

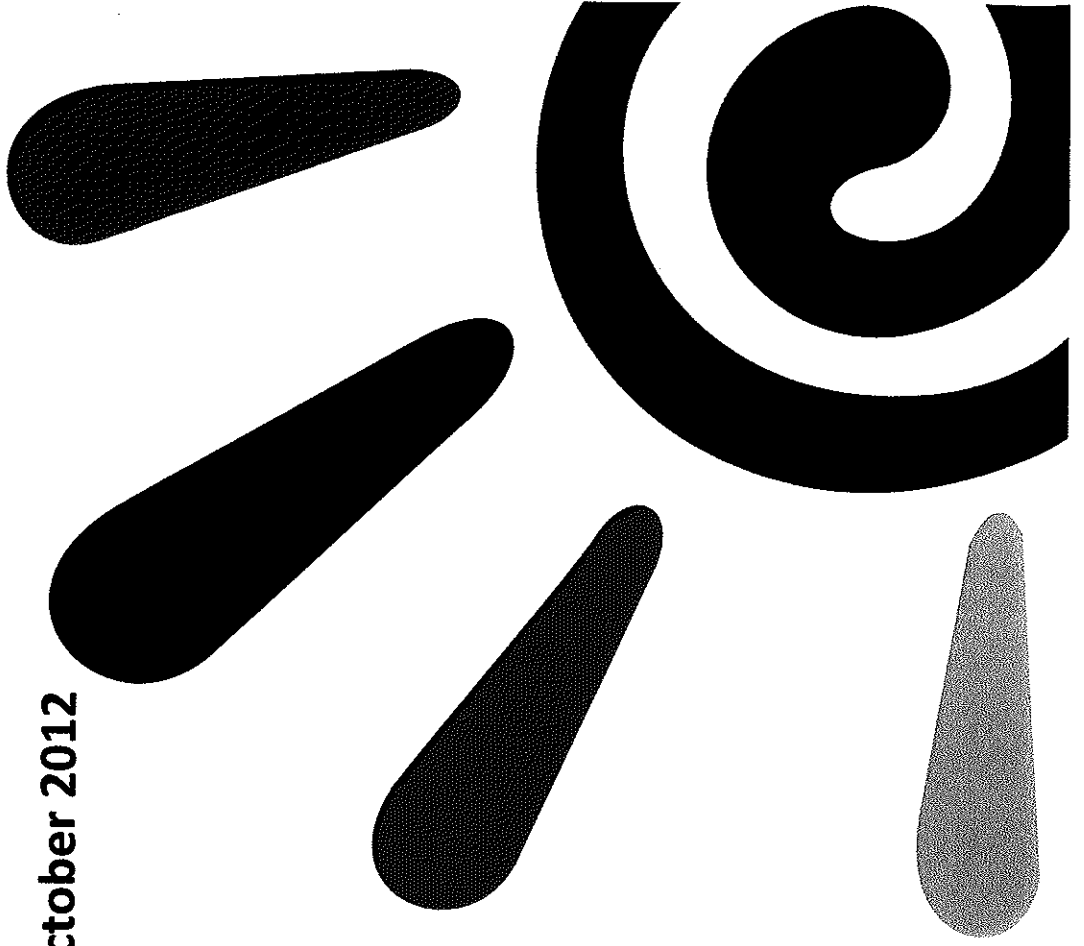
**NATIONAL YOUTH DEVELOPMENT AGENCY
ANNUAL REPORT 2011-2012**

PRESENTATION TO APPROPRIATIONS COMMITTEE

DATE: 18 October 2012

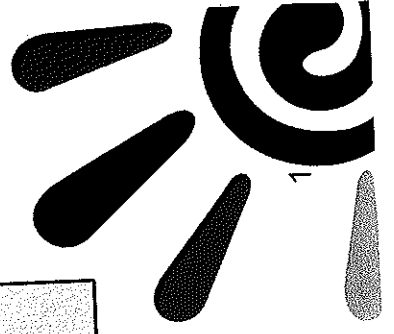


NATIONAL YOUTH DEVELOPMENT AGENCY



Presentation Outline

CONTENTS	
SECTION	
PART A: 2011/2012 PERFORMANCE INFORMATION	<input type="checkbox"/> NYDA Annual Performance Plan <input type="checkbox"/> KPA's <input type="checkbox"/> KPI's and Achievements <input type="checkbox"/> Audit Findings
PART B: AUDIT REPORT	<input type="checkbox"/> Emphasis of matters: <input type="checkbox"/> Other legal and regulatory requirements: <input type="checkbox"/> Internal controls
PART C: RESPONSE TO QUESTIONS	<input type="checkbox"/> Matrix Rewrite Report <input type="checkbox"/> June 16, EC, Port Elizabeth Allegations

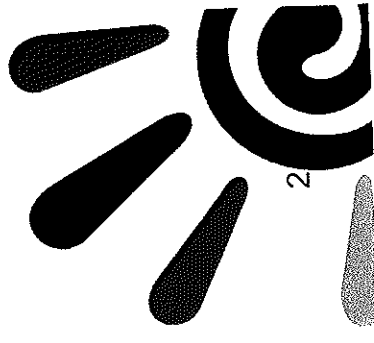


INTRODUCTION TO THE PRESENTATION

- Invited by the Standing Committee (10 September 2012): “NYDA to present Annual Report 2011/2012” by the Standing Committee.

****Please refer to Appendix 1 (Invitation letter)***

- Reports on the Questions by the Previous Standing Committee Meeting on:
 - Matric Re-write Report
 - June 16, EC, Port Elizabeth Allegations

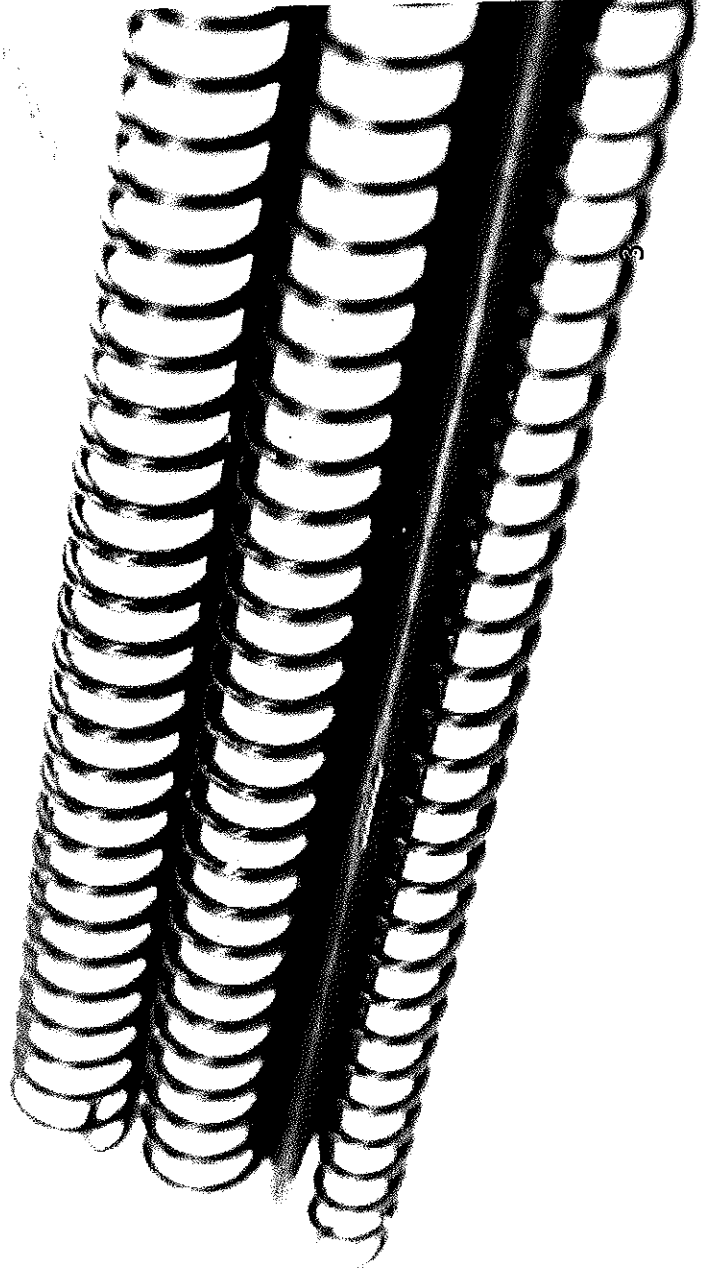


PART A:

**NYDA PERFORMANCE INFORMATION
2011/2012**

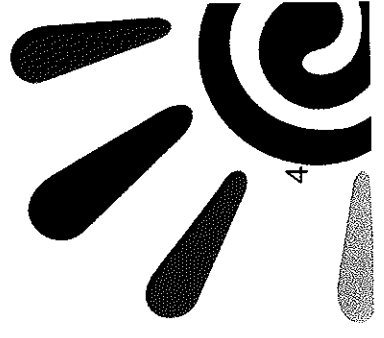


2011/12



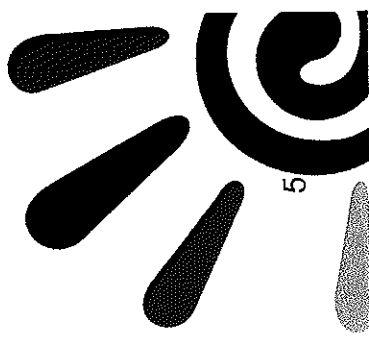
ANNUAL PERFORMANCE PLAN

- Required in terms of PFMA Act
- Approved by accounting Authority
- Approved on 31 January 2011
- Informed Budget and Expenditure
- Blue Print for NYDA Activities



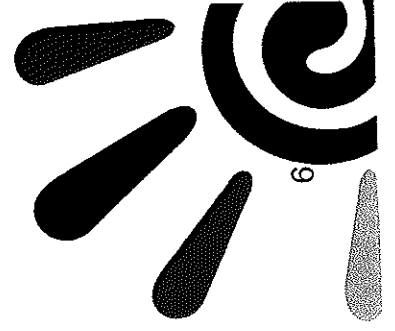
OVERVIEW TO PERFORMANCE INFORMATION

- Achieved 90% of the predetermined targets
- 5 % increase from the previous year's 85%
- 63 out of 70 KPI's met and exceeded
- 7 KPI's not met but missed by few points
- AG's finding on the performance information very positive



SUMMARY OF PERFORMANCE INFORMATION

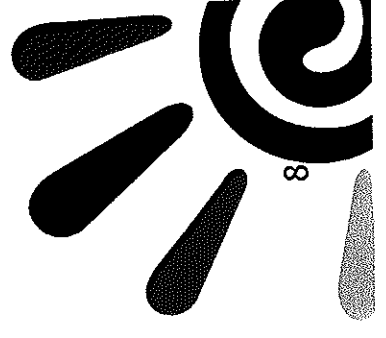
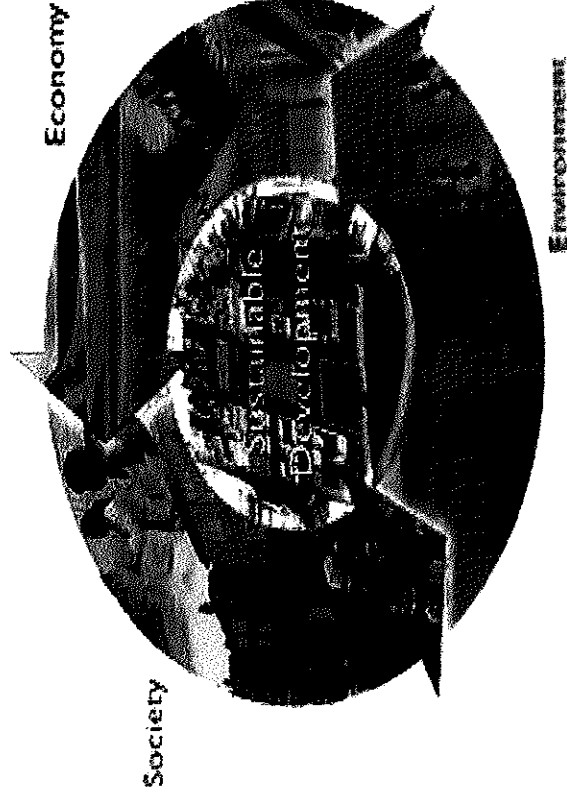
Item No	KPA	Business Unit	No. of KPI's	No. of KPI's achieved	No. of KPI NOT achieved
1.	Economic Participation	Economic Development	18	18	0
2.	National Youth Service and Social Cohesion	NYS & Skills Development	09	09	0
3.	Policy, Research and Development	Policy and Research	12	10	02
4.	Training and Development	NYS & Skills Development Economic Development	12	12	0
5.	Youth Advisory and Information Services	Service Delivery Channel Communications	10	08	02
6.	National Youth Fund	Partnerships & Stakeholder Management	06	05	01
7.	Governance	Risk Economic Development	03	01	02
OVERALL PERFORMANCE			70	63	07



KEY PERFORMANCE AREAS: 2011/2012

KEY PERFORMANCE AREA	DEFINITION
1. National Youth Service And Social Cohesion	Promote youth social dialogue and create opportunities for young people to serve their communities
2. Economic Participation	To enhance the participation of young people in the economy through targeted and integrated programmes.
3. Policy, Research And Development	Developing a body of knowledge and best practice in the youth development sector to inform and influence policy development, planning and implementation.
4. Training And Development	To promote, facilitate and provide training and development opportunities to young people to enhance their socio-economic wellbeing
5. Youth Advisory And Information Services	To ensure access for youth to information about various interventions aimed at improving the living conditions of young people, including information and career guidance services to young people.
6. National Youth Fund	Establish a mechanism to enable the NYDA to raise funds for purposes of advancing and implementing programmes aimed at improving the livelihoods of the youth.
7. Governance	Ensures that NYDA operations comply with applicable legislation and regulations governing a schedule 3A institution.

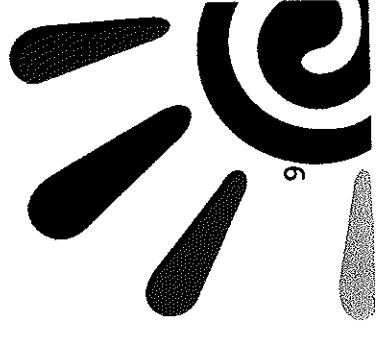
KPA 1: ECONOMIC PARTICIPATION



KPA 1: Economic Participation

NYDA APPROACH:

- Enterprise Development and Training**
- SME'S, Co-operatives funding**
- Mentorship and Support**
- Job opportunity creation**
- Rural Biasness**



KPA 1: Economic Participation: Performance information 2011/2012

Goal: To enhance the participation of young people in the economy through targeted and integrated programmes			
OBJECTIVES	KEY PERFORMANCE INDICATOR	2011/2012 TARGET	Annual Performance 2011/2012
To provide business support to young people	Number of business support vouchers issued to youth entrepreneurs	800 vouchers	2,242 vouchers
	Reason for Variance		The annual target has been met and exceeded by 1,442 vouchers due to launch of Ithubalentsha Projects that increased the number of youth entrepreneurs who accessed vouchers.
	Number of youth beneficiaries supported through Business Consultancy Vouchers, and business opportunities support services	2,000 beneficiaries	2,038 beneficiaries
	Number of youth owned companies assisted to register with CIPC	500 new companies	503 new companies
	Number of youth entrepreneurs assisted to access funding and business opportunities through voucher programme, business support programme	50 entrepreneurs	51 entrepreneurs
	Value of funding and opportunities accessed by voucher recipients, and business opportunities support programme	R20m	R34,305,899.85
	Reason for Variance		The annual target has been met and exceeded by 71.5% due to high value of sourced opportunities than anticipated which were accessed by young entrepreneurs supported by the programme.
	Number of youth entrepreneurs mentored	1,500 entrepreneurs	1,596 entrepreneurs
	Reason for Variance		The annual target was exceeded by 6.4%.

KPA 1: Conti...

Goal: To enhance the participation of young people in the economy through targeted and integrated programmes			
OBJECTIVES	KEY PERFORMANCE INDICATOR	2011/2012 TARGET	Annual Performance 2011/2012
To provide financing support to young entrepreneurs	Number of social enterprises financed by NYDA	2 enterprises financed	3 enterprises financed
	Number of beneficiaries supported through social enterprise financing	20 beneficiaries	25 beneficiaries
	Value of finance provided to social enterprises	R1m	R4,816,818.61
	Number of loans issued to youth owned micro enterprises (NYDA and partner micro loans)	9,000 loans	9,616 loans
	Value of loans issued to youth owned micro-enterprises (NYDA and partner micro loans)	R9.6m	R 25,946,259.85

REASON FOR VARIANCE

The annual target has been met and exceeded by 50%.

The annual target has been met and exceeded by 25%. This was due to the fact that the funded social enterprises have a higher number of members and beneficiaries than anticipated.

The annual target was met and exceeded by R3,816,818.61 due to bigger size of each funding allocated to each social enterprise based on the scope of the business and financial need.

The annual target was exceeded by 6.8%.

The annual target was exceeded by R16,346,259.85.

The annual target is a contribution by NYDA and Partners in issuing loans.

NYDA contributed 12,5 million and the remainder was partners.

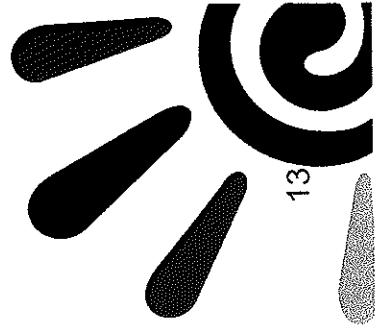
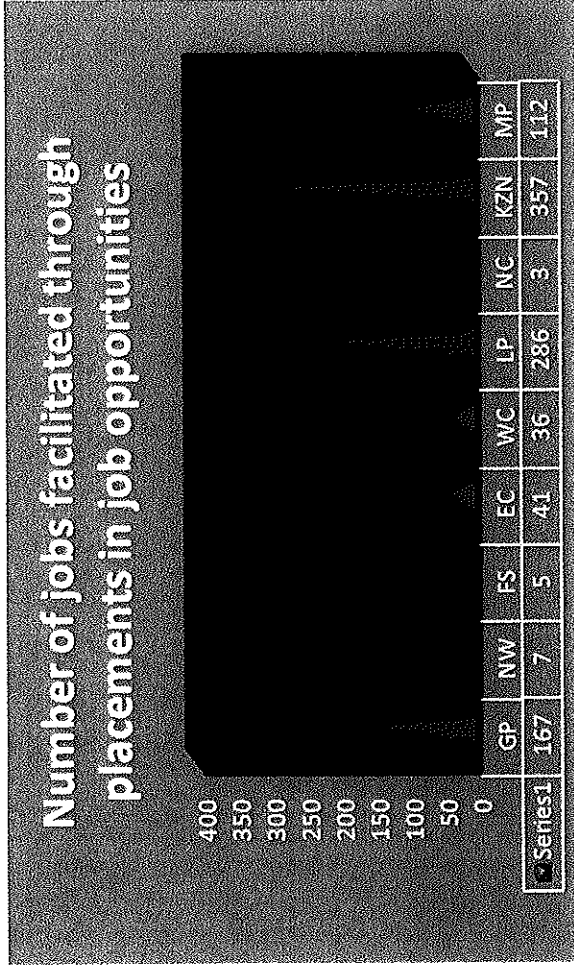
The launch of the Ithubalentsha contributed R5,435,500 in value of loans. Marang Financial Services issued R6,991,300. Womens' Development Business issued R6,467,400. The loans issued by NYDA through the normal channels is R7,052,059.85.

KPA 1: Conti...

Goal: To enhance the participation of young people in the economy through targeted and integrated programmes			
OBJECTIVES	KEY PERFORMANCE INDICATOR	2011/2012 TARGET	Annual Performance 2011/2012
	Number of loans issued to SME's	12 loans	14 loans
	Value of loans issued to youth owned small and medium enterprises	R6m	R 6,047,018.44
To provide employment opportunities to young people	Number of jobs facilitated through business consultancy vouchers, and business opportunities support services	2,000 jobs	2,093 jobs
	Number of jobs facilitated through social enterprises financing	20 jobs	94 jobs
	Number of jobs facilitated through SMME's financing	60 jobs	71 jobs
	Number of jobs facilitated through micro finance lending	9,000 jobs	9,889 jobs
	Number of jobs facilitated through placements in job opportunities	1,000 jobs	1,014 jobs
REASON FOR VARIANCE			
The annual target was met and exceeded by 16.6% due to increased demand.			
The annual target was met.			
The annual target was exceeded by 4.65%.			
The annual target has been met and exceeded by 74 jobs due the increased job creation potential by the funded social enterprises which was not anticipated.			
The annual target has been met and exceeded by 18.3%. The SME funding created more jobs than what was anticipated by the programme.			
The annual target has been met and exceeded by 9.87%.			
The annual target has been met and exceeded by 1.4%.			

KPA 1: Provincial Breakdown

PROVINCE	NUMBER
GP	167
NW	7
FS	5
EC	41
WC	36
LP	286
NC	3
KZN	357
MP	112
TOTAL	1 014



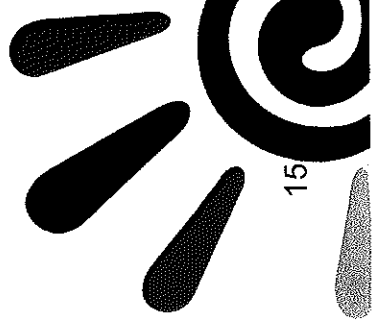
**KPA 2: NATIONAL YOUTH SERVICE
AND
SOCIAL COHESION**



KPA 2: National Youth Service and Social Cohesion

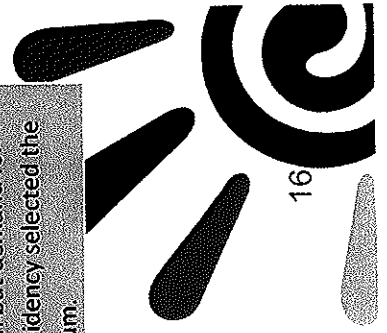
NYDA APPROACH:

- Education & Training**
- National Youth Service**
- Health & Well Being**
- Sports, Arts and Culture**



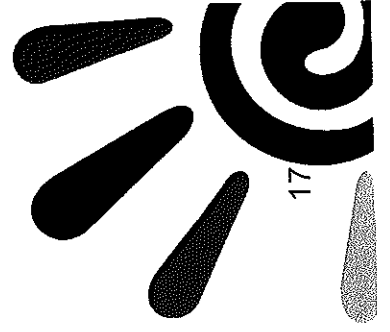
KPA 2: NYS & Social Cohesion: Performance information 2011/2012

Goal: Promote youth social dialogue and create opportunities for young people to serve their communities				
OBJECTIVES	KEY PERFORMANCE INDICATOR	2011/2012 TARGET	Annual Performance 2011/2012	REASON FOR VARIANCE
To promote opportunities for young people to serve their communities	Number of youth serving their communities through NYDA funded projects Number of youth serving their communities through National Youth Service Unit (NYSU) registered projects	10,000 youth 40,000 youth	11,734 youth 43,051 youth	The annual target was exceeded by 1,734 due to high numbers of young people willing to enrol in NYS programmes implemented by the NYDA. The annual target was exceeded by 3,051 due to increased numbers of youth enrolled in NYS programmes implemented by government departments.
To create a platform for young people to participate in and benefit from democratic processes	Number of Local Municipalities assisted to establish youth councils Number of hosted dialogue sessions with young people Number of young women mobilised towards the 16 Days of Activism (against violence and abuse on women and children) Number of youth participating in Youth Month Celebrations	8 local municipalities 4 sessions 500 young women 10,000 youth	17 municipalities 8 sessions 505 young women 31,000 youth	The annual target was exceeded by 9 municipalities due to willingness of municipalities to establish youth councils. The annual target was exceeded by 100%. During the 2011/12 financial year, a large number of topical issues on youth emerged which warranted dialogues by young people. The annual target met. The annual target was exceeded by 21,000. The NYDA planned for 10,000 youth but demand for attendance increased and Presidency selected the 40,000 capacity Orlando Stadium.

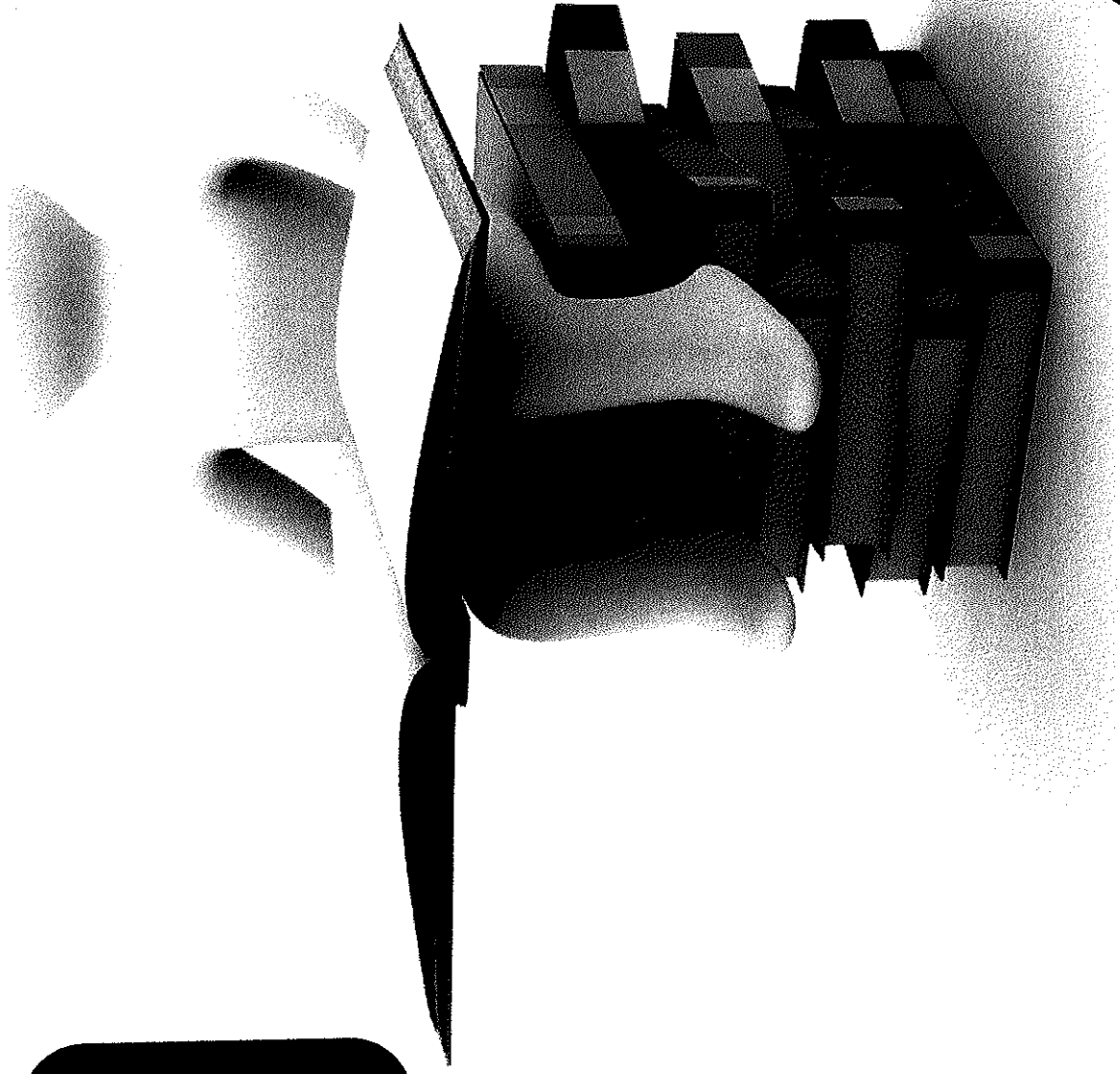


KPA 2: Conti.....

Goal: Promote youth social dialogue and create opportunities for young people to serve their communities			
OBJECTIVES	KEY PERFORMANCE INDICATOR	2011/2012 TARGET	Annual Performance 2011/2012
To create and support social networks to benefit young people	Number of volunteer mentors participating in NDA mentorship programme	300 volunteer mentors	352 volunteer mentors
	Number of opportunity providers participating in the buy youth campaign	300 opportunity providers	319 opportunity providers
	Number of youth supported with social and health interventions	3,000 youth	3,460 youths
			REASON FOR VARIANCE
			The annual target was exceeded by 10.6%.
			The annual target was exceeded by 6.3%.
			The annual target was exceeded by 15.3%.



**KPA 3: Policy,
Research
and
Development**



KPA 3: Policy, Research and Development

NYDA APPROACH:

Developing a body of knowledge and best practice in the youth development sector to inform and influence policy development, planning and implementation.

- To develop NYDS and guidelines for the implementation of youth development programmes
- To identify annual national youth development priorities
- To promote, lobby and advocate for a uniform approach by all sectors on matters relating to youth development.
- To conduct research and evaluations to inform policy and programme Interventions
- To provide inputs on policies and legislation by government and other relevant structures



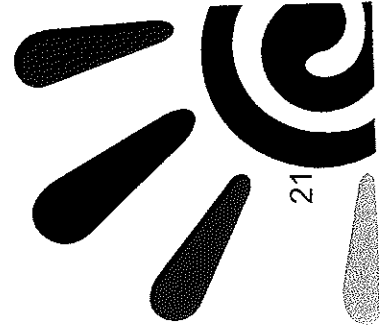
KPA 3: Policy, Research and Development: Performance information 2011/2012

Goal: Developing a body of knowledge and best practice in the youth development sector to inform and influence policy development, planning and implementation.

OBJECTIVES	KEY PERFORMANCE INDICATOR	2011/2012 TARGET	Annual Performance 2011/2012	REASON FOR VARIANCE
To develop Integrated Youth Development Strategy and guidelines for the implementation of youth development programmes	IYDS adopted by NYDA Board and Cabinet	IYDS adopted by Board and Cabinet	IYDS adopted by the NYDA Board and submitted to Cabinet for approval process.	The Office of The Presidency has not provided NYDA with confirmation of approval by Cabinet.
	Evaluation protocol for IYDS developed	Evaluation protocol of the IYDS	The protocol was approved during the NYDA Board meeting.	The annual target has been met.
	Design, print and distribute the IYDS	3,000 copies printed and distributed	0 copies	The target has not been met due to the fact that the NYDA has not yet received confirmation for approval by Cabinet.
To identify annual national youth development priorities	List of national youth development priorities submitted to The Office of the Presidency	Submitted list of YD priorities to Presidency	List of youth development priorities approved by the NYDA Board and submitted to The Presidency.	The annual target has been met.
To promote, lobby and advocate for a uniform approach by all sectors on matters relating to youth development	Number of partnerships established with government, civil society and the private sector	15 partnerships	48 partnerships	The annual target has been met and exceeded by 33 partnerships due to efforts made by the NYDA to extend available resources and increase impact on young people.
	Government Departments lobbied to establish youth directorates	5 departments	13 Departments	The annual target has been met and exceeded by 8 departments. The NYDA put more efforts to increase impact on youth development by encouraging more participation other government departments.

KPA 3: Conti...

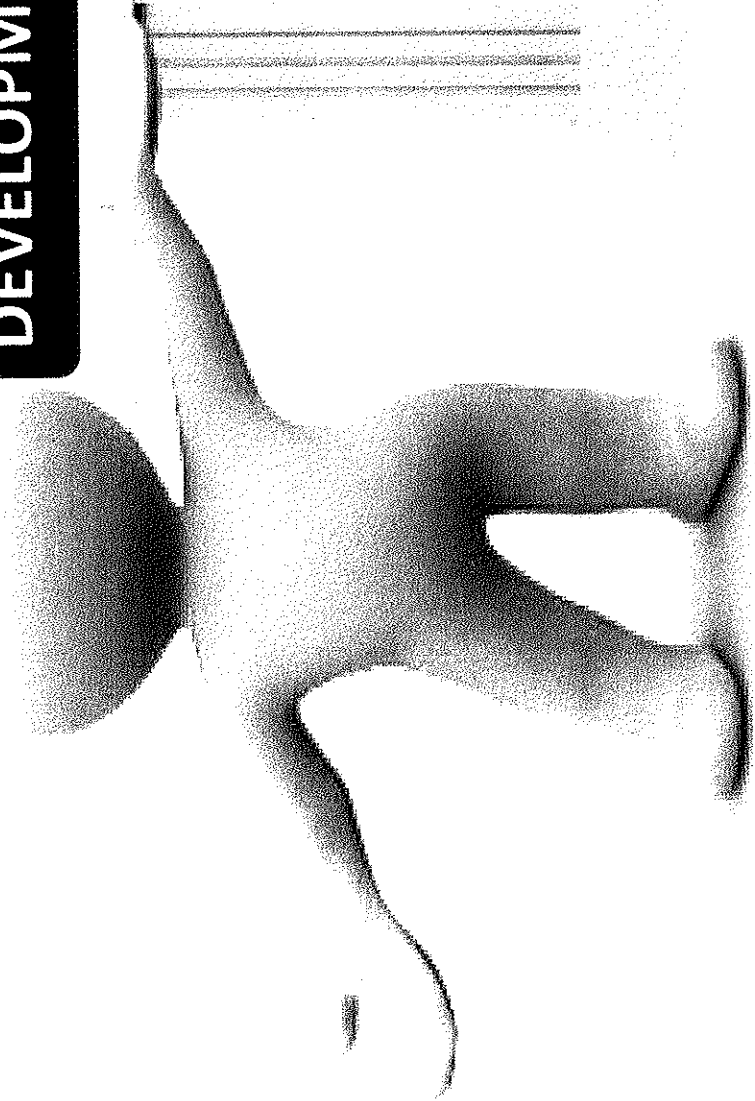
Goal: Developing a body of knowledge and best practice in the youth development sector to inform and influence policy development, planning and implementation.			
OBJECTIVES	KEY PERFORMANCE INDICATOR	2011/2012 TARGET	Annual Performance 2011/2012
To conduct research and evaluations to inform policy and programme interventions	Submitted status of youth report to the Office of the Presidency	Submitted final report of Status of Youth report	Final report approved by Board and submitted to the Presidency
	Number of research projects reports produced	6 research reports	6 reports
	Number of Programmes and Projects evaluation reports produced	10 evaluation reports	11 evaluation reports
	Number of publications produced on youth development	24 KM publications	26 knowledge management publications
	Number of written submissions on policies & legislations on YD issues to relevant Departments	6 submissions	9 submissions
To provide inputs on policies and legislation by government and other relevant structures	Number of portfolio committee meetings attended	10 Committee Meetings	11 meetings
	REASON FOR VARIANCE		The annual target has been met and exceeded by 10%.
		The target has been met.	
		The annual target has been met.	
		The annual target has been exceeded by 10%.	
		The annual target has been exceeded by 8.3%.	
		The annual target has been met and exceeded by 50% due to increased number of important policies and legislations that were being developed by public institutions.	
		The annual target has been met and exceeded by 10%.	





KPA 4: TRAINING AND

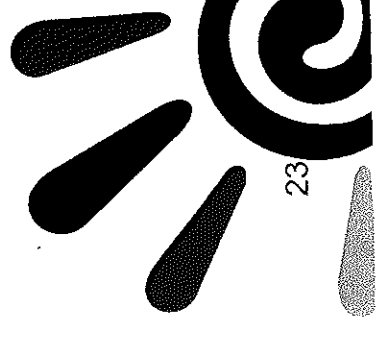
DEVELOPMENT



KPA 4: Training and Development

NYDA APPROACH:

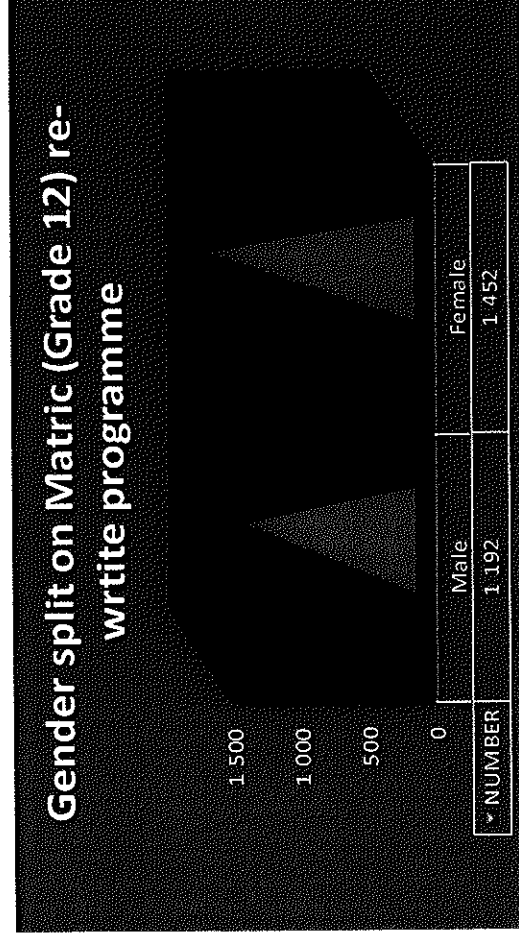
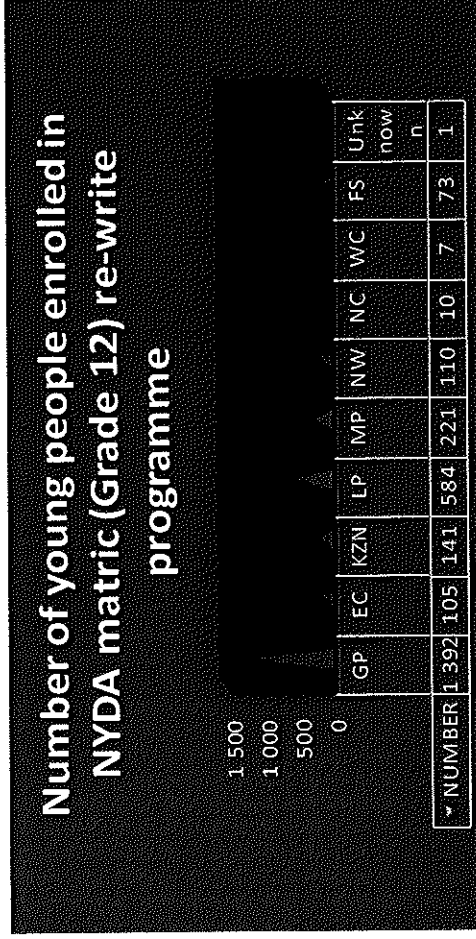
- Training and development opportunities to young people
- Education opportunities in order to improve access to quality education.
- Technical, Entrepreneurship And Life skills Training Programmes
- Capacity building of youth development practitioners
- Professionalise Youth Work



KPA 4: Conti...Provincial Breakdown

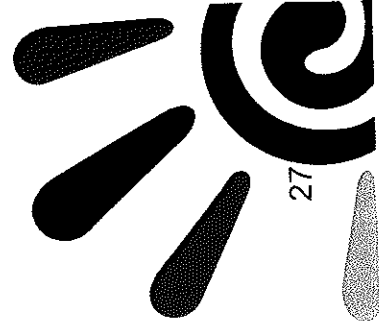
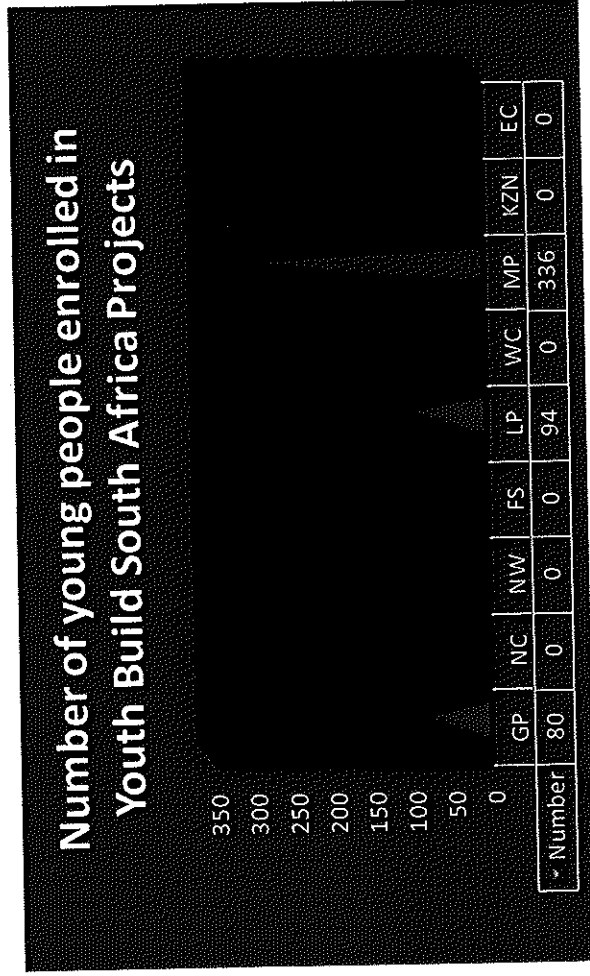
PROVINCE	NUMBER
GP	1 392
EC	105
KZN	141
LP	584
MP	221
NW	110
NC	10
WC	7
FS	73
Unknown	1
TOTAL	2 644

GENDER	NUMBER
Male	1 192
Female	1 452
TOTAL	2 644



KPA 4: Provincial Breakdown

Province	Number
GP	80
NC	0
NW	0
FS	0
LP	94
WC	0
MP	336
KZN	0
EC	0
TOTAL	510



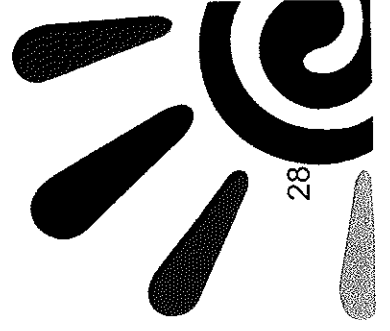
KPA 4: Conti...

PROVINCE	NUMBER
GP	2 083
KZN	191
FS	57
MP	1 041
EC	793
WC	639
NC	0
NW	531
LP	297
TOTAL	5 632

Number of young people attended entrepreneurship and business management skills programme

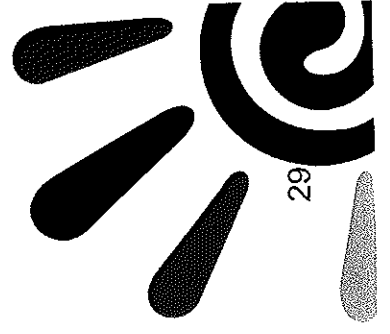
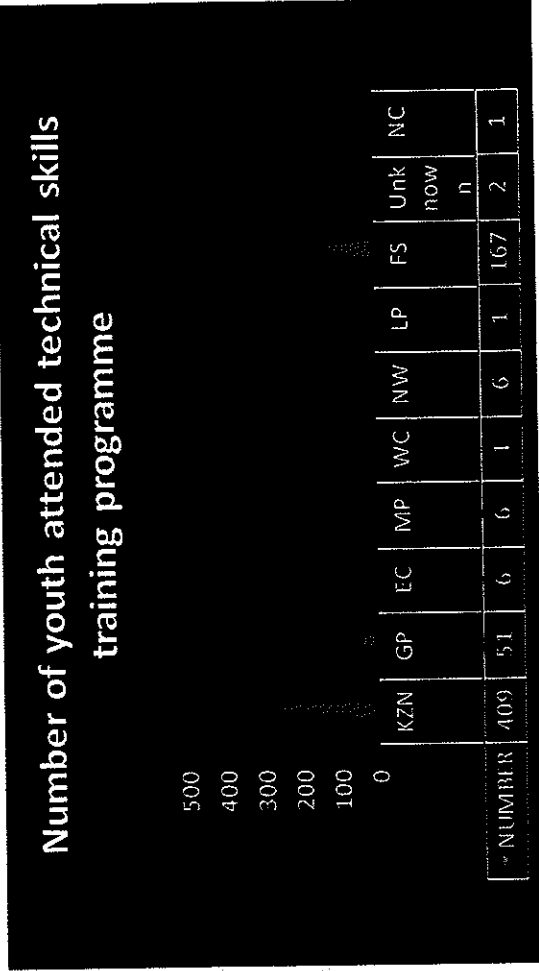
3 000
2 000
1 000
0

	GP	KZN	FS	MP	EC	WC	NC	NW	LP
NUMBER	2 083	191	57	1 041	793	639	0	531	297

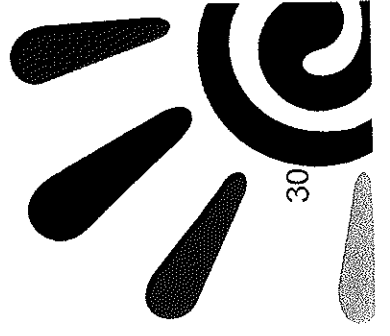
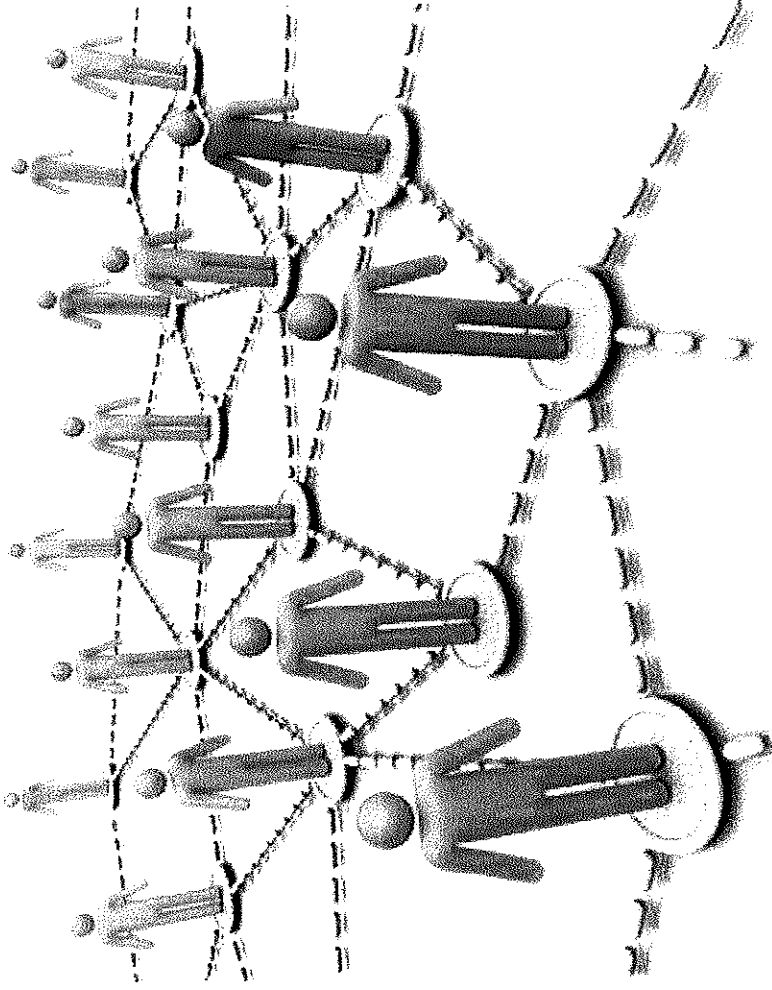


KPA 4: Conti...

PROVINCE	NUMBER
KZN	409
GP	51
EC	6
MP	6
WC	1
NW	6
LP	1
FS	167
Unknown	2
NC	1
TOTAL	650



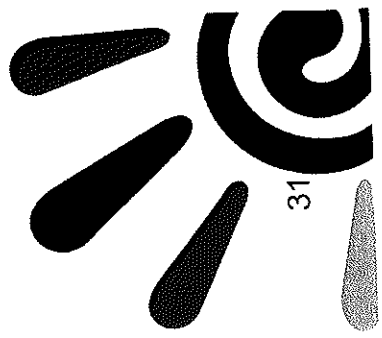
**KPA 5: YOUTH
ADVISORY AND
INFORMATION
SERVICES**



KPA 5: Youth Advisory And Information Services

NYDA APPROACH:

- To provide career guidance services
- To provide access to information

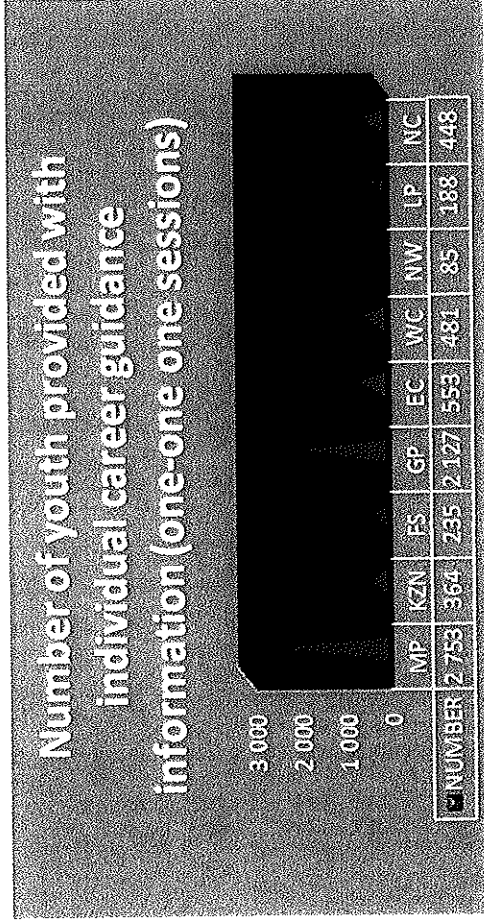


KPA 5: Youth Advisory and Information services performance information: 2011/2012

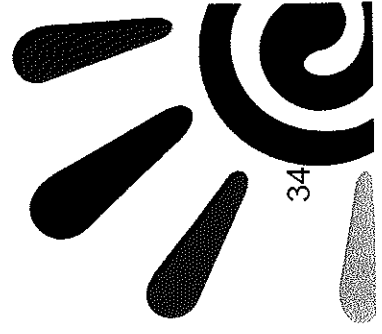
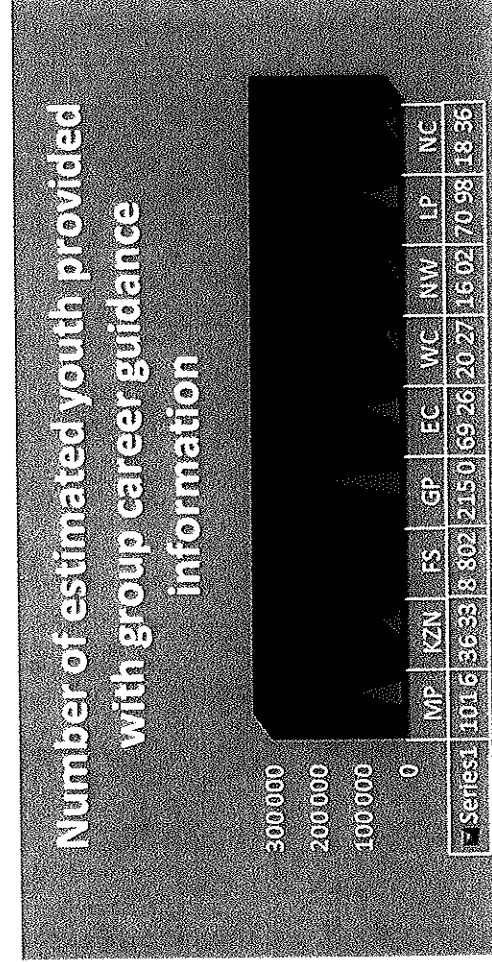
Goal: To ensure access for youth to information about various interventions aimed at improving the living conditions of young people, including information and career guidance services to young people.			
OBJECTIVES	KEY PERFORMANCE INDICATOR	2011/2012 TARGET	Annual Performance 2011/2012
To provide career guidance services	Number of youth provided with individual career guidance information (one on one sessions)	2,600 youth	7,234 youth
To provide access to information regarding products and services of the NYDA and referrals to other agencies	Number of estimated youth provided with group career guidance information	397,400 youth	556,816 youth
	Number of people receiving information and/or referrals from NYDA service delivery points	100,000 young people	109,248 young people
	Number of estimated youth provided with information and/or referrals through NYDA outreach programme	400,000 young people	548,258 young people
To provide access to information regarding products and services of the NYDA and referrals to other agencies	Number of interactions with young people through the NYDA Call Centre	140,000 interactions	45,971 interactions
	Number of NYDA beneficiary stories published	20 publications	67 publications
Number of NYDA portal visits		300,000 portal visits	437,452 NYDA portal visits
		REASON FOR VARIANCE	
		The annual target has been met and exceeded by 4,634 due to increase in demand for this programme especially after the matrix results publication.	
		The annual target has been met and exceeded by 40% due to increase in outreach activities to schools for this programme.	
		The annual target has been met and exceeded by 9.29%.	
		The annual target has been met and exceeded by 37% due to increased numbers of NYDA service points, especially the new local youth offices established with municipalities.	
		The target was not met by 32.8%. During the 2011/12 financial year, the Telkom cable was stolen for a period of 3-4 months.	
		The annual target has been met and exceeded by 47 publications due to new youth publications supported by the NYDA.	
		The annual target has been met and exceeded by 45.8% due to publicity and improvement in number and quality of information available on the NYDA website.	

KPA 5: Conti...

PROVINCE	NUMBER
MP	2 753
KZN	364
FS	235
GP	2 127
EC	553
WC	481
NW	85
LP	188
NC	448
TOTAL	7 234

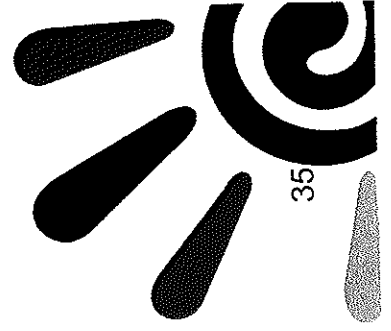
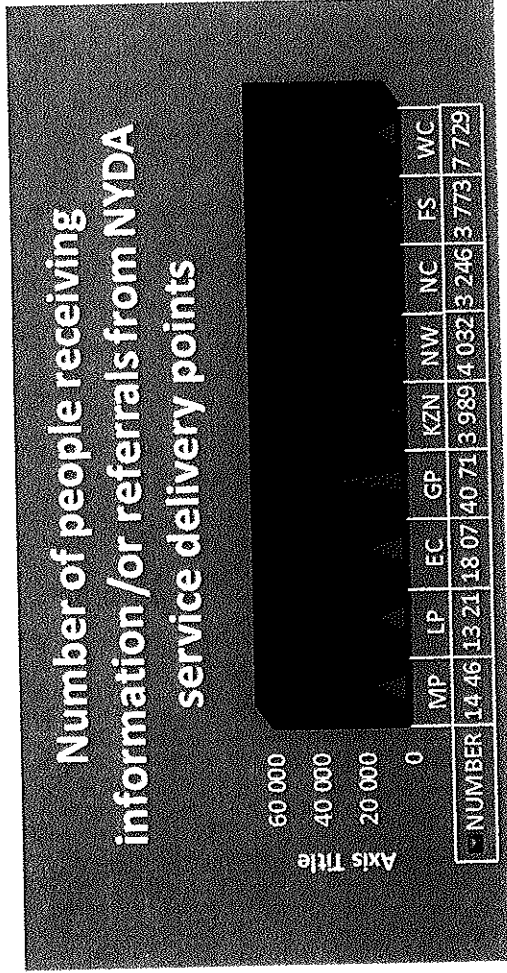


PROVINCE	NUMBER
MP	101 697
KZN	36 330
FS	8 802
GP	215 089
EC	69 265
WC	20 270
NW	16 022
LP	70 981
NC	18 360
TOTAL	556 816



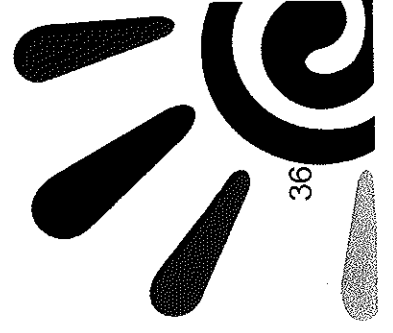
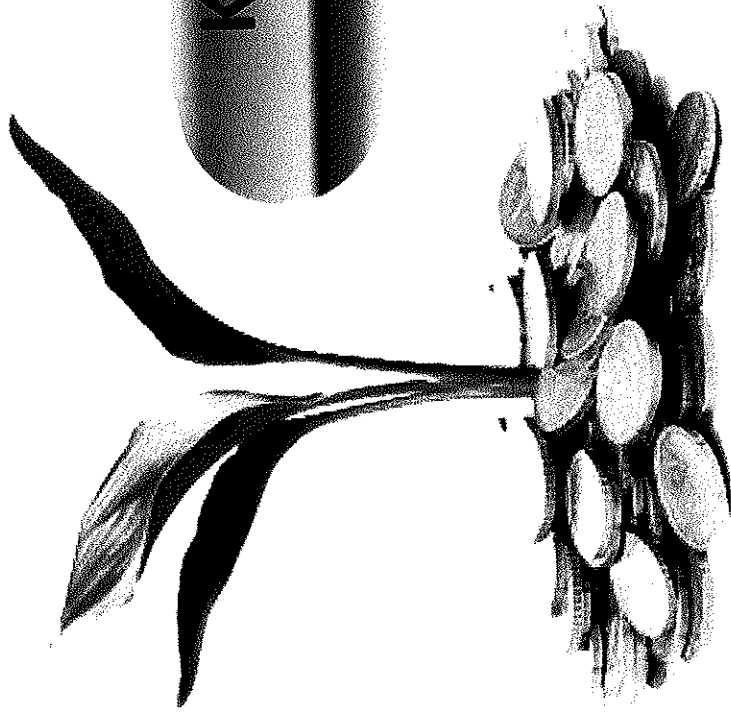
KPA 5: Conti...Provincial Breakdown

PROVINCE	NUMBER
MP	14 466
LP	13 217
EC	18 079
GP	40 717
KZN	3 989
NW	4 032
NC	3 246
FS	3 773
WC	7 729
TOTAL	109 248



KPA 6: National Youth

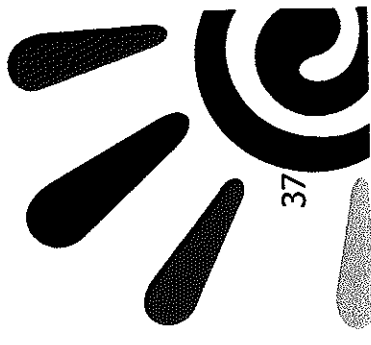
Fund



KPA 6: National Youth Fund

NYDA APPROACH:

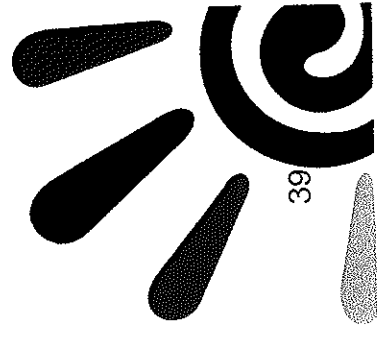
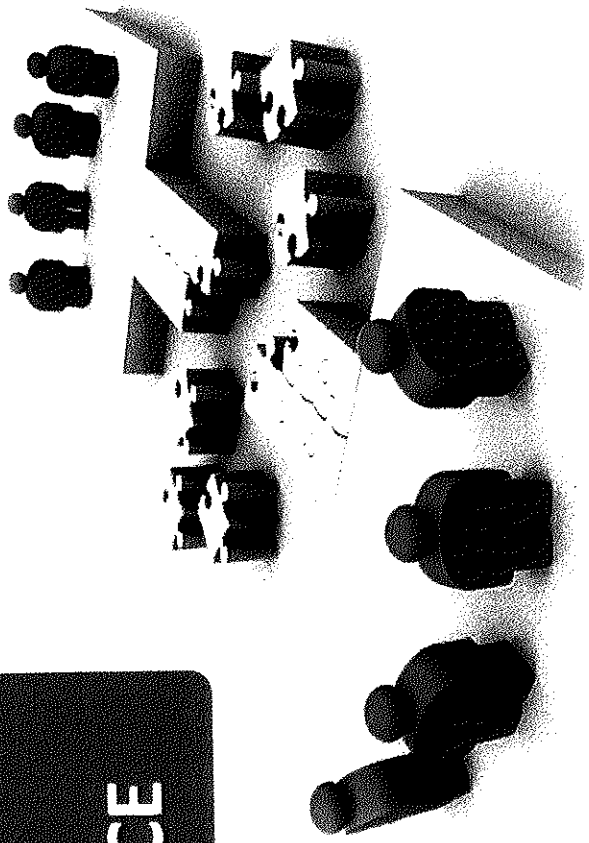
- To plan and set up the National Youth Fund
- To mobilise and leverage financial assistance to small , micro , medium enterprises and cooperatives owned by youth
- To mobilise and leverage financial assistance to provide bursaries to young people who intend to further their studies



KPA 6: National Youth Fund: Performance information 2011/2012

Goal: Establish a mechanism to enable the NYDA to raise funds for purposes of advancing and implementing programmes aimed at improving the livelihoods of the youth.			
OBJECTIVES	KEY PERFORMANCE INDICATOR	2011/2012 TARGET	Annual Performance 2011/2012
To plan and set up the National Youth Fund	Approved framework for financial assistance by NYDA Board	Approved framework	The Framework was approved by the Board of Directors meeting.
	Approved policies and procedures to manage the Fund by the NYD Board	Policies and procedures	The procedures were approved by the Board of Directors meeting.
	Number of bursaries awarded by NYDA to youth to further their studies in tertiary institutions	10 bursaries	10 scholarships 114 bursaries.
To mobilise and leverage financial assistance to small, micro, medium enterprises and cooperatives owned by youth	Value of funds raised from the private sector for the National Youth Fund	R30m	R46,722,300
	Value of funds raised through partnerships for the National Youth Fund	R60m	R71,595,200
To provide financial support to projects initiated by youth	Value of funds invested on youth initiated projects	R20m	R802,158.02
			The annual target has been met. The annual target has been met. The annual target has been met and exceeded by 104 bursaries. This was due to increased demands from qualifying students who have applied or requested assistance from NYDA for enrolment into tertiary education. The annual target was met and exceeded by 55.9%. This was due to the NYDA's drive to get the private sector to contribute towards youth development programmes. The annual target was met and exceeded by 19.3%. This was due to NYDA strategy for expanding partnerships with all sectors in funding youth development. The target has not been met by 95.9%. The value of request from youth initiated project meeting the NYDA sponsorship criteria for the year under review was less than the targeted value.

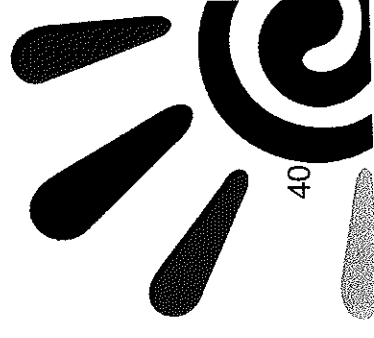
**KPA 7:
GOVERNANCE**



KPA 7: GOVERNANCE

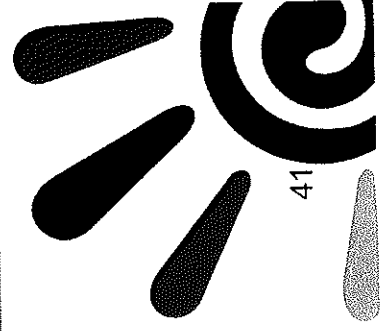
NYDA APPROACH:

- To ensure compliance with all applicable statutes and policies
- To implement systems and processes to increase the recoverability of defaulting loans

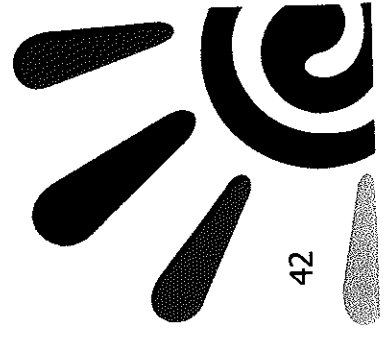


KPA 7: Governance Performance information 2011/2012

Goal: Ensures that NYDA operations comply with applicable legislation and regulations governing a Schedule 3A institution.			
OBJECTIVES	KEY PERFORMANCE INDICATOR	2011/2012 TARGET	REASON FOR VARIANCE
To ensure compliance with all applicable statutes and policies To implement systems and processes to increase the recoverability of defaulting loans	Adequate corporate governance, financial and operational controls	Unqualified annual audit report	The annual target has been met.
	Decrease in the number of loans defaulting in NYDA SME loan book	Decrease defaulters by 20%	The annual target was not met. The economic downturn led to youth entrepreneurs not being able to generate adequate profits to be able to contribute towards paying off their debt.
	Decrease number of loans defaulting in NYDA Micro loan book	Decrease defaulters by 20%	The annual target was not met. This is due to the fact that the majority of the NYDA micro loan clients are start-ups and they require a lot of support before they can realise profit to enable them to be up to date with payments.

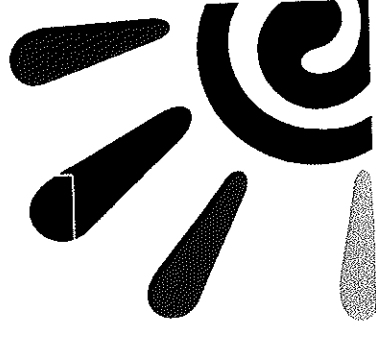


PART B:
AUDIT REPORT
FOR FINANCIAL YEAR
2011/2012



AUDIT REPORT

Auditor-General of South Africa has issued NYDA with an unqualified audit opinion for the financial period ending 31 March 2012 with two emphasis of matters. This marks a significant improvement (60%) from the five emphasis of matters reported in the prior financial period.



EMPHASIS OF MATTER

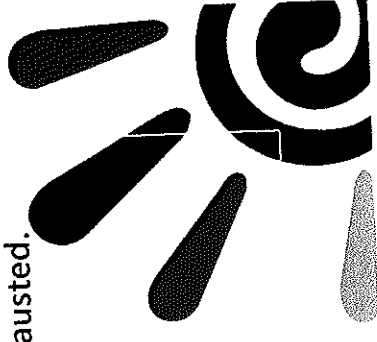
The Auditor-General raised two emphasis of matters in the current financial year. This represents a 60% improvement in comparison to the prior period when five emphasis of matters were reported.

Material Impairments:

NYDA raises a provision for impairment when objective evidence exists that the recoverability of the loan amount is doubtful. All amounts in excess of 90 days are impaired as management considers this as objective evidence that an impairment loss occurred. Some of the other factors considered are the cash flows of the young persons business, the customer base, economic conditions in the industry and whether the young person is still trading or not.

At 31 March 2012, R161 323 000 (86%) of loan book had been impaired as the recoverability of these loans were doubtful. The increase in impairment in the prior period was 25% whilst the current period is 13%. This reflects a significant decline in the rate of increase at 12%. This is an indication that measures implemented by the Agency to ensure repayment of loans by beneficiaries are bearing fruits.

The impaired debts are only written-off once all other avenues to recover them have been exhausted.

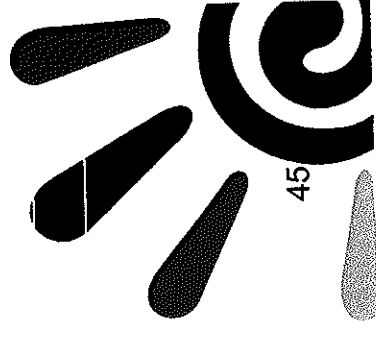


EMPHASIS OF MATTER

Material Impairments (continued):

NYDA implements the following measures to ensure recovery of impaired loans:

1. Follow up with clients to determine recoverability
2. Clients who genuinely cannot honour their commitments, due to the economic conditions, are provided with assistance for example they are offered, mentorship, turn-around strategies for the business, market linkages or loan repayments are restructured.
3. Young entrepreneurs who are unable to honour their obligations due to the current economic conditions may also be granted payment breaks for a maximum of 12 months
4. Legal action is taken against clients that have the resources to honour their commitments, but deliberately default



EMPHASIS OF MATTER

Irregular Expenditure:

Irregular expenditure, as defined in section 1 of the PFMA, is expenditure incurred in contravention of or that is not in accordance with the requirements of any applicable legislation. It does not imply that such expenditure was fruitless, wasteful or unauthorised nor does it imply corruption and maladministration. For all these expenses goods and services procured were delivered at the right quantity and quality.

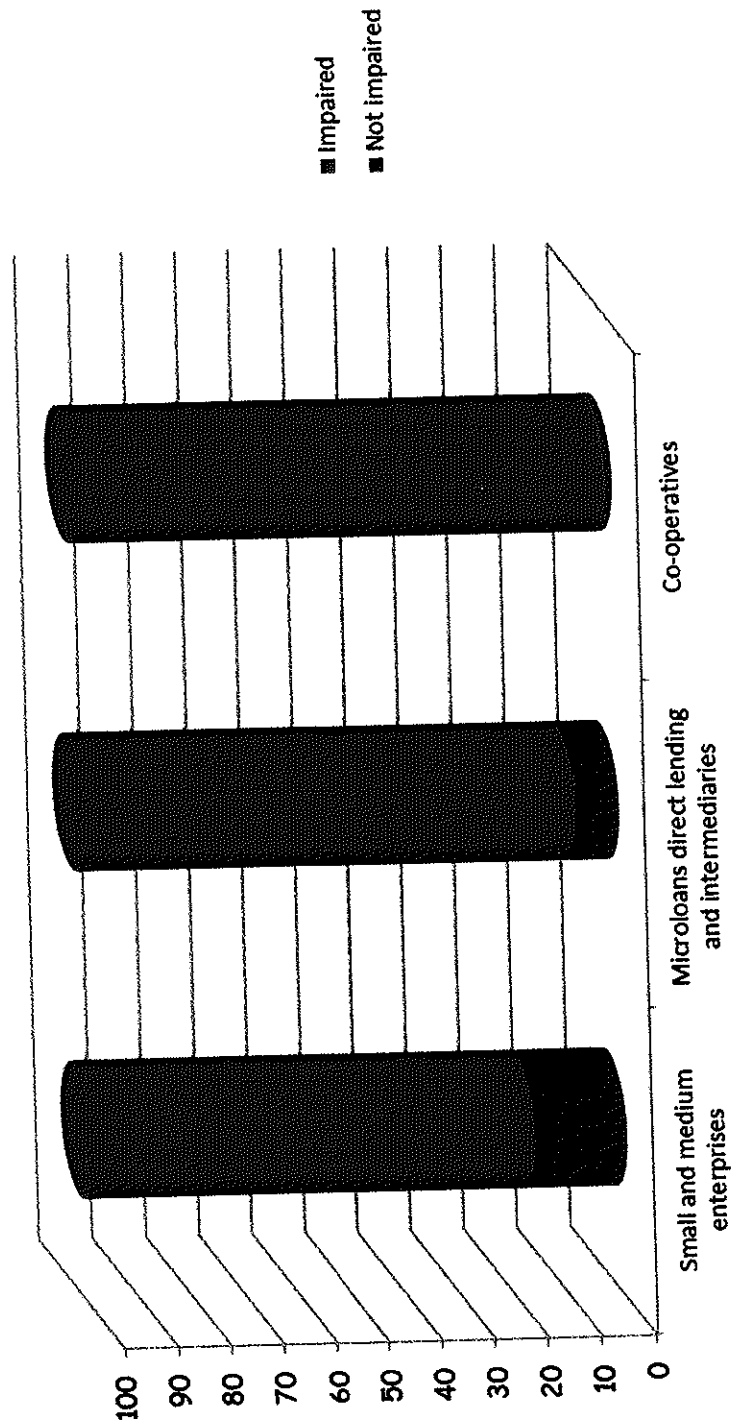
NYDA incurred irregular expenditure of R133 252 000 (69% of total expenditure subject to supply chain management requirements) as a result of non-compliance with supply chain management prescripts as determined by the National Treasury.

Significant contributors to the value of irregular expenditure incurred during the current financial year:

1. Travel and accommodation expenses to the value of R28 million were incurred from a contract entered into by the Umsobomvu Youth Fund. This contract has since been terminated and a new contract meeting the Treasury Requirements has been entered into.
2. R17,6 million of the disclosed irregular expenditure resulting from goods and services procured through a quotation based process, from service providers registered on the NYDA's supplier database, prior to the beginning of the current financial year and whose tax clearance certificates had expired at the time goods and services were procured during the course of the current financial year.

ANALYSIS OF LOAN BOOK

	Net loans before impairment	Impairment	Net loans after impairment	% Impairment
Small and medium enterprises	143 991	(119 811)	24 180	83%
Microloans direct lending and intermediaries	37 894	(34 884)	3 010	92%
Co-operatives	6 657	(6 628)	29	99.6%
	188 542	(161 323)	27 219	86%



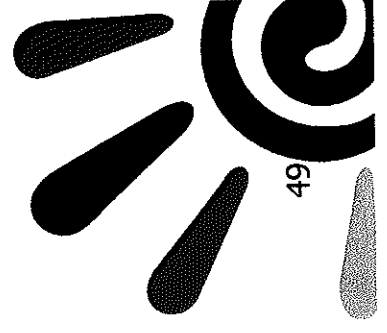
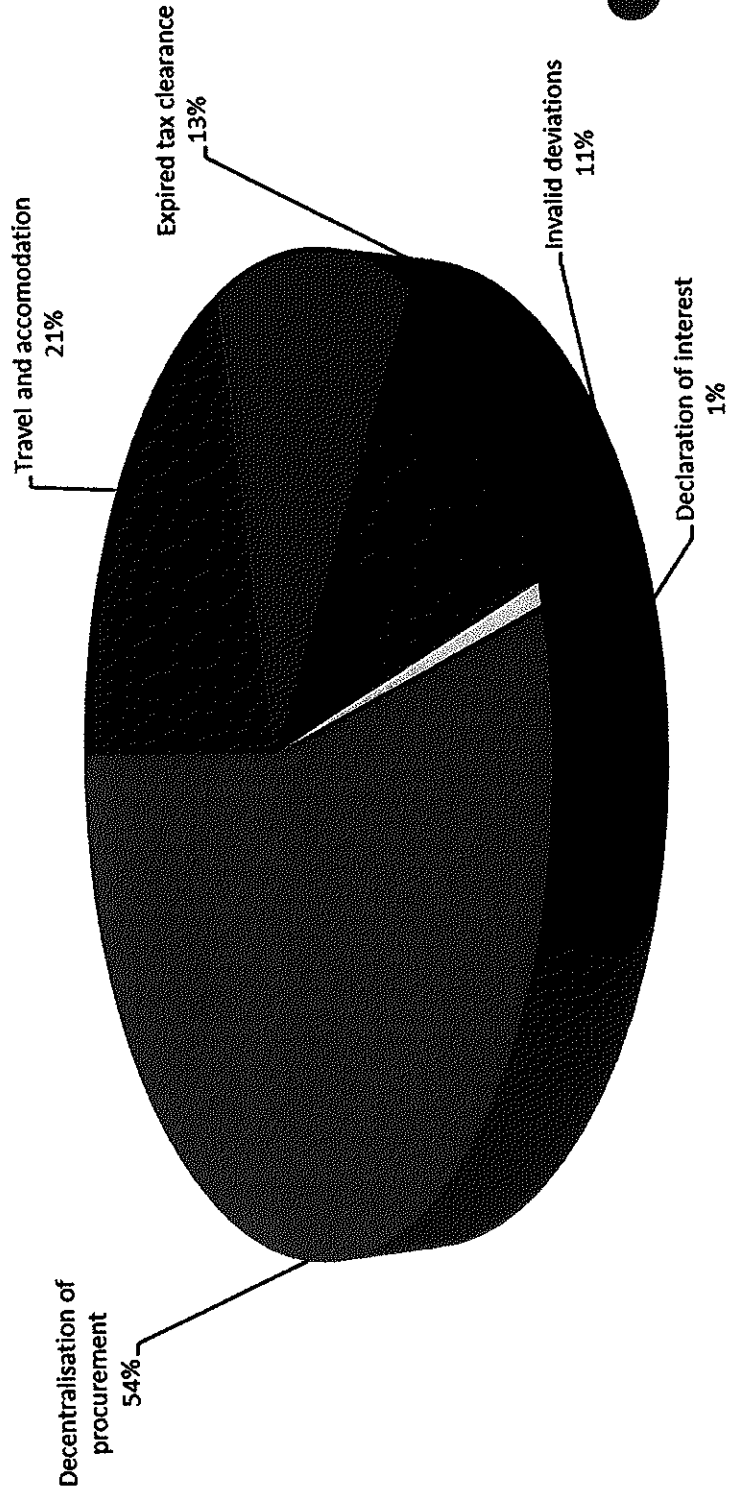
EMPHASIS OF MATTER

Irregular Expenditure (continued)

3. An amount of R15 million resulted from expenditure procured in terms of Treasury Regulations 16.A6.4 in applying the deviation from normal procurement procedures which the auditor-general did not accept.
4. The remainder and the majority of the irregular expenditure resulted from the decentralisation of procurement as divisions procured their own goods and services and also kept supporting documentation and as a result, when supporting documentations were requested for audit purposes, most of them could not be produced due to poor record management. Procurement of goods and services has since been centralised to the supply chain unit and record keeping is centralised to SCM unit as well.
5. Some goods and services (R842 thousand) were procured from suppliers who did not complete the declaration of interest document (SBD 4) and were found to have persons in the service of other state institutions who have an interest. This has since been corrected since November 2011.
6. NYDA did not always inform the bidders that, the 80/20 preference system will be applied, even though this was applied.

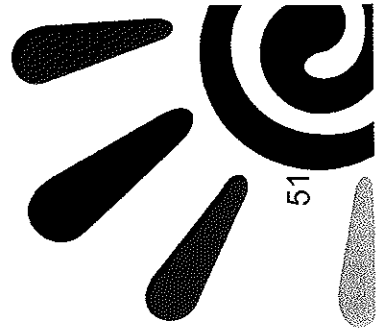
Analysis of irregular expenditure

Travel and accommodation	28 000
Expired tax clearance	17 600
Invalid deviations	15 000
Declaration of interest	842
Decentralisation of procurement	71 810
	<hr/>
	133 252



APPENDIX 1

Invitation Letter





PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

COMMITTEES

PO Box 15, Cape Town 8000, Republic of South Africa
Tel: 27 (21) 603 2597 Fax: 27 (21) 403 3205
www.parliament.gov.za

10 September 2012

Minister C Chabane
The Presidency – Minister Performance Monitoring and Evaluation as well as
Administration in the Presidency
Pretoria
0001

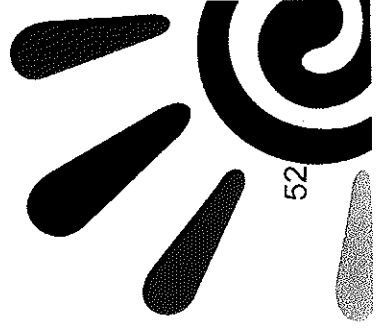
Cc: Ms Vathiswa Mfana
Tel: 082 786 4267 or 021 464 2191 or vathiswa@pp.gov.za

Dear Minister

**Briefing by the National Youth Development Agency (NYDA) on the 2011/12
Annual Report.**

According to Section 5 of the Money Bills Amendment Procedure and related Matters Act, the National Assembly, through its Committees, must annually assess the performance of each national department. The Committee must submit a Budgetary Review and Recommendation Report of the Department for tabling in the National Assembly.

The Standing Committee on Appropriations hereby invites the NYDA to brief the Committee on the 2011/12 Annual Report. The details of the meeting are as follows:



Date: Tuesday, 18 September 2012
Time: 09h00
Venue: Committee Room S26, First Floor NCOP Wing
Agenda: Briefing by the NYDA on the 2011/12 Annual Report

A written confirmation of receipt of this correspondence and the presentation documents can be forwarded to the Committee Secretaries Ms Albertina Kakaza and/ or Mr Darrin Arends by fax to 0866943529/021-4038204 or by email at akakaza@parliament.gov.za / daarends@parliament.gov.za

Kindly ensure that all the relevant documents related to the above-mentioned presentations reach the office of the Committee Secretariat no later than 12h00 Friday, 14 September 2012.

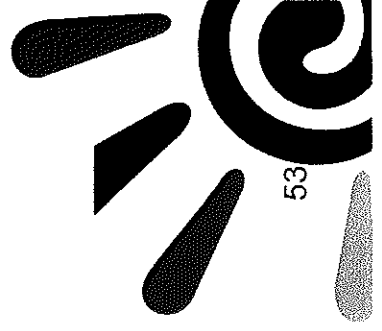
For further information, please do not hesitate to contact Albertina Kakaza on 021-4033765/ 083 7098391 or Darrin Arends on 021-4038105 / 0713632273.

Thanking you in anticipation.



Mr EM Sogoni, MP

Chairperson: Standing Committee on Appropriations



THANK YOU

