Executive Authority and National Treasury for consideration. The NDA business case was considered by both structures and this allowed the NDA to revise its five-year strategy and its 2016/17 annual performance plan (APP). Both planning documents were drafted and presented to the Executive Authority for approval and were tabled in parliament in the last quarter of the year under review.

The NDA implemented all its five programmes listed below whilst undergoing its repositioning process.

Programme 1: Resource Mobilisation for CSOs – the programme focused on creating an enabling environment for CSOs, inclusive of cooperatives, to grant funding. In addition, the programme facilitated the resource flows from the state, private sector donors and international funders to poor communities.

Programme 2: Capacity Building for CSOs - the programme focused on building the capacity of CSOs and cooperatives across the country to improve the quality of services delivered and their sustainability.

Programme 3: Civil Society Mobilisation and Advocacy – the programme focused on mobilising, facilitating and re-organising available resources to support the CSO sector. This enabled the sector to play an active and effective role by participating in national debates, influencing policy and programmes of government through active citizenry, and championing the implementation of the National Development Plan at local level.

Programme 4: Research and Knowledge Management - the programme focused on conducting research and evaluative studies that can be used to inform national policy debates and enhancement of CSOs' programmes and projects. In future, it will also produce publications and standards for effective best practice in the CSO sector.

Programme 5: Governance and Administration - The programme focused on promoting and maintaining organisational excellence and sustainability through effective and efficient administration that includes performance, employee well-being, cost containment and brand recognition.

2.2 Programme 1: Resource Mobilisation

The NDA resource mobilisation programme, through its grant funding function, focused on early childhood development (ECD), food security and income generation projects implemented by CSOs in poor communities across the nine provinces. During the year under review, the NDA had planned to support CSOs through the provision of grants to the value of R32 440 000 from the NDA-allocated budget for projects funding. However, the programme managed to mobilise resources to support CSOs' programmes to the value of R67 327 220. The resources were used to fund projects and provide capacity-building interventions for CSOs in the most deprived areas.

A total of 154 CSOs working in the areas of income generation, ECD, and food and nutrition security, including organisations working with households, were funded. A further 896 households in Mikondzo areas and 3 321 people benefitted from CSOs and cooperatives supported by the NDA through its resource mobilisation programme.

South African Early Childhood Development (SAECD) Awards

The NDA, in partnership with the Department of Social Development, the Department of Basic Education, the Department of Health, UNICEF and the South African Congress for Early Childhood Development (SACECD), continued to host the South African Early Childhood Development (SAECD) Awards. This was the second year of hosting the prestigious and profoundly essential event that celebrates the achievements of those moulding the future of South Africa's children.

The SAECD Awards are located in the South African Integrated Programme of Action for Early Childhood Development: Moving Ahead (2013/14 - 2016/17).

The awards aim to:

- Recognise excellence in the ECD sector
- Recognise innovations in ECD training methods and practice
- Recognise best practice
- Encourage the pursuit of excellence in the ECD sector.

A total of 2 813 entries were received for the following six categories:

- Best ECD Centre of the Year
- Best ECD Practitioner of the Year
- Best ECD Trainer of the Year
- Best Publication of the Year
- Best ECD Non Centre Based ECD of the Year
- Best ECD Disability Programme of the Year.

The awards have the following impact on the sector as shown in testimonies from practitioners who participated in the awards:

- The prize money has a direct impact on the individuals and organisations receiving it. It is used to improve infrastructure and facilities, as well as upgrading practitioner's qualifications
- The value of the awards increases the winner's ability to raise funds for their programme
- Most winners indicated that receiving the award has changed the way they/their organisations/ ECD centres are viewed by their peers or in the ECD sector; it gives them legitimacy to call themselves 'centres of excellence'
- The awards play a vital role in motivating stakeholders in the ECD sector to improve, since the awards are the only example of this type of recognition operating in the sector
- The awards provide a platform to showcase the work and different ECD interventions currently taking place in the sector.

2.3 *Programme 2: Capacity Building of CSOs*

The capacity building programme is designed and implemented to focus on contributing towards the eradication of poverty and its causes through providing and facilitating grant funding to civil society organisations working in poor communities. It also provides capacity building interventions to these organisations for the purposes of strengthening their organisational and technical capacities to deliver sustainable and quality services. During the period under review, the NDA focused on providing grants to organisations working in the early childhood development, income generations and food and nutrition security sectors of community development. The organisational and technical strengthening of the programme provided training and mentoring of civil society organisations to ensure that skills are enhanced for planning and implementation of their programmes and initiatives at community level.

The CSOs capacity building programme was funded through the NDA allocation and partnerships with the provincial departments of Social Development. The performance results have far exceeded the targets on institutional strengthening of CSOs. The technical training aspect of the programme has seen a high number of staff from participating CSOs completing a range of technical training such as ECD practitioners, crop and animal farming, and areas relating to sewing through the school uniform cooperatives projects. The programme also conducted assessments on the knowledge and skills acquired through practice and mentoring support provided by the NDA. This looked at institutional capacity strengthening of CSO staff and the assessment indicated an 18 per cent increase in knowledge and skills, against a target of 15 per cent during the year under review.

Civil society organisations and staff members who benefited from the programme through training, mentoring and incubation are presented statistically in the table below.

Spread of participants per province: 1 April 2015 – 30 March 2016

	Beneficiaries trained	CBOs/NPOs Receiving Capacity Building Support	People with disabilities	Racial Profile				Gender Profile	
				African	Asian	Coloureds	Whites	Others	
Eastern Cape	1979	1144	26	1810	1	155	13	0	246
Free State	326	172	15	319	0	7	0	0	48
Gauteng	508	183	21	485	5	5	13	0	154
KZN	342	178	3	338	0	3	1	0	57
Limpopo	256	137	0	256	0	0	0	0	22
Mpumalanga	413	199	14	410	0	2	1	0	58
North West	779	438	23	756	0	18	1	4	197
Northern Cape	187	67	2	120	0	67	0	0	38
Western Cape	254	169	10	142	0	110	1	1	58
Total	5 044	2 687	114	4636	6	367	30	5	878
									4 166

As at 31 March 2016, 2 687 CSOs represented by 5 044 participants were trained and are reflected in the table above. The Eastern Cape had the highest number of CSOs and participants, 1 144 and 1 979 respectively, trained, followed by North West with 438 CSOs represented by 779 participants. Although Mpumalanga is the third highest with 199 CSOs and 413 participants, Gauteng, being the fourth highest with 183 CSOs, trained more participants (508) than Mpumalanga. The Northern Cape is the lowest with 67 CSOs and 187 participants. The overwhelming majority of 4 636 participants, of a total of 5 044 who attended training, were Africans, followed by Coloureds (367) and Whites at 30. Few Asians participated in the programme; in the entire country, only six attended, five of them coming from Gauteng. 'Others' were represented by five participants. Females accounted for 4 166 of the participants, compared to 878 male counterparts. A total of 114 people with disabilities benefited from the programme. Of the 5044 beneficiaries trained, 138 CSO staff members were enrolled in various technical programmes (ECD L4 practitioner programme, crop production, poultry production, hydroponics, ISO 9001, etc). The total number of participants who benefitted from the capacity building programme was 5 044, consisting of management and staff from targeted CSOs.

Statistical spread of participants per intervention: 1 April 2015 – 30 March 2016

	Governance	Financial Management	Project Management	Conflict Management	Resource Mobilization
Beneficiaries trained	1 792	2 091	409	2 460	1 331
NPOs Receiving CB Support	846	1 001	151	1 212	714
People with disabilities	41	44	20	62	30
African	1 614	1 999	387	1 828	1 264
Asians	0	4	4	4	0
Coloureds	173	73	6	206	28
Whites	2	11	12	22	1
Others	1	4	0	1	4
Male	299	421	119	427	270
Female	1 493	1 670	290	2 033	1 061

Amongst the five interventions (Governance, Financial Management, Project Management, Conflict Management and Resource Management), Conflict Management appeared to be the most popular/common one, with 2 460 participants in attendance, followed by Financial Management, then Governance and Resource Mobilisation with 2 091, 1 792 and 1 331 respectively. Project Management was the least attended intervention of the five. Even though Conflict Management was generally the most attended intervention, a high number of Africans, who are in the majority, attended Financial Management (1 999) then Conflict Management at 1 828, followed by Governance at 1 614 and Resource Mobilisation at 1 264. Only 387 participants attended Project Management. A total of 206 Coloureds attended Conflict Management, 173 Governance, 73 Financial Management, 28 Resource Mobilisation and, lastly, 6 attended Project Management. Of the Whites who participated in the programme, 22 attended Conflict Management, 12 Project Management, 11 Financial Management, 2 Governance and only 1 attended Resource Management. With the imbalance ratio between females and males attending and benefitting from the programme, more females attended all five interventions than males.

2.4 Programme 3: Civil society mobilisation and advocacy

The Stakeholder and Partnerships function tasked with delivering on this programme continuously engaged with existing and, potential partners, through telephone and email to maintain good relationships while the organisation was busy working on the new NDA Business Case. The target of 9 consultations through dialogues and information sharing sessions with social partners on CSOs participation on national development programmes was achieved and exceeded.

The Unit also played a key role in the delivery of outstanding 12th South African ECD Annual Awards. The awards programme started at provincial level in all nine provinces, ending up at the final national awards which will be held in Cape Town in the new financial year. The unit attended and supported the national Imbizos, provincial awards in the Western Cape, Eastern Cape and KwaZulu-Natal in February and March 2016.

An agreement was signed with Sishen Iron Ore Company Community Development Trust (SIOC-cdt), a Community Development Trust and Public Benefit Organisation (PBO) set up to manage, invest and disburse funds for the benefit of the identified beneficiary communities in accordance with the guidelines as provided by the Board and prescribed by the Trust Deed. A Memorandum of Understanding was also signed with the Pietermaritzburg Community Chest that allowed the NDA to play a leading role in overseeing the construction of seven ECD Centres of Excellence and capacity building of practitioners in the Msunduzi district in KwaZulu-Natal.

2.5 Programme 4 - Research and Knowledge Management

The Research and Policy Unit conducted research on funding of NPOs by government departments and produced a research report titled *South African Government funding to non-profit organisations: what is the investment value?* This report provided new insights into the value of government funding across all national and provincial departments. The research on early childhood development with the University of Fort Hare is at a critical stage of concluding the research protocol that will be a longitudinal study, which will inform the new national ECD policy.

The Research and Policy Unit hosted three symposiums in the 2015/16 financial year:

- National Civil Society Organisations symposium, which focused on the NDA's new direction
- Early Childhood symposium on centres of excellence in ECD, in partnership with the University of Fort Hare in East London
- A symposium on the importance of nutrition in ECD services.

The unit produced 19 publications in 2015/16. These include four policy briefs on Strengthening the capacity of CSOs to enhance social accountability, Significance of innovation in ECD, Play as an effective tool for learning and The state of government funding for the NPO sector. Seven case study publications focusing on NDA-funded projects were done as part of knowledge management. Three research publications were also produced on The state of funding of CSOs in South Africa (a desktop and literature review study), a research paper on the analysis of functional CSOs in the country and, lastly, a book (*Enhancing CSO participation in the South African Development Agenda*) on CSOs that looked at the research studies conducted by the HSRC and CORE in partnership with the NDA. Forty-seven publications were copy edited in the year under review for distribution through various information dissemination platforms used by the NDA.

The Research Unit produced a book, *Enhancing civil society participation in the South African development agenda: the role of the civil society organisations*. The book provides research information on the landscape of the civil society sector in South Africa and was produced in collaboration with HSRC and CORE research institutions. Topics covered in the book are:

- The landscape of the civil society sector in South Africa
- Poverty and its manifestation in South Africa
- Challenges facing civil society organisations in South Africa
- Civil society organisations and their participation in the millennium development goals processes in South Africa
- Framework for the development of an annual state of development report
- Enhancing active citizenry engagement in South Africa
- Civil society organisations' participation in food security activities in South Africa
- Civil society participation in income generating activities in South Africa.

The book will be launched at a symposium to be organised by the NDA in collaboration with the Department of Social Development in the next financial year.

2.5.1 Monitoring and Evaluation

The Monitoring and Evaluation Unit produced an impact evaluation study conducted by the HSRC on its funded projects since 2008. The report indicated some benefits accrued by NDA-funded projects as compared to those not funded by the NDA. However, it also highlighted process challenges faced by the NDA in implementing this programme, including support and supervision, information management and payments of tranches by the NDA. In general, the NDA-funded projects were better off at the end of the funding period than before the NDA started funding them. In addition, the unit conducted 40 NDA-funded project evaluations during the period under review. The evaluation of projects by the unit assisted the NDA in assessing the quality of contributions made by the NDA through its grant funding interventions..

2.6 Programme 5: Governance and Administration

The Governance and Administration programme is a support function for ensuring that the NDA programmes are planned and implemented effectively and efficiently. The objective is to promote and maintain organisational excellence and sustainability through sound financial management systems and processes, ensuring that staff are skilled and motivated, marketing and promoting of NDA products and services, and functional and responsive information technology systems and infrastructure. In addition, the programme ensures that the Agency has sound policies and procedures that comply with all national policies and legislations governing its operation.

2.6.1 Enhancing NDA visibility and brand

The NDA used various communication tools and platforms to communicate with both internal and external stakeholders. These were in the form of media, publications, special events, electronic media platforms and participation in provincial and national community outreach programmes. These platforms afforded the NDA a platform for sharing information on government's social development sector programmes with targeted audiences and participating communities. Exhibitions were set up alongside other government departments to ensure seamless information provision to targeted communities.

Statutory publications, such as the annual report, the NDA strategy and the annual performance plans, were produced on time for tabling in parliament. Other publications produced and distributed to NDA stakeholders were the internal newsletter for staff and an external newsletter targeting CSOs and other government departments. All the external publications are available on the website for easy access.

Free publicity was also facilitated with various print, electronic and online media to profile the NDA and publicise some of its poverty-eradication projects and programmes. Various media platforms were also used to publicise the South African Early Childhood Development awards aimed at promoting excellence in the ECD sector. A total of nine provincial SA ECD awards were staged between February and March 2016.

Funded projects, mobile early childhood development libraries and advisory centres were branded to increase NDA visibility in various provinces.

In terms of internal stakeholders' engagement, a number of face-to-face and electronic media platforms were used to keep staff informed of developments within the organisation. These provided two-way communication between management and staff, and afforded the opportunity for direct and indirect feedback.

2.6.2 Enhancement and revamp of the NDA Website and Intranet

The process of revamping the NDA website and intranet was completed during the year under review. Care was taken to ensure that the design for both the intranet and website was in line with modern website trends in terms of information layout, ease of navigation, accessibility and compatibility with various electronic devices to enhance user experience. Updates were uploaded so as to keep the content fresh and relevant to the target audience. To keep up with the latest trends in communication, the NDA used Facebook, Twitter and Instagram to drive traffic to its website and reach out to audiences that do not use traditional media platforms.

2.7 *Key policy developments and legislative changes*

There have been no significant changes to the National Development Agency's legislative and other mandates. However, in the period under review, the NDA has undergone a review that was conducted by the Department of Social Development. The NDA review process has been completed and its five-year strategic plan and programmes have been redefined to align to the revised strategy.

3. Summary of Revenue/Income and Expenditure

3.1 Expenditure per programme

Programme Name	2015/16			2014/15		
	Budget R '000	Actual expenditure R '000	(Over)/Under expenditure R '000	Budget R '000	Actual expenditure R '000	(Over)/Under expenditure R '000
Resource Mobilisation for CSOs	110 481	96 901	13 580	-	-	-
Capacity Building	65 462	62 592	2 870	185 501	171 212	14 289
Resource Mobilisation	-	-	-	820	610	210
Research and Development	4 896	3 733	1 163	5 700	4 793	907
Civil Society Mobilisation and Advocacy	1 970	534	1 436	-	-	-
Administration and Support	103 138	93 024	10 114	96 040	95 847	193
	285 947	256 784	29 163	288 061	272 462	15 599

3.2 Revenue Collection

Summary of revenue recognised

Revenue	2015/16			2014/15		
	Budget R '000	Actual amount collected R '000	(Over)/Under collection R '000	Budget R '000	Actual amount collected R '000	(Over)/Under collection R '000
Transfer from National Treasury	184 381	184 381	-	178 337	178 337	-
Other Income	101 566	70 612	30 954	74 619	81 684	(7 065)
	285 947	254 993	30 954	252 956	260 021	(7 065)

4. Performance information by programme/activity/objective

4.1 Programme 1: Resource Mobilisation

The programme focused on creating an enabling environment for CSOs, inclusive of cooperatives, to grant funding. In addition, the programme facilitated the resources flow from the state, private sector donors and international funders to poor communities.

Strategic Objective: To mobilise R160m to enable CSOs/Cooperatives to implement development programmes by 2017/18						
No	Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from target to actual achievement for 2015/16	Reasons for deviations
1.	Value of resources mobilised from alternative sources in cash and in kind for supporting CSOs and cooperative programmes	R104,2m	R120m	R67,3m	(R52,7m)	The target was not met due to a decrease in funds allocated for the capacity building programme from provincial departments of Social Development.
2.	Number of civil society organisations (CSOs) and cooperatives funded through grants	New	150	154	4	The target was met and exceeded due to some ECD resource and training organisations providing services to more ECD centres as a result of savings in programme costs.
3.	Number of households supported through the Mikondzo programme	New	1 050	896	(154)	The target was not met because, in KwaZulu-Natal, funding could not be finalised for one of the projects due to some legal issues that were not resolved by the end of the financial year.

Strategic Objective: To mobilise R160m to enable CSOs/Cooperatives to implement development programmes by 2017/18						
No	Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from target to actual achievement for 2015/16	Reasons for deviations
4.	Number of beneficiaries from CSOs and cooperatives that have received grant funding	4 929	1 800	3 321	1 521	The target was met and exceeded due to resource and training organisations reaching out to more beneficiaries than planned.

4.2 Programme 2: Capacity building for CSOs

The programme focused on building capacities of CSOs and cooperatives across the country to improve the quality of service delivered and their sustainability.

Strategic Objective: To build the capacity of CSOs through training, mentorship and incubation to 13 000 CSOs by 2017/18						
No	Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from target to actual achievement for 2015/16	Reasons for deviations
1.	Number of CSOs trained, mentored and incubated	2 531	2 000	2 687	687	The target was met and exceeded due to additional funding received for CSOs' capacity building during the year.
2.	Number of staff members of CSOs trained, mentored and incubated	4 927	4 000	5 044	1 044	The target was met and exceeded due to additional funding received for CSOs' capacity building during the year.

Strategic Objective: To build the capacity of CSOs through training, mentorship and incubation to 13 000 CSOs by 2017/18						
No	Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from target to actual achievement for 2015/16	Reasons for deviations
3.	Number of CSOs capacitated in Project Mikondzo	New	600	2 002	1 402	The target was met and exceeded due to additional funding received for CSOs' capacity building during the year.

4.3 Programme 3: Civil society mobilisation and advocacy

The programme focused on mobilising, facilitating and re-organising available resources to support the CSO sector. This is aimed at enabling the sector to play an active and effective role by participating in national debates, influencing policy and programmes of government through active citizenry and championing the implementation of the National Development Plan at local level.

Strategic Objective: To promote active citizenry through consultation, dialogue and sharing of development experience between CSOs and relevant organs of state in all 52 district municipalities by 2017/18						
No	Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from target to actual achievement for 2015/16	Reasons for deviations
1.	Number of consultations with social partners on CSOs' participation in national development programmes	New	9	10	1	The target was met and exceeded due to the positive reception in most organisations approached.
2.	Number of dialogues and information sharing with CSOs on promotion of the NDP	New	10	9	(1)	The target was not met owing to the draft report not being finalised with partners at DSD Special Projects.

4.4 Programme 4 - Research and Knowledge Management

The programme focused on conducting research and evaluative studies that can be used to inform national policy debates and enhancement of CSOs' programmes and projects. It also produced publications and standards for effective best practice in the CSO sector.

Strategic Objective: To undertake four action research and policy publications that inform policy development and good practice by 2017/18					
No	Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from target to actual achievement for 2015/16
1.	Number of action research conducted	3	2	1	(1)
The target was not met. The research on ECD with the University of Fort Hare is still in the protocol development phase and will start in the new financial year.					
2.	Number of policy engagements with government and CSO sector held	New	3	3	0
The target was met.					
3.	Number of publications on research and evaluation produced	6	14	19	5
The target was met and exceeded by five reports due to the high volume of material available to produce more publications.					

4.5 Programme 5: Governance and Administration

The programme focused on promoting and maintaining organisational excellence and sustainability through effective and efficient administration that includes performance, employee wellbeing, cost containment and brand recognition.

Strategic Objective: To strengthen the institutional capacity of civil society organisations						
No	Performance indicator	Actual achievement 2014/15	Planned target 2015/16	Actual achievement 2015/16	Deviation from target to actual achievement for 2015/16	Reasons for deviations
1.	Percentage achievement of organisational targets as set in the 2015/16 Annual Performance Plan	87%	80%	73%	(7%)	The target was not met due to resource mobilisation and research studies not meeting targets and unresolved contracting with projects for supporting households
2.	Percentage of positive rating on NDA brand recognition achieved	0%	70%	95,5%	25,5%	There was more exposure of the NDA through the Mikondzo programmes of the DSD, leading to more people recognising the NDA.
3.	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	0	Target met.
4.	New NDA business plan and model finalised	New	New NDA business model	New NDA business model	0	Target met.



Report on
Governance

PART
C

5. PART C - REPORT ON GOVERNANCE

The Board of the NDA is responsible for upholding the application of corporate governance principles and adherence to the governance prescripts. The Board takes accountability for the performance of the NDA. The outgoing NDA Board was appointed for a period of three years, commencing in November 2010. The Board term was extended from November 2013 to a further period limited to the date of appointment of a new Board. However, due to some governance challenges, the NDA Board could not continue to operate. In this regard, the Minister of Social Development appointed her Acting Director General and the accounting officer of the Department of Social Development, Mr Thokozani Magwaza, as the Interim Accounting Authority of the NDA Board to assume the responsibilities of the accounting authority until a new Board has been appointed.

5.1 Portfolio Committees

The Portfolio Committee exercises oversight over the service delivery performance of public entities and, as such, reviews the non-financial information contained in the annual reports of public entities and is concerned with service delivery and enhancing economic growth. During the year under review, two meetings were held with the Portfolio Committee for presentation of the NDA Strategic Plan and the Annual Report. The Committee noted progress on implementation of the NDA mandate and its impact on its key stakeholders: civil society organisations.

5.2 Executive Authority

In terms of the PFMA, the NDA Board is the Accounting Authority. The Accounting Authority reports to the Minister of Social Development, being the Executive Authority. The accountability and performance relationship between the Board and the Minister is facilitated through a Shareholder's Agreement, implemented through submission of Quarterly Performance Reports and the Annual Report. All four quarterly performance reports were submitted to the Minister at the end of each quarter. A dashboard report, which outlines progress against financial management, governance and compliance with laws and regulations, was submitted to the Minister of Social Development to note progress by the NDA in addressing these issues. Both the Auditor-General and the Minister acknowledged a satisfactory improvement by the NDA in addressing these areas of performance.

5.3 Accounting Authority

The Board is the accounting authority (as defined in the PFMA) and, as such, the members have a collective responsibility to meet fiduciary duties outlined in the PFMA, Treasury Regulations, the Companies Act and the principles of the King III Code of Governance. The constitution and composition of the Board are governed by the National Development Agency Act No 108 of 1998, as amended. The Board composition is in compliance with the requirements of the NDA Act. During this period, the interim accounting authority, Mr Thokozani Magwaza, discharged the accounting authority responsibilities until the new NDA Board resumed board responsibilities from 1 April 2016.

It is important to note that the information on Board meetings and the related remuneration is not provided as there was no active Board during the year under review.

5.4 *The role of the Board/Accounting Authority*

In addition to the provisions of Board accountability within the above governance prescripts, and as recorded in the Board Charter, the roles and responsibilities of the Board are as follows:

- General oversight of all aspects of the business
- Determining the NDA's purpose, policies and values, and monitoring compliance with them
- Approving the NDA's strategy and monitoring its implementation
- Approving the accounting policy, financial and other controls, and any changes to them
- Approving the budget and forecasts
- Approving management initiatives, resource allocations, capital investments and divestments subject to limitations as defined in the approved delegations of authority
- Ensuring that risk management systems and procedures are in place to protect the NDA's assets and reputation
- Recommendations to the Minister of Social Development for the appointment and removal of the chief executive
- Approving the organisational structure, human resource plans, recruitment, development and succession of executive management, the assignment of executive management responsibilities and the staff compensation strategy
- Approving the audit fee
- Any matter that would have a material effect on the entity's financial position, liabilities, future strategy or reputation
- Delegation of the Board's powers
- Ensuring that the NDA complies with all relevant laws, regulations and codes of best business practice
- Reviewing financial and operating results
- Approving the annual report
- Providing counsel to the CEO and his/her team on all critical matters
- Reporting annually to the Minister of Social Development on all aspects of the NDA's performance
- Evaluating the performance of the Board and of individual Board members
- Making recommendations to the Minister regarding:
 - Remuneration of members
 - Changes to the NDA Act and the Agency Agreement.

5.5 *Board Charter*

A Board charter defines the NDA Board's oversight responsibilities. This is to be read in conjunction with the NDA Act, the PFMA, Treasury Regulations and the Board sub-committees' terms of reference. The Board also takes note of the Shareholder's Agreement between the organisation and the Minister of Social Development to monitor the performance of the NDA.

5.6 Former NDA Board

Board Members	Designation (in terms of the Public Entity Board structure)	Date appointed	Date terminated	Qualifications
Mr Malose Kekana	NDA Chairman	November 2010	30 June 2015	<ul style="list-style-type: none"> BComm, University of the Witwatersrand Executive leadership development programmes, US educational institutions
Ms Thabi Shange	NDA Deputy Chairman	November 2010	30 June 2015	<ul style="list-style-type: none"> MBA (Finance & Marketing), University of Exeter Business School, UK BA Honours (Development Studies), University of the Witwatersrand BA (Geography & History), National University of Lesotho Concurrent certificate in Education, National University of Lesotho Certificate in Governance, IoDSA
Ms Bibi Khan	Board Member	November 2010	30 June 2015	
Ms Malekgoloane Malapane	Board Member	November 2010	30 June 2015	<ul style="list-style-type: none"> MBA, University of Maryland, USA Bachelor of Accountancy, George Washington University, USA Accounts Clerk National Certificate, Kenya Polytechnic, Nairobi, Kenya
Ms Rowena Lozizwe Mdhlalose	Board Member	November 2010	30 June 2015	<ul style="list-style-type: none"> Programme in Provincial Government in Transition, University of the Witwatersrand

Board Members	Designation (in terms of the Public Entity Board structure)	Date appointed	Date terminated	Qualifications
Mr Zolile Ngcakani	Board Member	4 September 2012	30 June 2015	<ul style="list-style-type: none"> • Master of Science: Environmental Health Engineering, University of Nairobi, Kenya • Master of Science: Food and Biochemical Engineering, University of Western Ontario, Canada • Diploma in Chemical Engineering, St Petersburg Institute of Chemical Technology, Russia
Mr Peter Thabethe	Board Member	November 2010	30 June 2015	<ul style="list-style-type: none"> • Masters in Development Communication, University of Pretoria • BAgric Honours, Fort Hare University • BAgric, Fort Hare University
Ms Nokuzola Tolashe	Board Member	November 2010	30 June 2015	

The Board had three committees namely:

- Audit and Risk
- Human Resources and Remuneration
- Projects, Research and Development.

5.7 Risk Management

The National Development Agency implements an Enterprise Wide Risk Management plan and policy through the Legal and Risk Unit, wherein participatory risk assessment workshops are undertaken with provincial and national offices. The process of identification, scoring and assessment of risks is informed by an approved Risk Management Framework and Policy.

Out of these assessments, a risk register incorporating a risk strategy on identified risks, rating, mitigating controls and risk owners is compiled. In addition, the top risks of the organisation are

identified, monitored and reported quarterly. Further, risk management is strengthened through implementation of an approved Fraud Prevention Plan, Whistle Blowing Policy, Disaster Recovery Plan and Fraud Hotline. Since the internal audit coverage plan is risk centric, on compilation of the risk register, it is submitted to internal audit to inform its coverage plan. All the reports from the fraud hotline are also submitted to internal audit for investigation and follow up.

A follow up on both regulatory audit findings is also undertaken as part of the audit turnaround strategy to assess corrective action on the findings. This is reported and submitted to EXCO and the Auditor-General.

5.8 Internal Audit Unit

The internal audit activity evaluates the adequacy and effectiveness of the internal controls and recommendations for improvement and encompasses 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 risks in the NDA and, for the year under review, the following audits were undertaken:

- Review of performance information
- Review of management accounts
- Review of Annual Financial Statements for the 2014/15 financial year
- Follow-up on audit findings (external audit)
- Budgeting process
- Capacity building audit
- Capacity building audit (projects visits)
- Follow-up on Procurement
- Ad hoc audits.

5.9 Compliance with laws and regulations

The NDA continued to adhere to the compliance checklist that responds to the provisions of the PFMA, Treasury Regulations and all other relevant legislation.

5.10 Fraud and Corruption

The NDA has a Fraud Prevention Plan accessible to its internal stakeholders. This plan outlines mechanisms and procedures to be followed in detecting, reporting and mitigating against fraud. The Legal and Risk Unit is the custodian of the Fraud Prevention Plan. The plan is complemented by an approved Whistle Blowing policy that facilitates protected disclosures and guarantees the confidentiality of whistle blowers. Internal Audit is tasked to investigate and follow up on reported cases.

5.11 *Minimising Conflict of Interest*

Declaration of interest forms are distributed annually to Board Members and NDA staff to facilitate recording of any interest that might impact on the NDA. Further, in every management or Board and committee meetings, a declaration of interest form is an agenda item. Where there is an interest declared, the member would be requested to recuse him/herself when the relevant item is discussed.

5.12 *Code of Conduct*

The NDA Code of Conduct (Code) was developed and approved by the Board during the reporting period. The purpose of the code is to promote exemplary conduct by assisting both employer and employees to know and understand the minimum standards of conduct and the expected behaviour required of employees of the NDA. This code is directly linked to the NDA's Values and Ethics, which act as guidelines 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 that their activities conform to the NDA Values.

5.13 *Health, Safety and Environmental Issues*

The NDA appointed an occupational health and safety officer, and new representatives across all its offices, to deliver on the Occupational Health and Safety (OHS) policy objective. These representatives have conducted an OHS assessment and recommendations are currently being implemented to minimise and prevent work-related injuries on duty. Ongoing awareness campaigns on OHS policy and procedures have been instituted to prevent OHS-related incidents and fatalities. The results of these interventions have been satisfactory as no major OHS-related incidents and fatalities were reported

5.14 *Company Secretary*

The Company Secretary plays two pivotal roles in providing secretarial and advisory services to the Board and its committees. Further, the Company Secretary is a liaison official between management and the Board and between the Board and the Shareholder, thus giving effect to the governance protocol. The Company Secretary is a custodian of the register of Board and committee decisions, gift register and policy register.

5.15 *Social Responsibility*

During the year under review, the NDA, through its ECD Campaign, established a portal through which staff members, Board members and stakeholders made pledges to identified, needy ECDs on the database.

5.16 Audit and Risk Committee Report

The purpose of the Audit and Risk Committee of the National Development Agency is to assist the Agency in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of financial reports and statements.

These tasks are conducted in line with all applicable legal requirements and accounting standards as prescribed in the Public Finance Management Act (PFMA) No 1 of 1999, as amended. The operation of the committee is governed by the Audit and Risk Committee Charter, which provides clear guidelines with regards to membership, authority and responsibilities.

5.17 Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (1) (a) (ii) of the Public Finance Management Act no.1 of 1999 and section 27.1 of the Treasury regulations issued in terms of the Public Finance Management Act no.1 of 1999. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that the NDA has not reviewed changes in accounting policies and practices.

5.18 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 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 management and other users of such information
- 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, co-ordination 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 III 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 in the annual financial statements and the management report of the Auditor-General.

Under the guidance of the committee, Internal Audit conducted adequacy and effectiveness reviews of controls as per an approved plan. The committee notes the commitment and progress that has been made in improving the systems of internal control around the identified areas and this will continue to form an integral part of the Audit and Risk Committee agenda in the forthcoming fiscal year. Management has initiated the Audit Turnaround Strategy that monitors progress around audit findings.

The NDA has been reporting on a quarterly basis to the Department of Social Development and Treasury, as required by the PFMA.

5.19 *Evaluation of the Annual Report*

The Committee of the new 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 and the South African Standards of Generally Recognised Accounting Practices
- Reviewed the NDA's Report on Performance Information.

The monitoring of the Agency's performance is a key function of management, executive management and the Agency. The committee has no direct line responsibility for the Agency's performance measurement. However, the committee has ensured, principally through the internal audit function, that the systems of performance measurement and reporting, as well as the systems of internal control that underpin the performance management framework of the Agency, remain robust and are addressed routinely in the audit plans. The committee confirms that, during the year under review, a number of weaknesses around performance measurement were identified and management was directed to ensure that an appropriate corrective action plan is implemented in the 2016/17 fiscal year.

The committee has accepted the responsibility of ensuring adequate reporting on performance information and policies, and that the procedures are of a standard acceptable to the Agency. The committee's mandate and charter has been altered to acknowledge this responsibility. The committee has taken note of the performance information report, which compares the actual performance of the organisation to the approved business plan for the financial year, the strategic objectives, key performance indicators and targets.

5.20 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 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 contributions and the professional way in which meetings were conducted. The committee wishes to express to the Board, CEO and staff of the NDA, its sincere appreciation for the commitment and progress made this year.

We are pleased to present our report for the financial year ended 31 March 2016.



Ms Farzana Varachia
Chairperson of the Audit and Risk
Committee
Date: 25 July 2016

*Human
Resources*

PART
d

6. PART D - HUMAN RESOURCES

6.1 Introduction

The role of the Human Resource Management function assumed multiple roles in creating, delivering and sustaining the value proposition for the organisation's strategic goals and objectives. Amongst others, these roles included the provision of human resources management and administration, planning and reporting, development, performance improvement, employee wellbeing and employee relations.

To achieve the NDA strategic goals and objectives, the Human Resources directorate adopted a human capital management strategic framework based on five core pillars, namely:

- Workforce alignment and employee engagement
- Employee management and development
- Constructive workplace relationship management
- Employee health and wellbeing
- Employee engagement.

6.2 Human Resources Oversight Statistics

The NDA has seven Directorates that carry out both the primary and secondary mandates: these are Development Management, Research & Development, Marketing & Communications, Finance, Internal Audit, Human Resources and the Office of the CEO. As at 31 March 2016, the NDA had 203 employees, inclusive of Interns. The table below summarises the audited expenditure and provides an indication of the amount spent on personnel cost per programme and salary band.

6.3 Personnel cost by programme

Programme	Total expenditure for the entity R'000	Personnel expenditure R'000	Personnel expenditure as a % of total expenditure	No of employees	Average personnel cost per employee R'000
Programme1					
Resource mobilisation for civil society organisations	96 901	25 327	9.7%	89	257
Programme 2					
Capacity building for civil society organisations / cooperatives	62 592	6 477	2.4%	12	540

Programme	Total expenditure for the entity R'000	Personnel expenditure R'000	Personnel expenditure as a % of total expenditure	No of employees	Average personnel cost per employee R'000
Programme 3					
Civil society mobilisation and advocacy	534	-	0%	-	-
Programme 4					
Research and knowledge management	3 733	2 856	1,1%	4	714
Programme 5					
Administration and governance	92 874	46 741	18.2%	97	482
Total	256 634	80 172	31.2%	203	395

6.4 Personnel cost by salary band

Level	Personnel expenditure R'00	% of personnel exp. to total personnel cost	No of employees	Average personnel cost per employee R'000
Top management	5 081	6%	5	1 016
Senior management	18 075	22%	20	904
Professional qualified	38 454	48%	64	601
Skilled	12 476	16%	44	290
Semi-skilled	838	1%	3	279
Unskilled	1 608	2%	13	124
Other* (Internships)	3 640	5%	54	67
Total	80 172	100%	203	396

6.5 Performance Rewards

The NDA has an automated performance management system for setting and measuring performance objectives; these are aligned to the annual performance plan and divisional plans. Formal performance reviews are conducted bi-annually during September and March. Year-end performance ratings are the determinant of performance rewarding which is based on the approved performance management policy.

Level	Performance rewards	Personnel expenditure R'000	% of performance rewards to total personnel cost R'000
Top management	662	5 081	0,82%
Senior management	1 019	18 075	1,27%
Professional qualified	1 792	38 454	2,23%
Skilled	593	12 769	0,74%
Semi-skilled	26	838	0,03%
Unskilled	79	1 608	0,10%
Other	0	3 640	-
Total	4 171	80 172	5,18%

6.6 Training Costs

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 strategy attainment. A total of R1 672 000 has been spent on learning and development interventions in 2015/16.

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					
Resource mobilisation for civil society organisations	25 327	1 054	4%	133	8
Programme 2					
Capacity building for civil society organisations / cooperatives	6 477	152	2%	6	25
Programme 3					
Civil society mobilisation and advocacy	-	36	0%	2	18
Programme 4					
Research and knowledge management	2 856	93	3%	6	16

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 5					
Administration & Governance	47 034	337	1%	22	15
Total	80 172	1 672	2%	169	10

A total of 169 employees and interns were capacitated, of which 145 attended short courses and seminars that were facilitated by accredited training service providers. However, it should be noted that all these employees have attended more than one intervention. Twenty-three bursaries/study assistances were awarded to employees to pursue long-term studies towards the attainment of a formal qualification. A provision was also made for employees' affiliations with professional bodies to ensure that they are abreast of trends in their respective career fields. The total number of employees includes interns.

6.7 *Employment and vacancies*

The NDA will continue to work towards maintaining the vacancy rate of five per cent (5%) through filling critical vacancies while achieving employment equity targets. The table below summarises the NDA Employment and Vacancies report. It is important to note that there are 31 interns under programme 1, and three (3) interns included under programme 4. Approved posts totalled 171. During the year there were interns based at advisory centres. The NDA calculates the vacancy rate against the approved staff establishment. The total number of staff for 2015/16 was 203.

Programme	2014/15 No of employees	2015/16 Approved posts	2015/16 No of employees	2015/16 Vacancies	% of vacancies
Programme 1:					
Resource mobilisation for civil society organisations	97	75	89	-14	19%
Programme 2:					
Capacity building for civil society organisations / cooperatives	17	12	12	0	0%
Programme 3:					
Civil society mobilisation and advocacy	3	1	1	0	0%

Programme	2014/15 No of employees	2015/16 Approved posts	2015/16 No of employees	2015/16 Vacancies	% of vacancies
Programme 4: Research and knowledge management	17	3	4	-1	33%
Programme 5: Administration & governance	47	80	97	-17	21%
Total	181	171	203	-32	19%

Programme	2014/15 No of employees	2015/16 Approved posts	2015/16 No of employees	2015/16 Vacancies	% of vacancies
Top management	6	5	5	0	0%
Senior management	25	24	20	4	-17%
Professional qualified	42	56	64	-8	14%
Skilled	28	23	44	-21	91%
Semi-skilled	4	3	3	0	0%
Unskilled	11	11	13	-2	18%
Other(Internship)	27	49	54	-5	10%
Total	143	171	203	-32	19%

The NDA is operating above the approved staff establishment. However, where the NDA had vacant senior management positions, internal arrangements were made through the appointment of internal staff members on acting and secondment contracts.

6.8 *Employment changes*

The table below represents employment changes for the period under review.

Levels	Employment as at 1 April 2015	Appointments	Terminations	Employment as at 31 March 2016
Top management	5	0	3	2
Senior management	19	1	2	18
Professional qualified	63	1	3	61
Skilled	40	4	4	40
Semi-skilled	3	0	0	3
Unskilled	13	1	0	14

Levels	Employment as at 1 April 2015	Appointments	Terminations	Employment as at 31 March 2016
Other(Internship)	27	21	14	34
Total	169	28	26	171

6.9 Reasons for staff leaving

The table below outlines the attrition trends in relation to the number of staff that has left the organisation during the 2015/16 financial year. Quarterly statistics are reported, and the annual turnover rate is an average of the four, quarterly statistics.

Reason	Number	% of total no of staff leaving
Death	0	0%
Resignation	8	30%
Dismissal	1	4%
Retirement	2	8%
Ill health	0	0%
Expiry of contract	15	58%
Total	26	100%

As at 31 March 2016, 26 employees had left the organisation. The highest staff turnover, as reported above, is due to employee resignations and expiry of contracts. Of the positions that have been vacated, including interns, most have been filled.

6.9 Labour Relations: Misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	1
Written warning	2
Final written warning	0
Dismissal	1
Total	4

Four misconduct and disciplinary cases were reported, warnings issued were mostly related to non-compliance with NDA policies and procedures, and/or dereliction of duty.

6.11 Equity Target and Employment Equity Status

The tables and graphs below are based on the formats prescribed by the Employment Equity Act, 55 of 1998 and the Department of Labour. The NDA Employment Equity is profiled according to gender, disability, race, salary grade and by occupational categories. The numbers reflected in the tables below relate only to the number of employees as at 31 March 2016, staff members who left the NDA are not recorded.

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	1	0	1	1	0	0	0
Senior management	11	1	0	0	0	1	0	1
Professional qualified	36	0	2	0	0	0	0	0
Skilled	25	0	2	0	1	0	1	0
Semi-skilled	2	0	1	0	0	0	0	0
Unskilled	26	0	3	0	0	0	0	0
Total	102	2	8	1	2	1	1	1

The NDA employment profile is represented mostly by females, at 65,9%, of whom 59,8% are Africans. Although females dominate the organisation's employment statistics, there is still a need for women representation at top management level to achieve equity targets.

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	0	1	0	0	0	0	0
Senior management	13	0	1	0	0	1	0	1
Professional qualified	14	0	1	0	0	0	0	0
Skilled	5	0	0	0	0	0	0	0
Semi-skilled	1	0	0	0	0	0	0	0
Unskilled	14	0	3	0	0	0	0	0
Total	49	0	6	0	0	1	0	1

Males make up only 34,1% of total staff, with Africans comprising 29,9%. Other racial groups are not proportionally represented and there is a need to review employment equity statistics to ensure that race and gender comprise a balanced workforce and also for compliance purposes.

6.12 Staff with disabilities

The NDA continues to strive for fair representation of people with disabilities.

The table below details the NDA's disability profile at all occupational levels compared to the internal target.

Levels	Disabled staff			
	Male		Female	
	Current	Target	Current	Target
Top management	0	1	0	1
Senior management	0	0	1	0
Professional qualified	0	1	0	1
Skilled	1	0	0	0
Semi-skilled	0	0	1	0
Unskilled	0	0	0	0
TOTAL	1	2	2	2

The NDA currently has three employees with certified disabilities, translating to a 1,8 per cent target for employing people with disabilities. This is below the two percent target set by government by 0,2 per cent. This will be addressed during the 2016/17 financial year through targeting human resources practices towards persons with disabilities.



***Audited Annual
Financial Statements***

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

Report on the financial statements

Introduction

1. I have audited the financial statements of the National Development Agency set out on pages 61 to 76, which comprise the statement of financial position as at 31 March 2016, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Standards Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA), and for such internal controls 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.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Development Agency as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the standards of GRAP and the requirements of the PFMA.

Additional matter

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

Unaudited supplementary information

8. The supplementary information set out on pages 34 to 51 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

Report on other legal and regulatory requirements

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2016 :
- Programme 1: Resource Mobilisation on pages 27 to 28
 - Programme 2: Capacity Building on pages 28 to 29
11. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
12. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

13. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes material findings in respect of the selected programmes is as follows:

- Programme 1: Resource Mobilisation
- Programme 2: Capacity Building

Additional matters

14. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matters:

Achievement of planned targets

15. Refer to the annual performance report on pages 18 to 31 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

16. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of value of resources mobilised from alternative sources in cash and in other kind for supporting CSOs and cooperative programmes from programme 1 resources mobilisation. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

17. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual Financial Statements

18. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) of the Public Finance Management Act. Material misstatements of non-current current liabilities (provision for performance bonus) identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit.

Strategic planning and performance information

19. The proposed strategic plan for 2016-2020 was not submitted to the Department of Social Development for approval as required by Treasury Regulation 30.1.1.

Expenditure Management

20. Effective steps were not taken to prevent irregular expenditure and fruitless and wasteful expenditure amounting to R35 158 979 and R694 127 respectively as disclosed in notes 29 and 30 to the financial statements, as required by section 51(1)(b)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.

Procurement and Contract Management

21. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.
22. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulations 16A6.1.
23. Bid adjudication was not always done by committees which were composed in accordance with the policies of the National Development Agency, as required by Treasury Regulations 16A6.2 (a), (b) and (c).
24. The preference point system was not applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and Treasury Regulations 16A6.3(b).

Internal control

25. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. 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.

Leadership

26. The accounting authority did not exercise sufficient oversight of the compliance with Treasury Regulations 16A6.1 and 16A6.4 and Treasury Regulation 30.1.1.

Financial and performance management

27. Monitoring and review processes were not sufficient enough to ensure compliance with Treasury Regulations 16A6.1 and 16A6.4.

Auditor - General

Pretoria

30 July 2016



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Report by the Board on the Annual Financial Statements

The 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 entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was 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 Board acknowledges that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate 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 have reviewed the entity's cash flow forecast for the year to March 31 2016 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the transfer from government through the Department of Social Development for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the Department of Social Development has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2016

Although the Board is primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

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 61 to 96, which have been prepared on the going concern basis, were approved by the Board on July 27, 2016 and were signed on its behalf by:



Ms Judy Hermans
Board Chairperson
27 July 2016

Statement of Financial Position

	Note(s)	2016	2015
Assets			
Current Assets			
Receivables from exchange transactions	13	734 433	2 025 564
Receivables from non exchange transactions	14	166 782	333 712
Cash and cash equivalents	15	104 108 787	109 287 533
		105 010 002	111 646 809
Non Current Assets			
Property, plant and equipment	10	5 278 650	4 151 117
Intangible assets	11	184 091	320 280
		5 462 741	4 471 397
Total Assets		110 472 743	116 118 206
Liabilities			
Current Liabilities			
Payables from exchange transactions	16	12 301 177	7 046 845
Payables from non exchange transactions	17	16 299	2 310
Provisions	18	-	2 726 257
Short-term employee benefits	19	4 298 450	4 760 181
Accrual for committed projects	21	4 588 156	2 408 575
Unutilised third-party funds	22	34 130 526	41 753 710
		55 334 608	58 697 878
Total Liabilities		55 334 608	58 697 878
Net Assets		55 138 135	57 420 328
Accumulated surplus		55 138 135	57 420 328
Total Liabilities and Net Assets		110 472 743	116 118 206

Statement of Financial Performance

	Note(s)	2016	2015
Revenue			
Non exchange revenue			
Transfer revenue	3	184 381 000	178 337 000
Other grants	4	60 717 962	71 143 685
Total revenue from non exchange transactions		245 098 962	249 480 685
Exchange revenue			
Exchange revenue			
Other income	5	5 674 880	4 827 890
Finance income		4 218 731	5 712 120
Total revenue from exchange transactions		9 893 611	10 540 010
Total revenue		254 992 573	260 020 695
Expenditure			
Mandate expenses			
Disbursements to NDA-funded projects		(45 877 208)	(50 016 704)
Disbursements to third party funded projects		(20 370 975)	(25 772 829)
Third party funded capacity building costs		(40 472 812)	(45 370 856)
Projects and programmes direct costs		(39 793 684)	(30 973 818)
Programmes research and evaluation		(2 002 954)	(4 792 631)
NDA-funded capacity building costs		(15 241 707)	(19 689 091)
Total mandate expenses		(163 759 340)	(176 615 929)
Administration expenses			
Accommodation and travel		(7 788 922)	(5 074 038)
Audit fees		(1 370 212)	(2 771 347)
Board fees	6	(11 500)	(465 500)
Consulting and professional fees		(2 130 860)	(2 002 141)
Depreciation and amortisation		(1 450 590)	(1 311 762)
Operating leases		(11 351 294)	(11 170 871)
Staff costs	7	(56 041 568)	(57 915 201)
IT communication costs		(2 861 001)	(2 530 087)
Relocation of offices		(25 547)	(2 597 698)
Increase in allowance for loss		(52 691)	(103 458)
General expenses	8	(9 790 640)	(9 622 271)
Total administration expenses		(92 874 825)	(95 564 373)
Total expenditure		256 634 165	272 180 302
Loss on disposal of assets		(149 677)	(282 390)
Deficit for the year		(1 791 269)	(12 441 997)

Statement of Changes in Net Assets

	Accumulated surplus	Total net assets
Balance at April 1, 2014	69 862 325	69 862 325
Surplus for the year	(12 441 997)	(12 441 997)
Total changes	(12 441 997)	(12 441 997)
Opening balance as previously reported	57 420 328	57 420 328
Correction of errors	(490 924)	(490 924)
Balance at April 1, 2015 as restated*	56 929 404	56 929 404
Surplus for the year	(1 791,269)	(1 791 269)
Total changes	(1 791 269)	(1 791 269)
Balance at March 31, 2016	55 138 135	55 138 135

Cash Flow Statement

	Note(s)	2016	2015
Cash flows from operating activities			
Receipts			
Transfer revenue		237 393 188	250 063 139
Interest income		4 035 875	5 531 043
Other receipts		6 907 466	4 656 224
		248 336 529	260 250 406
Payments			
Employee costs		(89 372 046)	(78 133 141)
Suppliers		(57 010 190)	(73 259 823)
Other payments		(104 541 427)	(123 530 942)
		(250 923 663)	(274 923 906)
Net cash flows from operating activities	23	(2 587 134)	(14 673 500)
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(2 591 612)	(2 034 063)
Purchase of other intangible assets	11	-	(51 824)
Net cash flows from investing activities		(2 591 612)	(2 085 887)
Net increase/(decrease) in cash and cash equivalents		(5 178 746)	(16 759 387)
Cash and cash equivalents at the beginning of the year		109 287 533	126 046 920
Cash and cash equivalents at the end of the year	15	104 108 787	109 287 533

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	Notes
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	3 400 000	33 847 947	37 247 947	5 674 880	(31 573 067)	9.1
Finance income	3 600 000	-	3 600 000	4 218 731	618 731	9.2
Total revenue from exchange transactions	7 000 000	33 847 947	40 847 947	9 893 611	(30 954 336)	
Revenue from non exchange transactions						
Transfer revenue						
Government grants & subsidies	184 381 000	-	184 381 000	184 381 000	-	
Other grants	-	60 717 962	60 717 962	60 717 962	-	
Total revenue from non exchange transactions	184 381 000	60 717 962	245 098 962	245 098 962	-	
Total revenue	191 381 000	94 565 909	285 946 909	254 992 573	(30 954 336)	
Expenditure						
Personnel	(61 653 229)	2 000 000	(59 653 229)	(56 041 568)	3 611 661	
Board meeting fees	(721 260)	469 760	(251 500)	(11 500)	240 000	9.3
Depreciation and amortisation	-	-	-	(1 450 590)	(1 450 590)	
Lease rentals on operating lease	(11 381 334)	-	(11 381 334)	(11 351 294)	30 040	
Bad debts written off	-	-	-	(52 691)	(52 691)	
Repairs and maintenance	(891 091)	-	(891 091)	(608 673)	282 418	9.4
Mandate expenses	(87 934 148)	(96 503 187)	(184 437 335)	(163 759 340)	20 677 995	9.5

*Statement of Comparison of Budget and Actual Amounts - (Continued)***Budget on Cash Basis**

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Notes
General expenses	(9 847 063)	(1 837 158)	(11 684 221)	(9 207 514)	2 476 707	9.6
Capital expenditure	(5 539 800)	1 348 554	(4 191 246)	-	4 191 246	9.7
IT communications costs	(2 703 236)	-	(2 703 236)	(2 861 001)	(157 765)	
Audit fees	(2 450 000)	884 992	(1 565 008)	(1 370 212)	194 796	
Consulting and professional fees	(2 251 500)	451 500	(1 800 000)	(2 130 860)	(330 860)	
Accommodation and travel	(6 008 339)	(1 380 370)	(7 388 709)	(7 788 922)	(400 213)	
Total expenditure	(191 381 000)	(94 565 909)	(285 946 909)	(256 634 165)	29 312 744	
Operating deficit	-	-	-	(1 641 592)	(1 641 592)	
Loss on disposal of assets and liabilities	-	-	-	(149 677)	(149 677)	
Deficit before taxation	-	-	-	(1 791 269)	(1 791 269)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	(1 791 269)	(1 791 269)	

The actual expenditure relating to the budget for capital expenditure is reported in the statement of financial position, hence the variance.

Accounting Policies

1. *Basis of preparation*

The financial statements have been prepared in accordance with the South African standards of GRAP. The financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The financial statements encompass reporting as specified by the PFMA.

The following Standards of GRAP have been issued by the Accounting Standards Board, but were not effective at reporting date and were considered in the development of applicable accounting policies:

- GRAP 20 – Related party disclosure
- GRAP 32 – Service concession arrangements: Grantor
- GRAP 108 – Statutory receivables.

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 17 – Property, plant and equipment
- GRAP 19 – Provisions, contingent liabilities and contingent assets
- GRAP 23 – Revenue from non exchange transactions
- GRAP 24 – Presentation of budget information
- GRAP 25 – Employee Benefits
- GRAP 31 – Intangible assets

The cash flow statement can only be prepared in accordance with the direct method in accordance with GRAP 1.

The amount and nature of any restrictions on cash balances have been disclosed in note 15.

Specific information, such as the following, must be presented separately on the statement of financial position in accordance with GRAP 1:

- Receivables from non exchange transactions, including taxes and transfers
- Taxes and transfers payable
- Trade and other payables from exchange transactions.

The financial statements incorporate the principal accounting policies set out below, which are consistent with those adopted in the previous financial year.

Accounting Policies (continued)

1.1 Presentation currency

These financial statements are presented in South African rand, which is the entity's functional currency. All financial information presented in South African rand has been rounded off to the nearest rand.

1.2 Mandate expenditure

Mandate expenditure represents expenditure that is directly related to carrying out the primary and secondary mandate of the entity as instructed by the founding NDA Act No108 of 1998. Mandate expenses are recognised in surplus or deficit when expenditure has been incurred and a decrease in economic benefits is expected in the form of outflows other than those relating to distribution to owners.

1.2.1 Disbursements to funded projects

Disbursements to funded projects represents cash paid to funded projects in terms of the funding contracts entered into with non profit organisations and civil society organisations. Disbursements are recognised when the actual cash is paid to a project or when all requirements for the payment to a project have been met and the payment has been approved at the end of the financial year.

1.2.2 Capacity building costs

Capacity building costs represent expenditure incurred by the Agency in carrying out its primary mandate of strengthening the institutional capacity of civil society organisations. The expenditure is recognised when goods have been delivered or services have been rendered at the end of the financial year.

1.3 Offsetting

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a standard.

1.4 Committed project funds

Committed project funds represent funds committed in terms of contracted funding to NPOs and CSOs that have not yet been disbursed to these organisations by the end of the financial year.

1.5 Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the supply of goods or services, or for administrative purposes, and are expected to be used for more than one period.

Initial recognition and measurement

Property, plant and equipment are initially recognised at cost.

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Costs include expenditure incurred initially to acquire or construct an item of property, plant and equipment, and costs subsequently incurred to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Accounting Policies (continued)

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

Subsequent costs

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits from the use of the asset will flow to the entity. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation

Depreciation is charged on the straight line basis over the estimated useful lives of the assets. The depreciation charge of each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The useful lives of property, plant and equipment have been revised as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 -13 years
Office equipment	Straight line	6 -10 years
Computer equipment	Straight line	3 -10 years

The useful lives, depreciation methods and the residual values are reviewed on an annual basis at the end of the financial year.

The cost of day to day servicing of property, plant and equipment are recognised in the statement of financial performance as they are incurred.

1.6 Intangible assets**Initial recognition and measurement**

Intangible assets are initially recognised at cost.

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses initially recognised as soon as the acquisition item is available for use by the entity.

Intangible assets are recognised when it is probable that future economic benefits specifically attributed to the assets will flow to the entity and the cost of the intangible asset can be measured reliably.

Intangible assets that are acquired, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent costs

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated brands, is recognised in surplus or deficit as incurred.

Accounting Policies (continued)

Amortisation

Amortisation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. Intangible assets are amortised on the straight line basis over the estimated useful lives of five (5) to ten (10) years.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Project monitoring system and other software	3 -10 years
ERP system	9 years

The surplus or deficit arising from the derecognition of an intangible asset is recognised as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The surplus or deficit from derecognition of an intangible asset is recognised in the statement of financial performance when the asset is derecognised.

1.7 Financial instruments

Non derivative financial instruments

The entity's non derivative financial instruments comprise the following:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables.

Financial assets and financial liabilities are recorded on the statement of financial position when the entity becomes a party to the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flow from the financial assets expire or when the financial asset, with all risks and rewards of ownership, is transferred.

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

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits, and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to a significant risk of changes in value. These are initially and subsequently recorded at amortised cost.

Loans and receivables and financial liabilities measured at amortised cost

In the case of trade and other receivables, cash and cash equivalents, trade and other payables, these non derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Accounting Policies (continued)

Impairment

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 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.

Offset

Where a legally enforceable right of offset exists for recognised non derivative financial instruments, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases lessee

Operating lease payments are recognised as an expense 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.

1.9 Impairment of non cash generating assets

Non cash generating assets are assets other than cash generating assets.

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 (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Accounting Policies (continued)

A cash generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's-length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non cash generating asset's fair value less costs to sell and its value in use.

1.10 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for services 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
- Non monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

The entity recognises the expected cost of bonus, incentive and performance-related payments 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. A present obligation exists when the entity has no realistic alternative but to make the payments.

Termination benefits

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

Accounting Policies (continued)

1.11 Provisions and contingencies

1.11.1 Provisions

Provisions are recognised when:

- The entity has a present obligation 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
- A reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are not recognised for future operating deficits.

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.

1.11.3 Contingent liabilities

Contingent liabilities are possible obligations that arose 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
- The amount of the obligation cannot be measured with sufficient reliability.

1.12 Exchange revenue

Exchange revenue represents transactions in which the entity receives assets or services and directly gives approximate equal value to another in exchange.

1.12.1 Finance income

Finance income comprises interest income 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.

Accounting Policies (continued)

1.13 Revenue from non exchange transactions

Non-exchange revenue represents assets and services received by the entity without giving an approximate equal value in exchange.

1.13.1 Transfer revenue

Transfer revenue is an unconditional government grant related to operational costs that is measured at fair value of a consideration received and is recognised in surplus or deficit when the transfer becomes receivable. Revenue is recognised when received and none of the revenue is deferred.

1.13.2 Other grants

Other grants represent conditional grants received from other sources with conditions attached to them. These are recognised when the conditions are met and payment is made.

1.14 Other income

1.14.1 Recoveries from projects

Recoveries from projects includes funds refunded to the NDA by projects that are discontinued or funding agreements cancelled. These funds are recognised when received into NDA bank accounts.

1.14.2 Management fee

Management fees comprise fees raised for managing and implementing programmes on behalf of other government departments and partners. Management fees are recognised in full in the statement of financial performance when funds to be managed are received by the entity.

1.15 Comparative information

When 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 classification are disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior period comparatives are restated accordingly. 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 accordingly.

1.16 Unauthorised expenditure

Unauthorised expenditure means:

- Overspending of a vote or a main division within a vote
- Expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised 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, where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Accounting Policies (continued)

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

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 where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Irregular expenditure

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

- This Act
- The State Tender Board Act, 1968 (Act No 86 of 1968), or any regulations made in terms of the Act
- Any provincial legislation providing for procurement procedures in that provincial government.

National Treasury Practice Note No 4 of 2008/09, which was issued in terms of sections 76(1) to 76(4) of the PFMA, requires the following (effective from 1 April 2008).

Irregular expenditure that was incurred and identified during the current financial year, and which was condoned before year-end and/or before finalisation of the financial statements, must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year, and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year, and which was not condoned by the National Treasury or the relevant authority, must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Notes to the Annual Financial Statements

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 office is as follows:

26 Wellington Road
Parktown
Johannesburg
2193

3. Non-exchange revenue

	2016	2015
Operating grants		
Transfer revenue	184 381 000	178 337 000

4. Non exchange revenue

Other grants		
Utilised portion of conditional grant (DSD: Free State ECD)	3,231,982	9,615,326
Utilised portion of conditional grant (DSD: Mpumalanga)	11,033,957	1,273,764
Utilised portion of conditional grant (DSD: North West)	2,231,360	7,411,048
Utilised portion of conditional grant (SASSA school uniforms)	490,676	1,952,041
Utilised portion of conditional grant (Economic Development: Northern Cape)	1,851,110	4,304,623
Utilised portion of funds pledged by donors	31,890	1,238,751
Utilised portion of conditional grant (Chris Hani Municipality)	1,500,000	-
Provincial NPO Capacity Building project	40,346,987	45,348,132
	60,717,962	71,143,685

Notes to the Annual Financial Statements (continued)

5. Other Income

	2016	2015
Management fees	4 208 706	4 520 560
Insurance refunds	105 650	109 419
Sundry income	64 169	16 715
Recoveries from projects	1 296 355	181 196
	5 674 880	4 827 890

Notes to the Annual Financial Statements (continued)

6. Executive and non executive management remuneration

Executive

2016

	Designation	Appointment date	Termination date	Basic salary	Performance bonus	Contributions to retirement and medical benefits	Total
Dr V Nhlapo	Chief Executive Officer	07/19/2010	08/31/2015	624 444	132 347	128 155	884 946
Ms LC Mangcu	Director Marketing and Communications	02/23/2006	04/30/2015	100 264	-	17 634	117 898
Ms H Mansour	Chief Internal Auditor	11/24/2005		1 117 462	78 511	308 441	1 504 414
Mr B Magongo	Research and Knowledge Management Executive	09/01/2012		1 159 563	77 787	253 422	1 490 772
Mr P Zwane	Chief Financial Officer	05/10/2010	10/31/2015	702 861	77 787	121 380	902 028
Ms PN Ngwasheng	Acting Human Resources Executive	03/01/2014	05/31/2015	124 077	129 583	34 335	287 995
Mr DR Mokale	Acting Company Secretary	06/01/2012	08/31/2015	334 185	136 329	58 974	529 488
Dr AV Bouwer	Acting Development Management Executive	11/01/2014		1 075 321	72 523	299 868	1 447 712
Mr Solomon Shingange	Acting Chief Financial Officer	10/01/2015		318 107	-	77 552	395 659
Mr Thami Ngwenya	Acting Human Resources Executive	12/01/2015		278 036	-	38 492	316 528
Ms Mapule Phora	Acting Human Resources Executive	06/01/2015	30/11/2015	524 611	-	94 129	618 740
Mrs Nelisiwe Vilakazi	Acting Chief Executive Officer	09/01/2015		780 647	-	49 444	830 091
				7 139 578	704 867	1 481 826	9 326 271

NATIONAL DEVELOPMENT AGENCY

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements (continued)

2015

	Designation	Appointment date	Termination date	Basic salary	Performance bonus	Contributions to retirement and medical benefits	Total
Dr V Nhlapo	Chief Executive Officer	07/19/2010		1 408 029	124 269	284 091	1 816 389
Mr R Mogano	Director Development Management	05/05/2003	10/30/2014	638 266	98 713	139 893	876 872
Ms LC Mangcu	Director Marketing and Communications	02/23/2006		1 100 701	48 923	221 533	1 371 157
Ms H Mansour	Chief Internal Auditor	11/24/2005		1 050 728	74 067	283 579	1 408 374
Mr B Magongo	Research and Knowledge Management Executive	09/01/2012		1 089 172	97 845	233 061	1 420 078
Mr P Zwane	Chief Financial Officer	05/10/2010		1 130 518	97 845	191 715	1 420 078
Ms PN Ngwasheng	Acting: Human Resources Executive	03/01/2014		830 268	48 870	190 540	1 069 678
Mr DR Mokale	Acting Company Secretary	06/01/2012		976 653	112 322	130 693	1 219 668
Dr AV Bouwer	Acting Development Management Executive	11/01/2014		1 065 231	67 179	138 412	1 270 822
				9 289 566	770 033	1 813 517	11 873 116

Notes to the Annual Financial Statements (continued)

Non-executive

2016	Appointment date	Termination date	Board fees
Mr M Kekana (Chairperson)	11/01/2010	06/01/2015	3 500
Ms T Shange	11/01/2010	06/01/2015	3 000
Ms B Khan	11/01/2010	06/01/2015	2 500
Mr Z Ngcakani	01/10/2012	06/01/2015	2 500
			11 500

The term of the board ended in June 2015. Board meetings were not held during the financial year.

2015	Appointment date	Termination date	Board fees
Mr M Kekana (Chairperson)	11/01/2010		101 500
Ms T Shange	11/01/2010		96 000
Ms B Khan	11/01/2010		92 500
Ms A Madella	11/01/2010		15 000
Ms M Malapane	11/01/2010		25 000
Ms M Monakali	11/01/2010	10/08/2015	16 500
Rev M Xundu	11/01/2010	01/21/2015	32 500
Mr Z Ngcakani	01/10/2012		86 500
			465 500

7. Staff Costs

Department	2016	Percentage split	2015	Percentage split
Mandate staff costs				
Direct mandate salaries	30 130 733	35%	21 177 332	27%
Administration and governance staff costs	51 237 656	59%	42 864 942	59%
Provincial offices	11 981 416	14%	12 695 054	16%
National offices project administration	5 370 784	6%	5 047 061	7%
Research and development	5 497 580	6%	4 613 234	6%
Internal audit	4 582 971	5%	4 196 079	5%
Office of the CEO	6 798 740	8%	6 327 627	8%
Marketing and communications	3 769 025	4%	4 152 965	5%
Finance and IT	10 105 075	12%	7 218 196	9%
Human resources	3 132 065	3%	2 608 190	3%
Other staff administrative costs	4 803 912	6%	11 056 975	14%
Staff training costs	2 218 690	3%	1 499 477	2%
Performance bonus	1 373 814	2%	4 082 860	5%
Other staff-related costs	1 211 408	2%	5 474 458	7%
Total dministration and governance	56 041 568	65%	57 915 201	73%
Total staff cost	86 172 301	100%	79 092 533	100%

*Notes to the Annual Financial Statements (continued)***8. General expenses**

Department	2016	2015
Interest and penalties	-	10 701
Meeting recordings	162 426	268 927
Bank charges	72 174	141 453
Security services	14 498	104 685
Media monitoring	157 800	104 880
Consumables	190 958	334 844
Offsite storage	95 210	108 953
Insurance	189 025	294 523
Postage and courier	311 295	265 469
Printing and stationery	872 151	1 278 216
Repairs and maintenance	608 673	543 858
Software licence and renewal	884 071	1 056 787
Telephone and fax	923 463	984 723
Catering	298 699	411 473
Subscriptions and memberships	29 860	72 767
Donations and sponsorships	1 382 586	397 671
Marketing and promotions	1 517 564	1 842 497
Advisory Centre running costs	452 194	118 875
Transaction charges	680 389	579 632
Seminars workshops and conferences	947 604	701 337
	9 790 640	9 622 271

9. Disclosure note on statement of budgets and actual

The budget is approved on the accrual basis by functional classification. The approved budget covers the financial period from 1 April 2015 to 31 March 2016. The budget and actual are prepared on the accrual basis. The financial statements are prepared using a classification of expenses by function.

The NDA considers variances between actual and budget that are greater than 10% as material. These are explained below.

Receipts**9.1 Other Income (R31 573 067)**

The variance is due to funds transferred from accumulated funds for the purpose of funding disbursements to projects approved for funding in prior years.

9.2 Finance costs (R618 731)

The variance is due to more interest received on cash balances than was budgeted. This was due to early receipt of the second tranche received from Department of Social Development.

Notes to the Annual Financial Statements (continued)

Payments

9.3 Board meeting fees (R240 000)

The NDA did not have Board meetings in the financial year 2015/16 because the process of appointing the new Board took longer than anticipated. A new Board was appointed effective 1 February 2016 and had its first meeting in April 2016.

9.4 Repairs and maintenance (R282 418)

The variance is due to refurbishment that was done to some offices in Head Office during the year and general maintenance that was higher than was budgeted.

9.5 Mandate expenses (R20 677 995)

The variance is due to the following:

9.5.1 Disbursement to NDA-funded projects (R16 708 849)

The variance is due to funds approved to projects in current year but not yet disbursed to these projects at the end of the financial year. This was because funds are disbursed to projects in tranches over an average period 18 months.

9.5.2 Direct project costs (-R561 440)

The variance is due to the savings of R1,3 million resulting from the postponement of the annual NDA hosted SA ECD awards from March to May 2016 and the over expenditure on other direct project support costs of (-R1,8 million)

9.5.3 Capacity Building costs (R1 930 822)

The variance is due to efficiency savings on capacity building implementation due to the use of internal staff to conduct trainings instead of external service providers as was the case in previous years.

9.5.4 Civil Society mobilization (R1 436 699)

The variance is due to budgeted activities not carried out during the financial year.

9.5.5 Research and Development costs (R1 163 063)

The variance was due to planned studies that did not materialize due to delays in concluding MOU's with research partners.

9.6 General expenses (R 2 476 707)

The variance is due to the following:

9.6.1 Printing and stationery (R678 383)

The variance is due to savings resulting from the reduction in the number of copies of magazines that were printed and efficiency savings on stationery.

9.6.2 Other expenses (R1 798 324)

The variance is due to efficiency savings on other expenses during the year.

9.7 Capital expenditure (R4 191 246)

The actual capital expenditure is reported in the statement of financial position hence the variance.

Notes to the Annual Financial Statements (continued)

10. Property plant and equipment

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	3 593 469	(1 964 579)	1 628 890	2 918 756	(1 807 862)	1 110 894
Office equipment	1 016 315	(328 403)	687 912	741 869	(347 120)	394 749
Computer equipment	4 303 669	(1 341 821)	2 961 848	3 955 194	(1 309 720)	2 645 474
Leasehold improvements	-	-	-	1 177 512	(1 177 512)	-
Total	8 913 453	(3 634 803)	5 278 650	8 793 331	(4 642 214)	4 151 117

Reconciliation of property plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Adjusted depreciation	Total
Furniture and fixtures	1 110 894	925 322	(15 039)	(474 078)	81 791	1 628 890
Office equipment	394 749	480 579	(41 225)	(150 254)	4 063	687 912
Computer equipment	2 645 474	1 185 711	(93 414)	(777 994)	2 071	2 961 848
	4 151 117	2 591 612	(149 678)	(1 402 326)	87 925	5 278 650

Reconciliation of property plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Adjusted depreciation	Total
Furniture and fixtures	1 020 170	425 183	(7 549)	(333 545)	6 635	1 110 894
Office equipment	353 641	199 567	(27 151)	(146 313)	15 005	394 749
Computer equipment	1 984 919	1 409 313	(247 690)	(664 445)	163 377	2 645 474
Leasehold improvements	98 124	-	-	(98 124)	-	-
	3 456 854	2 034 063	(282 390)	(1 242 427)	185 017	4 151 117

Notes to the Annual Financial Statements (continued)

11. Intangible assets

	2016			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Project monitoring system and other software	367 230	(294 705)	72 525	226 635	(110 862)	115 773
ERP system	1 721 302	(1 609 736)	111 566	1 944 104	(1 739 597)	204 507
Total	2 088 532	(1 904 441)	184 091	2 170 739	(1 850 459)	320 280

Reconciliation of intangible assets - 2016

	Opening balance	Amortisation	Adjusted amortisation	Total
Project monitoring system and other software	115 773	(54 619)	11 371	72 525
ERP system	204 507	(191 256)	98 315	111 566
	320 280	(245 875)	109 686	184 091

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
Project monitoring system and other software	113 819	51 824	(49 870)	115 773
ERP system	408 989	-	(204 482)	204 507
	522 808	51 824	(254 352)	320 280

*Notes to the Annual Financial Statements (continued)***11. Intangible assets (continued)****Reconciliation of intangible assets 2016**

	Opening balance	Amortisation	Adjusted amortisation	Total
Project monitoring system and other software	115,773	(54,619)	11,371	72,525
ERP system	204,507	(191,256)	98,315	111,566
	320,280	(245,875)	109,686	184,091

Reconciliation of intangible assets 2015

	Opening balance	Additions	Amortisation	Total
Project monitoring system and other software	113,819	51,824	(49,870)	115,773
ERP system	408,989	-	(204,482)	204,507
	522,808	51,824	(254,352)	320,280

*Notes to the Annual Financial Statements (continued)***12. Change in estimate****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 remaining useful life expectations of some assets differed from previous estimates.

The effect of the change in estimates is as follows

Asset Category	Depreciation before adjustment	Depreciation after adjustment	Effect of change
Computer equipment	476,149	(474,078)	2,071
Office equipment	154,317	(150,254)	4,063
Furniture	859,785	(777,994)	81,791
	1,490,251	(1,402,326)	87,925

Intangible assets

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

Asset category	Depreciation before adjustment	Depreciation after adjustment	Effect of change
Project monitoring system and other software	65,990	(54,619)	11,371
ERP system	289,571	(191,256)	98,315
	355,561	(245,875)	109,686

13. Receivables from exchange transactions

	2016	2015
Rental deposits	427,450	1,493,105
Interest accrued	306,983	532,459
	734,433	2,025,564

Notes to the Annual Financial Statements (continued)

14. Receivables from non exchange transactions

	2016	2015
Employee-related advances	12,453	156,595
Other receivables	616,419	586,516
Allowances for credit losses	(462,090)	(409,399)
	166,782	333,712

The allowance for credit losses relates to debtors raised for amounts due to an entity. Legal processes are under way to recover these debtors.

The above exchange receivables were not considered for ageing and credit quality because these were not considered trade receivables. For all other categories of receivables, there is no credit risk other than the rental deposits.

Employee-related advances represent salary advances to employees. The advance is deducted from the employee's salary in the following month.

Other receivables arise when the entity pays in advance for goods and services or when refunds are claimed from suppliers for poor quality of goods or services rendered.

15. Cash and cash equivalents

Cash and cash equivalents consist of

Cash on hand	16,237	9,436
Call and current accounts	75,648,050	68,554,326
Money markets accounts	28,444,500	40,723,771
	104,108,787	109,287,533

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

- Funds committed to projects to the value of R32 256 490 (2015: R53 446 765)
- Unutilised portion of conditional grants received from partners to the value of R34 130 526 (2015: R41 753 711)

16. Payables from exchange transactions

Trade payables	11,284,180	6,414,845
Operating lease liabilities	1,016,997	632,000
	12,301,177	7,046,845

Trade payables represent accruals for goods and serviced rendered, but not yet paid at the end of the financial year.

*Notes to the Annual Financial Statements (continued)***17. Payables from non exchange transactions**

	2016	2015
Other creditors	-	681
Staff creditors (claims)	16,299	1,629
	16,299	2,310

18. Provisions

Provision for performance bonus		
Opening balance	2,726,257	2,384,397
Under-provision from previous year	1,396,837	1,356,602
Provision raised in current year	-	2,726,257
Payout	(4,123,094)	(3,740,999)
	-	2,726,257

19. Short-term employee benefits**Accrual for leave**

Opening balance	4,224,877	3,690,817
Provision raised in the current year	134,845	936,910
Leave payout	(677,546)	(402,850)
	3,682,176	4,224,877

Accrual for 13th cheque

Opening balance	535,304	483,205
Provision raised in the current year	2,388,451	2,055,257
Payout	(2,307,481)	(2,003,158)
	616,274	535,304

Total employee benefits accruals	4,298,450	4,760,181
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Short-term employee benefits are benefits earned by employees for services rendered. These benefits are made up of leave pay provision, which accrues to employees monthly based on the Basic conditions of Employment Act and the 13th cheque accrued on a monthly basis and paid out in December.

*Notes to the Annual Financial Statements (continued)***20. Correction of error**

During 2016, the entity discovered an error relating to the classification of the provision for performance bonus. The entity previously classified the provision for performance bonus as an accrual under short-term employee benefits, instead of recognising it as a provision under GRAP 19.

The effect of the error in prior periods is disclosed below

		2016	2015
Statement of financial position	Note		
Provisions	18	2,726,257	2,384,398
Short term employee benefits	19	(2,726,257)	(2,384,398)

21. Accrual for committed projects

Opening balance	2,408,575	4,779,430
Approved for payments to NDA funded projects	45,877,220	50,024,425
Approved for payments to third party projects	20,370,975	25,772,829
Cash disbursed to NDA funded projects	(46,289,612)	(48,524,487)
Cash disbursed to third party managed funds	(17,779,002)	(29,643,622)
	4,588,156	2,408,575

The accrual for committed projects represents payments approved to be disbursed to funded projects at the end of the financial year, disbursed to projects post the end of the financial year.

22. Unutilised conditional grant (deferred income)

Opening balance	41,753,710	41,171,256
Funds received from partners	53,012,589	71,726,139
Funds disbursed and committed	(60,718,361)	(71,143,685)
Corrections of 2015 overpayment	82,588	-
	34,130,526	41,753,710

Unutilised conditional grant represents the portion of funds received that remain unspent as at the end of the financial year in terms of agreements entered into with funders.

Notes to the Annual Financial Statements (continued)

23. Cash used in operations

	2016	2015
Deficit	(1,791,269)	(12,441,997)
Adjustments for:		
Depreciation and amortisation	1,450,590	1,311,762
Gain on sale of assets and liabilities	149,677	282,390
Movements in provisions	(2,726,257)	-
Adjustment to prior year earnings	(490,924)	-
Changes in working capital:		
Receivables from exchange transactions	1,291,131	(105,369)
Other receivables from non exchange transactions	166,930	(247,373)
Payables from exchange transactions	5,254,332	(2,601,963)
Taxes and transfers payable (non-exchange)	13,990	(10,565)
Short-term employee benefits	(461,731)	928,018
Accrual for committed projects	2,179,581	(2,370,857)
Unutilised third-party funds	(7,623,184)	582,454
	(2,587,134)	(14,673,500)

24. Commitments

Total commitments

Committed project evaluations

At the end of the financial year, management had approved and ring fenced an amount of R1 047 300 (2015: R744 084) for project evaluations. The expenditure had not yet been incurred at the end of the financial year.

Committed project funds

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

Funds committed to projects	32,256,490	53,446,765
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Operating leases as lessee (expense)

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	8,259,789	7,412,501
• in second to fifth year inclusive	6,370,145	12,851,667
	14,629,934	20,264,168

Notes to the Annual Financial Statements (continued)

25. Contingencies

Contingent assets

During the criminal investigation of the accounts clerk who misappropriated NDA funds, assets to the value of R3 100 000 (2014: R3 100 000) were recovered by the Asset Forfeiture Unit (AFU). The AFU will pay the balance of the liquidated assets less, their expenses, to the NDA. At the reporting date, the AFU was still to apply for a realisation order prior to paying over the recovered assets, less a portion of their administrative costs, to the NDA.

26. Related parties

26.1 Department of Social Development

A related party relationship exists between the NDA and the DSD. The two parties did not enter into any transactions with each other, with the exception of the transfer of the annual grant by the DSD to the NDA, as disclosed in Note 4 above.

26.2 South African Social Security Agency

A related party relationship exists between the NDA and the South African Social Security Agency (SASSA). The two parties did not enter into any transactions with each other, with the exception of the transfer of the grant by SASSA to the NDA, as disclosed in Note 4 above.

26.3 Northern Cape Department of Economic Development

A related party relationship exists between the NDA and the Northern Cape Department of Economic Development. The two parties did not enter into any transactions with each other, with the exception of the transfer of the grant by the provincial department to the NDA, as disclosed in Note 4 above.

26.4 Board members and key management personnel

A related party relationship exists between the NDA, its directors and key management personnel. The only transactions between the three parties relate to remuneration for services rendered and have been disclosed in Note 6.

27. Financial risk management

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

- Credit risk
- Liquidity risk
- Interest rate risk.

This note presents information about the entity's exposure to each of the above risks, the entity's objectives, policies and processes for measuring and managing risk, and the entity'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 entity's risk

Notes to the Annual Financial Statements (continued)

management framework.

The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the entity's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The entity's risk management policies are established to identify and analyse the risks faced by the entity, 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 entity's activities. The entity, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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 being managed by the entity, only investing funds at large, reputable financial institutions in the Republic of South Africa.

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 is detailed below.

	2016	2015
Cash and cash equivalents	104,108,787	109,287,533
Receivables from exchange transactions	734,433	2,025,564
Receivables from non exchange transactions	166,782	333,712
Increase in allowance for credit loss	52,691	103,458
	105,062,693	111,750,267

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

Private institutions	888,762	2,295,746
Employee advances	12,453	10,393
	901,215	2,306,139

Impairment losses		
Impairment provision at the beginning of the year	409,399	305,941
Impairments during the year	52,691	103,458
	462,090	409,399

Notes to the Annual Financial Statements (continued)

Liquidity risk

Liquidity risk is the risk that the NDA could default on its obligation, in part or in total, due to not having cash flows to settle an obligation when it falls due. This risk is being managed by the entity only investing funds at large, reputable financial institutions in the Republic of South Africa.

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

31 March 2016	Carrying amount	Contractual cash flows	6 months or less	6-12 months	12 months
Trade and other payables	12,317,631	12,317,631	12,317,631	-	-
Short term employee benefits	4,298,290	4,298,290	-	4,298,290	-
Accrual for committed projects	4,588,164	4,588,164	4,588,164	-	-
Unutilised external income received in advance	34,130,526	34,130,526	-	-	34,130,526
	55,334,611	55,334,611	16,905,795	4,298,290	34,130,526

31 March 2015	Carrying amount	Contractual cash flows	6 months or less	6-12 months	12 months
Trade and other payables	7,049,155	7,049,155	7,049,155	-	-
Short term employee benefits	4,757,181	4,757,181	-	4,757,181	-
Accrual for committed projects	2,408,575	2,408,575	2,408,575	-	-
Unutilised external income received in advance	41,753,710	41,753,710	-	41,753,710	-
Provision for performance bonus	2,726,257	2,726,257	-	2,726,257	-
	58,694,878	58,694,878	9,457,730	49,237,148	-

*Notes to the Annual Financial Statements (continued)***Interest rate risk**

Interest rate risk is the risk that the value of a financial asset will fluctuate due to movements in market interest rates.

The entity is exposed to interest rate risk as certain investments are held in money market unit

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

	2016	2015
Fair values		
Cash and cash equivalents	104,108,787	109,287,533
Receivables from exchange transactions	734,433	2,025,564
Receivables from non-exchange transactions	166,782	333,712
Payables from exchange transactions	(12,317,631)	(7,046,845)
Payables from non-exchange transactions	-	(2,310)
Accrual for committed projects	(4,588,156)	(2,408,575)
Short-term employee benefits	(4,314,743)	(7,486,438)
Unutilised third party funds	(34,130,526)	(41,753,710)
	49,658,946	52,948,931

28. Events after the reporting date

No events have occurred between the statement of financial position date and the date of approval of the annual financial statements that could materially affect the financial statements.

29. Fruitless and wasteful expenditure

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

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

Opening balance	671,518	649,123
Fruitless and wasteful expenditure: current year	22,609	22,395
	694,127	671,518

Notes to the Annual Financial Statements (continued)

2016

- R1 063: Catering for a meeting that was cancelled late
- R21 546: Penalty for late renewal of a software licence

2015

- R7 091: Travel costs incurred due to the traveller not cancelling on time
- R10 701: Interest paid on overdue accounts
- R4 603: Meeting costs incurred due to late cancellation of meeting

30. Irregular expenditure

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

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

	2016	2015
Opening balance	16 230,879	14,531,915
Add: Irregular expenditure: current year	12,953,223	1,698,964
Previous year's irregular expenditure identified in the current year	5,974,877	-
	35,158,979	16,230,879

Analysis of expenditure awaiting condonation per age classification

Current year	18,928,100	1,698,964
Prior years	16,230,879	14,531,915
	35,158,979	16,230,879

*Notes to the Annual Financial Statements (continued)***Details of irregular expenditure: current year**

Procurement process not followed	475,009
Quotations not obtained	2,724,209
Declaration of bidders past practice: SBD 4 not submitted	205,883
Suppliers could not be traced on the NDA supplier database	981,745
Procurement awarded not in line with the PPPFA	2,253,353
Competitive bidding process not followed	1,746,612
Approval of contract not in accordance with delegation of authority	3,302,951
Composition of the bid adjudication committee not in line with SCM policy	1,024,461
Business interest not declared by employee	240,000
	<hr/>
	12,953,223
	<hr/>

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