



NDA

National
Development
Agency

National Development Agency
Annual Report 2014/2015



NATIONAL DEVELOPMENT AGENCY ANNUAL REPORT **2014/15**

I have an honour of submitting the annual report of the National Development Agency for the period 01 April 2014 to 31 March 2015

MS BO Dlamini, MP
Minister of Social Development

September 2015

Date of Submission

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PART A

General Information



1.1 Public entity's general information

Registered name of the public entity	National Development Agency
Registration numbers and/or other relevant numbers (e.g. FSP)	Public entity established in terms of Section 2 of the National Development Agency Act, Act No 108 of 1998, as amended
Registered office address	26 Wellington Road, Parktown, 2193
Postal address	PO Box 31959, Braamfontein, 2017
Contact telephone numbers	Tel: (011) 018 5500; Fax: (011) 018 5587
Email address	info@nda.org.za
Website address	www.nda.org.za
External auditors' information – external auditors' name and address	Auditor General of South Africa 300 Middel Street New Muckleneuk Pretoria 0181
Bankers' information – Name and address of bank	Standard Bank, BOE and FNB
Company Secretary – Full name and professional designation	Mr David Radikgomo Mokale Admitted attorney

1.2 List of abbreviations/acronyms

CBO	- Community-based Organisation
CEO	- Chief Executive Officer
CSO	- Civil Society Organisation
DSD	- Department of Social Development
DBE	- Department of Basic Education
ECD	- Early Childhood Development
GCIS	- Government Communication and Information Systems
GRAP	- Generally Recognised Accounting Practices
HIV	- Human Immunodeficiency Virus
HSRC	- Human Sciences Research Council
ICT	- Information and Communication Technology
IoDSA	- Institute of Directors in Southern Africa
M&E	- Monitoring and Evaluation
MiET	- Media in Education Trust
MoA	- Memorandum of Agreement
MoU	- Memorandum of Understanding
NDA	- National Development Agency
NDP	- National Development Plan
NGO	- Non-governmental Organisation
NPO	- Non-profit Organisation
NQF	- National Qualifications Framework
OHS	- Occupational Health and Safety
PFMA	- Public Finance Management Act
SABC	- South African Broadcasting Corporation
SAECD	- South African Congress for Early Childhood Development
SALGA	- South African Local Government Association
SEDA	- Small Enterprise Development Agency
SLA	- Service Level Agreement
TB	- Tuberculosis
UNDP	- United Nations Development Fund
UNICEF	- United Nations Children's Fund
Unisa	- University of South Africa



1.3 Foreword by the Minister



Bathabile Dlamini
Minister of Social Development

“No political democracy can survive and flourish if the mass of our people remain in poverty; without land; without tangible prospects for a better future.” The Reconstruction and Development Programme, 1994.

I am pleased to present the 2014–15 Annual Report for the National Development Agency (NDA), which outlines the considerable progress we have made for the period under review as outlined in the Strategic Plan. As they say, every journey begins with one small step. Seventeen years ago, Cabinet approved the establishment of the NDA, with a specific mandate to eradicate poverty through partnership between the Government and civil society organisations (CSOs).

Looking at the history, issues and challenges of the Agency seventeen years on would enable us to appreciate how far the Agency has come and achieved throughout the years. While the challenges facing the country are now different to when the Agency was established in 1998, the overriding mandate and the relevance of the Agency remain more important than ever before, particularly in this harsh economic period.

Tackling poverty remains a fundamental goal of our Government as reaffirmed in the National

Development Plan (NDP, Vision 2030). As the report shows, the Agency has registered significant progress in a number of key areas—notably on capacity building of CSOs. Over 2 000 CSOs around the country underwent training for various institutional and technical skills aimed at making them effective and sustainable in the long term.

Achieving our goal of a stronger and more inclusive South Africa as envisioned in the NDP requires that we meet shared challenges through efficient and effective cooperation. For this reason, building enduring partnerships with CSOs is at the centre of our national development efforts. This programme seeks to enhance the capacity of civil society to play a more meaningful role in the context of the National Development Plan. In addition, over 4 927 practitioners benefitted from the training programme.

Some of the notable achievements include the provision of Mobile Early Childhood Development (ECD) services. This innovative approach has enabled

the Agency to increase ECD coverage and reach, with a particular focus on children in informal settlements and rural areas, thus ensuring that every child gets an early start for a better future, irrespective of where they live in the country. This is consistent with the resolution of the 53rd National Elective Conference of the African National Congress, which declared ECD as a public good.

The 2011 Census report shows that only 34 percent of children 0-4 were accessing ECD programmes. In the new financial year, we will continue with the implementation of similar initiatives such as the Adopt-an-ECD campaign, because investment in early years is at the centre of Government's concerted efforts to reduce social inequality and intergenerational poverty. In line with the Household Food and Nutrition Security Strategy, a number of income generation and food security initiatives were supported.

The NDA has made steady progress during the year under review and I am proud of its achievements. Once again, the Agency received a clean audit, a clear indication of effective leadership and control systems.

My sincere appreciation goes to the outgoing Board under the sterling leadership of the chairperson, Mr Malose Kekana, CEO, Dr Vuyelwa Nhlapo, the Executive and all NDA staff for the good work they have done in guiding the work of the Agency over the past year. I commend your commitment and dedication.

Finally, we will expedite the appointment of the new Board in the new financial year as part of our vision to make NDA the lead agency in the social sector. More importantly, we will ensure that the Agency continues to deliver on its core mandate and build upon its recent successes.



MS BO Dlamini, MP

Minister of Social Development

1.4 Review by the Chairperson



Mr Malose Kekana
Chairperson

The 2014/15 financial year will remain a historic milestone in our achievements as a country, in that it coincides with the commemoration of 20 years since the beginning of our democratic dispensation.

The NDA is mandated to implement programmes aimed at poverty eradication. Addressing poverty, along with unemployment and inequality, is what defines the overall task for the nation in order to deliver a complete democratic dividend. To derive this dividend depends on the investment we make as a nation in programmes and projects targeting the poorest of our citizens.

In the year under review, the NDA successfully continued to build collaborations with the provincial departments of Social Development to broaden the frontiers for development. We wish to thank these departments for enlisting the services of the NDA's capacity building unit to strengthen CSOs in their provinces. Furthermore, the hosting of the South African Congress for Early Childhood Development (SAECD) Awards and continued implementation of the ECD campaign brought to fruition the Board's desire to shift the organisation to leverage its limited

capacity through partnerships.

We expect the NDA's capacity building programme to grow and for the organisation to be positioned as the institution of choice for developing the capacity of CSOs in South Africa. With declining donor funds, many CSOs operating in townships and rural areas are bereft of organisational development interventions. Poor capacity means poor implementation, which translates into less than effective poverty eradication programmes.

The chief concern for the NDA in the coming years will be how to continue to increase the scale of its interventions. With limited funding, our method of increasing the scale of the NDA's impact will be the continued implementation of campaigns, capacity building of CSOs and influencing the development practice in the NDA's areas of focus. With respect to influencing the development practice, the main objective is to develop effective practices and standards based on the experience of programmes implemented in South Africa and globally. This aspect of our work is concerned with the question: What makes programmes work and work well? Insights

gleaned from an existing body of work will be consolidated into a compendium of lessons learned and toolkits that can be used to deepen effective practices and standards. Through the capacity building programme, these practices will be shared with practitioners.

In raising its flag as a development institution, the NDA implemented the Jessica Fortuin Fellowship programme during 2014/15. This programme is a training and development initiative that recruits promising young professionals who are groomed into leading development practitioners.

We wish to take this opportunity to thank the executive leadership of the NDA, led by Dr Vuyelwa Nhlapo, for having embraced the reorientation of the NDA. Doing more with less has become the NDA's reality and the management team has risen to the challenge.

The Board's commitment and expertise in poverty eradication has been a fundamental attribute that continues to turn the tide for the NDA. We would like to thank the government for having entrusted us with such a great opportunity to serve and make a difference.

To serve under a leader of the calibre of Minister Bathabile Dlamini is a pleasure, and makes all the sacrifices worthwhile. We wish to thank the Minister for her humble and direct leadership style.



Mr Malose Kekana
Chairperson

1.1 Chief Executive Officer's Overview



Dr Vuyelwa Nhlapo
Chief Executive Officer

Colleagues and Board members, I am proud to once again announce that we have met most of our planned targets for the year under review. As we celebrate these achievements, may we again take time to reflect on our own fallen colleagues and continue to honour their fond memories.

Reflecting on our achievements of the financial year under review, I am proud to say that we have yet again touched the lives of millions of South African children through our various ECD programmes, and have also celebrated the people behind the scenes, our practitioners, through the launch of the SAECD Awards, which recognised the outstanding performance of various ECD practitioners and centres. Furthermore, the NDA enrolled 248 ECD practitioners in National Qualifications Framework (NQF) Level 4 programmes. These practitioners will complete their qualifications in the new financial year.

During the period under review, we also increased our commitment to the Extended Works Programme of the National Development Plan (NDP) through the launch of the Jessica Fortuin Fellowship programme, aimed at promoting and enhancing community development by building a hub of development professionals. This was achieved by identifying and developing prospective graduates from the disciplines of development studies, and human and social sciences. Through this programme, the NDA has recruited 49 interns. As part of its mandate, the NDA continued to grant funding to projects implemented by CSOs in poor communities nationally. A total of R75.8 million was disbursed, which benefitted 6 036 people working and participating in these projects.

Our commitment and desire to reach our set target was informed by the demands of the current environment, which in turn informed our grant-funding decisions.

The research and development unit has done great work in partnering with other top institutions to provide environmentally relevant insight on our business trajectory. We managed to produce six research papers working together with institutions such as the Human Sciences Research Council (HSRC) and the University of South Africa (Unisa). A significant improvement in monitoring and evaluation (M&E) is worth noting, which measured the impact of our funded projects.

Our resource mobilisation efforts have managed to raise R104 million towards supporting and building the capabilities of communities and households for self-reliance. Furthermore, the NDA signed 14 key strategic partnerships with various stakeholders, such as the provincial departments of Social Development, the Northern Cape Department of Economic Development, the South African Broadcasting Corporation (SABC), Media in Education Trust (MIET) Africa and the United Nations Children's Fund (UNICEF) to support development programmes implemented by the NDA and fulfil the needs of CSOs working in poor or under-resourced communities.

Despite the slow start, an excellent finish to this financial

year was accomplished, displaying once again the spirit of *ubuntu*, patriotism and living our NDA values. We continue to learn from all the challenges that the organisation faces, but I can confidently say that we made a difference in people's lives, especially those less fortunate and vulnerable ones.

I am proud to once again announce that we have met our targets, touched lives and set new heights for the next financial year. I would like to extend my sincere gratitude to the Minister of Social Development, Ms Bathabile Dlamini, for her leadership and support, and the NDA Board members for their guidance during the year. Many thanks also go out to my Executive Committee, Senior Management Team and staff, who have worked tirelessly in ensuring that we achieve our mandate and set targets.



Dr Vuyelwa Nhlapo

Chief Executive Officer

1.5 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 2015.



Chief Executive Officer
Name: Dr Vuyelwa Nhlapo
Date



Chairperson of the Board
Name: Mr Malose Kekana
Date



1.6 Strategic overview

Vision

A society free from poverty

Mission

To contribute to poverty eradication and the elimination of its causes

Values

As the National Development Agency, we subscribe to the following values, which are embedded in our performance management system and organisational practices:

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

1.7 Legislative and other mandate

The NDA is a public entity, listed under Schedule 3A of the Public Finance Management Act (PFMA), Act No 1 of 1999. It was established by the National Development Agency Act, Act No 108 of 1998, as amended, and reports to the Parliament of the Republic of South Africa through the Minister for Social Development.

Its primary mandate is to contribute towards the eradication of poverty and its causes by granting funds to CSOs for:

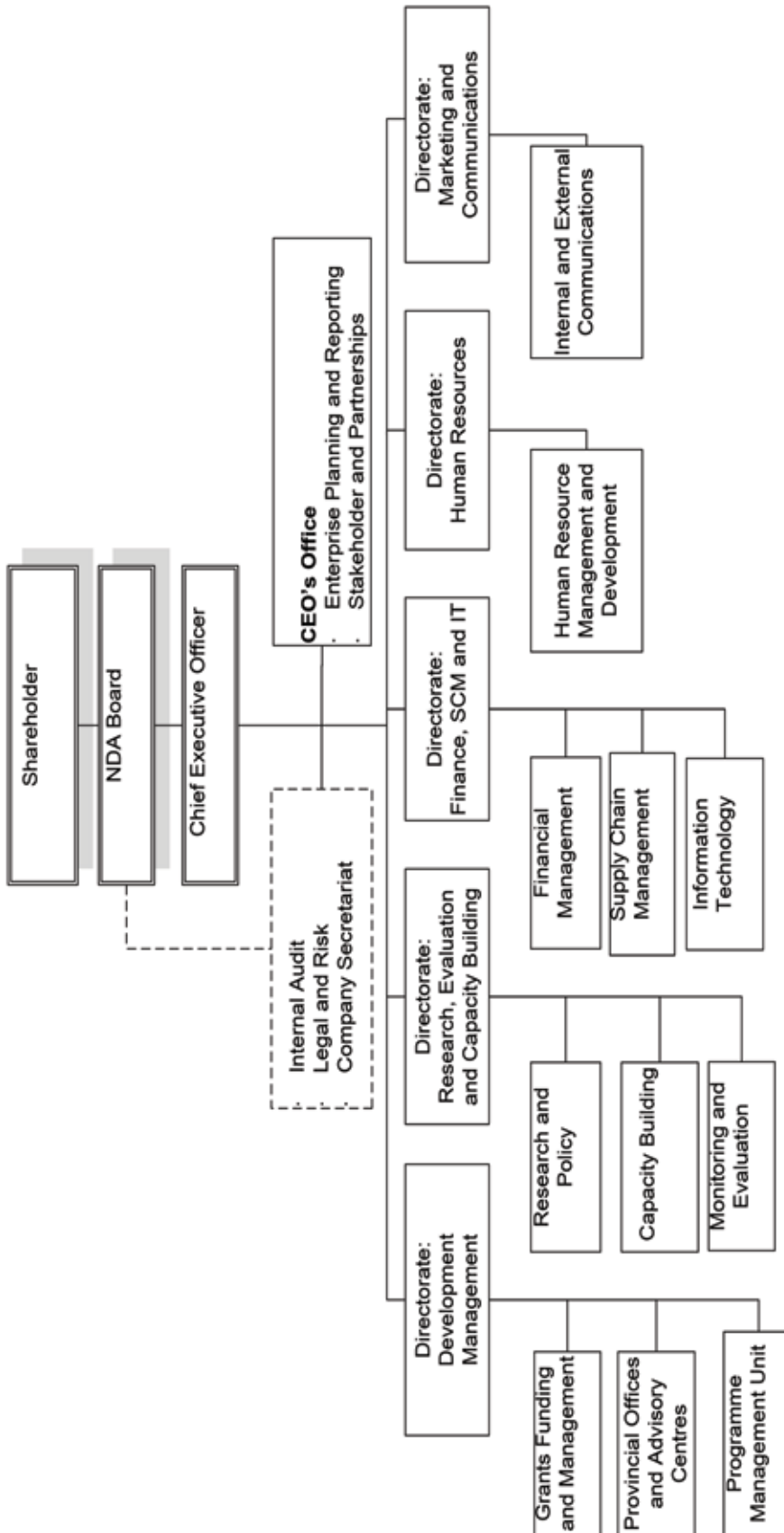
- carrying out programmes and projects aimed at meeting the development needs of the poor; and
- strengthening the institutional capacity of other CSOs involved in direct service provision to poor communities.

Its secondary mandate is to:

- debate development policy; and
- undertake research and publication aimed at providing the basis for development policy.



1.8 Organisational structure





PART B

Performance Information



2.1 An overview of the service delivery environment

The National Development Agency (NDA), in its years of existence, has gained experience in working with civil society organisations (CSOs) in poor communities. Through this, the NDA has invested in processes, infrastructure and a capacity-building model to support CSOs in the country. It has managed to contribute towards poverty eradication by providing grant funding and capacity building to CSOs. The NDA acknowledges that limited funding from government has prevented it from expanding its footprint to all poor communities. It is for this reason that the NDA has identified mobilising resources and building partnerships with other development partners as its strategic thrust for the period under review.

2.1.1 Programme 1: Capacity Building

The Capacity Building programme was designed and implemented to focus on contributing towards the eradication of poverty and its causes by providing and facilitating grant funding to CSOs working in poor communities, providing capacity-building interventions to these organisations for the purposes of strengthening their institutional and technical capacities to deliver sustainable and quality services. In the period under review, the NDA focused on providing grants to organisations working in the Early Childhood Development (ECD), income generation, and food and nutrition security sectors. The institutional and technical strengthening of the programme provided training and mentoring to CSOs to ensure that skills are enhanced for the planning and implementation of their programmes and initiatives at community level. The following are programmatic areas that were implemented by the NDA during the period under review.

2.1.1.1 Civil society institutional strengthening

During the period under review, the NDA had planned to provide institutional strengthening to CSOs, focusing on the training and mentorship of 2 000 CSOs with 4 927 staff members to strengthen their skills in the following areas: financial management, project management, conflict management, resource mobilisation, CSO governance and business planning. In addition to institutional strengthening, the programme also provided technical training to staff from participating CSOs. This included NQF-aligned training for ECD practitioners who will receive an NQF Level 4 qualification upon completion of their training. The main aim of this training is to improve the quality of teaching and learning at less resourced ECD centres in South Africa.

Although only 2 000 CSOs were earmarked for training and mentorship on organisational development, the NDA managed to train and mentor 2 531 CSOs across the nine provinces. This effort resulted in 4 927 CSO staff members benefitting from the training and mentorship programme. In addition, while only 227 ECD practitioners were targeted for NQF Level 4 training, the NDA managed to enrol 248 ECD practitioners in the programme. These practitioners, who are on a 12- to 18-month programme, are expected to complete their training and qualify as certified practitioners in the 2015/16 financial year.

To measure the impact of the capacity-building interventions undertaken, the NDA evaluates these programmes before and after the training and mentorship interventions are conducted. This exercise measures the improvement in knowledge and practice of the participants. The results of these exercises found that there was an improvement in the knowledge and practice in 73% of programme participants, which is below the set target of 80%.

2.1.1.2 Grant funding of civil society organisations

The NDA Grant Funding programme focuses on ECD, food and nutrition 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 R33.2 million.

In addition, the NDA committed to disburse R80 million during the period under review. However, R75.8 million was disbursed against the set target. The grant disbursement benefitted 6 036 people working and participating in these projects.

2.1.1.3 Food and nutrition security

Food security exists when every individual in a household has enough nutritious food at all times for an active, healthy and productive life (Food and Agriculture Organization (FAO), 1996). Poor and food insecure households are typically comprised of socioeconomically and/or geographically disadvantaged people (Statistics South Africa (Stats SA), 2013) who typically do not have access to diversified, adequate and nutritious food (Stats SA, 2013). The NDA committed R10.8 million to nine household food security programmes, and provided the participants with the knowledge needed to respond proactively to meeting their food, nutrition and livelihood needs.

2.1.1.4 Income generation

The NDA invested its resources in income-generating projects that seek to create an alternative or complementary income stream and employment for poor households in predetermined localities. The NDA committed R10.8 million to 27 income-generation projects.

These programmes created 2 143 sustainable jobs in those communities that implemented the projects and programmes.

2.1.1.5 Early childhood development

Early childhood development has been recognised as one of the most powerful tools for breaking the intergenerational cycle of poverty in South Africa. During the period under review, the NDA implemented various ECD initiatives aimed at improving the infrastructure of existing ECD centres in various provinces, massifying ECD programmes through the provision of support and teaching material, rolling out the mobile ECD programme, building new ECD structures in partnership with the municipalities and provincial departments of Social Development, and revitalising the 'Adopt an ECD' campaign to facilitate, advocate and lobby for expanded access to ECD services in poor communities. A total of R18.79 million was spent on implementing ECD programmes.

ECD massification programme

The NDA took a strategic decision to implement the ECD massification programme during the year under review to reach out to as many ECD centres as possible by prioritising ECD centres that were profiled during the 'Adopt an ECD' campaign. This programme assisted ECD centres to comply with the norms and standards, in order to access funding from the Department of Social Development (DSD) and the Department of Basic Education (DBE).

Through this programme, the NDA reached more than 120 ECD centres and supported them with the following:

- Occupational health and safety (OHS) equipment, such as first aid kits, fire extinguishers, signage and backing boards
- Training ECD practitioners on basic OHS requirements, such as first aid use and the management of fire extinguishers
- The procurement of educational toys, learning material and children's furniture
- Renovations and infrastructure development



Improving ECD accessibility

Mobile ECD centres are used to reach out to vulnerable families, including child-headed households and poor communities, so that they can also access ECD services. The key advantage of the programme is that it adopts a holistic approach to the development of children, and places the family as the key pillar in creating an enabling environment for growth and prosperity. Through the strategic partnership entered into with the DSD, the NDA was able to support and provide mobile ECDs (toy libraries) to three provinces: North West, Limpopo and KwaZulu-Natal.

The model demonstrated the following benefits:

- Increasing access by taking ECD to communities where there are no ECD structures.
- Bringing services to the doorstep of families and communities that would otherwise not have an opportunity to register their children at an ECD site due to issues of affordability and distance.
- Giving children from underprivileged families the opportunity to be developed emotionally, physically, mentally and socially.
- Linking needy (poor) families to government services.
- Ensuring that more communities can be reached through the mobile facility.

South African Early Childhood Development Awards

The South African Early Childhood Development (SAECD) Awards are run in partnership with the SA Congress for Early Childhood Development, the DBE, the DSD, the Department of Health (DOH), the United Nations Children's Fund (UNICEF) and SABC Education.

In 2014, the NDA took over the awards from Absa, which had been running the awards for 10 years. The awards take place on an annual basis to recognise best practice and outstanding participation in ECD in terms of excellence, innovations in ECD training methods and practice, best practice and encouraging the pursuit of excellence in the ECD sector. The NDA attracted 3 911 applications for the 2014 SAECD Awards. These applications were adjudicated by a suitably constituted steering committee and panel members within the ECD sector.

The NDA presented the 11th national SAECD Awards provincially between November 2014 and February 2015. The national awards ceremony was held on 26 March 2015. The following categories were awarded: Best ECD Training and Intervention Programme, Best ECD Trainer, Best ECD Publication, Best ECD Programme for Children with Disabilities, Best ECD Practitioner and Best ECD Centre.

2.1.1.6 NDA advisory centres

The NDA took a decision to expand access to its programmes by establishing centres where CSOs can get advice and information on NDA and other social development programmes closer to where they are located. During the period under review, the NDA had planned to established advisory centres in all district municipalities. This resulted in the establishment of 17 new NDA advisory centres, bringing to 36 the total number of fully operational advisory centres across the nine provinces.

2.1.2 Programme 2: Research and Development

The Research and Development programme aims to generate information that can be used by the NDA for informing development policy, planning and accurate reporting on activities carried out by the Agency. The programme conducts research on development areas that inform policy and dialogue in support of the national priorities on development discourse. The programme also fosters dialogue and debate between the civil society sector and the state on the role of the civil society sector in supporting programmes of the state. The programme also conducts monitoring and evaluation functions that improve the Agency's efficiencies and the accuracy of reporting on its activities, including measuring the outputs, outcomes and impact of the NDA's programmes. The following areas of operation are implemented within this programme.

2.1.2.1 Research and policy

The NDA had planned to undertake three major research studies that would assist the NDA and the civil society sector to understand the need for planning and implementing programmes that seek to address community needs. During the period under review, the NDA conducted three research projects and produced three research reports. The research conducted mainly focused on how the civil society sector can play a meaningful role in promoting an active citizenry, and which models the sector could use to organise itself to carry out developmental work. The research outcomes were presented to a number of forums internally and externally.

2.1.2.2 Monitoring and evaluation

During the period under review, the NDA had planned to conduct 112 mid-term and 52 close-out project evaluations. In addition to these evaluations, staff of the Monitoring and Evaluation (M&E) unit had planned to conduct 50 project monitoring visits as part of the progress assessment of these projects.

As at 31 March 2015, the NDA had conducted 113 mid-term evaluations and produced evaluation reports on the 113 projects evaluated. The NDA conducted 53 evaluations and produced 53 evaluation reports on projects during the year. The aim of these evaluations is to ensure that the NDA documents lessons learned and measures the outcomes of these projects. These reports were presented to all NDA internal forums responsible for executing the NDA's programmes and projects to improve the implementation of projects.

Over the years, the NDA has been providing grants and supporting numerous projects implemented by the CSO sector. During the period under review, the NDA had planned to conduct an impact assessment of the grant funding programme for the past 10 years. The aim was to measure the outcome and impact of these funded projects. However, due to the large number of projects funded by the NDA over the past years and the selected sample size, this evaluation was not completed in time. The project will therefore be completed during the first quarter of the 2015/16 financial year.

2.1.2.3 Knowledge management

The Knowledge Management programme was created to synthesise and consolidate all information from projects and programme implementation, evaluations and research reports to produce a body of knowledge that can assist the NDA in learning from implementing its programmes. The NDA's knowledge management function acts as a hub or information depository, which can be used by all NDA programmes to design, plan, implement and evaluate the Agency's core programme. In addition, the information is useful for the civil society sector and government in implementing programmes and projects driven by the civil society sector.

The NDA produced seven case studies and six good practice publications. These publications covered projects within its core focus areas: ECD, income generation and food security.

2.1.3 Programme 3: Resource Mobilisation

The Programme Management and Stakeholder Relations and Partnerships programme was established to facilitate and mobilise resources, financially and in kind, and to support development programmes implemented by the NDA in order to fulfil the needs of CSOs working in poor or under-resourced communities. Given that the resources allocated to the NDA for poverty eradication cannot meet the demands of the civil society sector, the Agency has forged partnerships with both the private and public sector, locally and internationally.

Through this programme, the NDA managed to partner with various stakeholders to mobilise resources to the value of R104 million towards supporting and building the capabilities of communities and households for self-reliance. In an effort to leverage resources on behalf of the NDA, 14 key strategic partnerships were entered into with various stakeholders.

The table below summarises the types and values of the agreements.

Organisation	Type of agreement	Value of agreement
Social Development Eastern Cape	Service level agreement (SLA) for capacity building	R29 000 000
Northern Cape Provincial Department of Economic Development	SLA for income generation projects	R4 102 000
Social Development Northern Cape	Memorandum of Agreement (MoA) for capacity building	R5 600 000
Social Development North West	SLA for three mobile ECD centres	R6 000 000
	SLA for ECD infrastructure	R1 335 000
	SLA for capacity building	R9 587 000
Social Development Mpumalanga	Memorandum of Understanding (MoU) for capacity building	R1 000 000
	MoU for ECD infrastructure	R12 500 000
Social Development Limpopo	SLA for capacity building	R4 000 000
KCCT	MoU for ECD infrastructure	R3 000 000
MiET Africa	MoU for collaboration	R16 591 537
Social Development Gauteng	SLA for capacity building	R1 250 000
Public Servants Association	Commitment letter	R278 861
SABC	Publicity and airtime for ECD Awards	R3 271 600
Small Enterprise Development Agency (SEDA) Free State	Business support services for projects	R39 095
Social Development Free State	MoA for financial support for ECD centres	R736 169
	Financial support for Ivy Matsepe Cassaburi Soup Kitchen	R1 665 200
	MoA for ECD infrastructure	R5 000 000
UNICEF	Sponsorship of prizes for ECD Awards	R80 000
Total value of resources mobilised		R105 036 462

2.1.4 Programme 4: Governance and Administration

The Governance and Administration programme is a support function to ensure that the NDA's programmes are planned and implemented effectively and efficiently. The aim is to promote and maintain organisational excellence and sustainability through sound financial management systems and processes, ensuring that staff are skilled and motivated. It includes the marketing and promotion of the NDA's products and services, and maintaining functional and responsive information and communication technology (ICT) 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 the operation of the Agency.

2.1.4.1 Enhancing the NDA's visibility and brand identity

The NDA implemented a below-the-line and, to a lesser extent, above-the-line marketing and communications strategy aimed at making the NDA brand visible to key stakeholders and the general public. The strategy employed brand activation activities, stakeholder engagement, digital media platforms, corporate publications and special events to communicate and promote the NDA brand.

The organisation promoted its brand and exhibited alongside the DSD during ministerial outreach programmes that target large numbers of participants around the country. At these events, the NDA made presentations about its services, distributed information on its services and tweeted live to publicise the events on social media platforms like Twitter. The NDA participated in various initiatives such as the International Day for the Eradication of Poverty, held in partnership with the United Nations Development Programme (UNDP) and the Nelson Mandela Foundation. Other visibility enhancement programmes targeted private sector events such as CSI Dialogue, the Top Women Awards, and partnering with the South African Local Government Association (SALGA) to stage various Mandela Day events. The branding of NDA staff during public outreach programmes also contributed towards the visibility of the NDA brand. The Agency made use of the National Press Club to afford NDA representatives the opportunity to speak to the media on the Agency's stewardship of the SAECD Awards. The platform enabled the NDA to inform the media about what the awards aimed to achieve, as well as making a call to the media to spread the message of the awards and encourage more people to participate in the 2015 awards.

2.1.4.2 Traditional media publicity

Press releases and media advisories were produced and distributed to various media houses to solicit free publicity for the NDA. Radio and television interviews were scheduled for both NDA representatives and funded projects. Publicity was received from ANN7, Government Communication and Information Systems (GCIS) publications, *Sowetan*, *Mail & Guardian* and papers in the Independent Newspapers group, the SABC and independent radio stations such as Kaya FM, SABC television programmes such as *Growing Tomorrow*, as well as the community and digital media, to mention a few. Free publicity to the value of R1.4 million was achieved through platforms such as radio, television, print and online media.

2.1.4.3 Communication platforms and tools

The NDA used multiple communication platforms and tools to reach out to key stakeholders and members of the public. The organisation made use of social media platforms such as Facebook and Twitter, the NDA and ECD campaign website, special events, corporate publications, media engagements and exhibitions to communicate with various stakeholders. Negotiations with the Pan South African Language Board yielded positive results and saw the NDA's capacity building brochures being translated into 10 languages, thus turning them into target audience-specific tools.

Internally, the organisation made use of weekly electronic announcements (newsflashes), special events, the intranet, as well as face-to-face ("rara") sessions to communicate with its staff. The latter provided two-way communication that gave staff an opportunity to engage with the leadership of the organisation and obtain immediate feedback.

2.2 Key policy developments and legislative changes

There have been no significant changes to the NDA's legislative and other mandates. However, during the period under review, the Agency underwent a review, which was conducted by the DSD. The NDA review process has not been completed and its final outcomes will determine if there will be any effects on the organisation's legislations and policies.

3. Summary of expenditure per programme

The table below illustrates how the Agency's resources were spent, per programme, in the 2014/15 financial year in comparison to 2013/14.

Subprogramme R'000	2014/15			2013/14		
	Budget R'000	Actual expenditure R'000	(Over)/under expenditure R'000	Budget R'000	Actual expenditure R'000	(Over)/under expenditure R'000
Capacity Building	185 501	171 212	14 289	183 189	149 835	33 354
Research and Development	5 700	4 793	907	5 125	5 138	(131)
Resource Mobilisation	820	610	210	-	-	-
Governance and Administration	96 040	95 847	193	87 939	86 227	7 218
Total	288 061	272 462	15 599	276 253	241 200	35 053

3.1 Revenue collection

The table below illustrates the Agency's financial information for the 2014/15 financial year in comparison to 2013/14.

Sources of revenue funding	2014/15		2013/14			
	Estimate in R'000	Actual amount collected in R'000	(Over -)/under - collection in R'000	Estimate in R'000	Actual amount collected in R'000	(Over -)/under - collection in R'000
Grant Allocation from National Treasury	178 337	178 337	-	171 713	171 713	-
Other income	3 475	10 540	7 065	7 320	5 760	(1 560)
Total	181 812	188 877	7 065	179 033	177 473	(1 560)

4. Performance information by programme performance/activity/objective

4.1 Programme 1: Capacity Building

The purpose of the Capacity Building programme is to fulfil the primary mandate of the National Development Agency Act, which is to contribute towards the eradication of poverty and its causes by granting funds to CSOs for the purpose of carrying out projects or programmes aimed at meeting the development needs of poor communities, and strengthening the institutional capacity of other CSOs involved in direct service provision to poor communities.

Strategic Objective 1.1: To expand access to capacity building interventions to CSOs in order to improve the quality of the services they deliver to communities Strategic Objective 1.2: To fund ECD, food security and income generation projects and programmes					
Performance indicator	Actual achievement 2013/14	Planned target 2014/15	Actual achievement 2014/15	Deviation from planned target to actual achievement for 2014/15	Comments on deviations
Number of CSOs provided with capacity-building interventions in CSO management and technical skills	2 059	2 000	2 531	531	Target achieved and exceeded due to larger numbers of CSOs/ Non-Profit Organisations (NPOs) funded by provincial departments of Social Development than initially planned.
Number of beneficiaries of capacity-building interventions	4 384	6 000	4 927	1073	Target not achieved. Due to the high cost of training and support, the NDA capacitated two people per NPO as opposed to three in the original plan.
Percentage of CSOs demonstrating improved knowledge	80%	80%	73%	(7%)	Target not achieved due to financial management and resource mobilisation skills that were both below 60%. This made the average improvement in the programme lower than the target for the year.



Strategic Objective 1.1: To expand access to capacity building interventions to CSOs in order to improve the quality of the services they deliver to communities Strategic Objective 1.2: To fund ECD, food security and income generation projects and programmes					
Performance indicator	Actual achievement 2013/14	Planned target 2014/15	Actual achievement 2014/15	Deviation from planned target to actual achievement for 2014/15	Comments on deviations
Number of NDA-funded ECD practitioners enrolled in NQF Level 4 training	236	227	248	21	Target achieved and exceeded due to additional funding received/ mobilised from third parties for ECD practitioner training interventions.
Value of funding to ECD, food security and income generation projects and programmes	R32.9 m	R33.2 m	R32.7 m	R0.5 m	Target not achieved but a number of projects and beneficiaries exceeded target. The remaining funds will only be disbursed in the new financial year.
Value of grants disbursed	R71.5 m	R80 m	R75.8 m	R4.2 m	Target not achieved but a number of projects and beneficiaries exceeded target. The remaining funds will only be disbursed in the new financial year.
Number of beneficiaries	6 039	6 000	4 927	1 808	Target not achieved.
Number of jobs created through NDA-funded projects	690	1 421	2 143	722	Target achieved and exceeded due to more projects supported through partnering and resource mobilisation initiatives.
Number of NDA advisory centres established	28	45	36	9	Target not achieved due to challenges in procuring rent-free office space by 31 March 2015 for the remaining advisory centre sites.

4.2 Programme 2: Research and Development

The purpose of the Research and Development programme is to implement the prescripts of the secondary mandate of the National Development Agency Act, which states that the NDA will promote consultation, dialogue and sharing of development experience between CSOs and relevant organs of state, debate on development policy, and undertake research and publication aimed at providing the basis for development policy. In addition, the programme takes responsibility for developing efficient monitoring and evaluation processes and systems for the NDA.

Strategic Objective 1.1: To monitor and evaluate all NDA-funded programmes by 2019					
Strategic Objective 1.2: To undertake research aimed at providing the basis for development policy and programme implementation, focusing on poverty eradication, unemployment and inequality					
Performance indicator	Actual achievement 2013/14	Planned target 2014/15	Actual achievement 2014/15	Deviation from planned target to actual achievement for 2014/15	Comments on deviations
Number of mid-term evaluations on NDA grant-funded projects conducted	82	112	113	1	Target achieved and exceeded due to more available projects for mid-term evaluations than originally planned.
Number of close-out evaluations on NDA grant-funded project reports produced	68	52	53	1	Target achieved and exceeded due to more available projects for close-out evaluations than originally planned.
Number of performance monitoring reports on NDA grant-funded projects produced	47	50	51	1	Target achieved and exceeded due to more available projects for mid-term evaluations than originally planned.
Number of evaluation reports on outcomes and impact of the NDA's programme	0	1	0	(1)	Target not achieved due to the large sample size of projects included in the evaluation of projects implemented during the past five years.
Number of research reports produced	4	3	3	0	Target achieved.
Number of policy briefs and papers produced	6	5	6	1	Target achieved and exceeded due to new topical areas that emerged during the research process, thus enabling the NDA to produce more briefs than planned.



Strategic Objective 1.1: To monitor and evaluate all NDA-funded programmes by 2019

Strategic Objective 1.2: To undertake research aimed at providing the basis for development policy and programme implementation, focusing on poverty eradication, unemployment and inequality

Performance indicator	Actual achievement 2013/14	Planned target 2014/15	Actual achievement 2014/15	Deviation from planned target to actual achievement for 2014/15	Comments on deviations
Number of case studies on NDA programme areas produced	7	6	7	1	Target achieved and exceeded due to additional topical areas that were added to the original plan for producing case studies.
Number of good practice publications on NDA programme areas produced	6	6	6	0	Target achieved.

4.3 Programme 3: Resource Mobilisation

The purpose of the Resource Mobilisation programme is to mobilise resources in cash and in kind through sustainable partnerships towards implementing community development programmes.

Strategic objective: To mobilise resources in cash and in kind through sustainable partnership towards supporting and building the capabilities of communities and households for self-reliance					
Performance indicator	Actual achievement 2013/14	Planned target 2014/15	Actual achievement 2014/15	Deviation from planned target to actual achievement for 2014/15	Comments on deviations
Value of resources mobilised in cash and in kind towards supporting and building the capabilities of communities and households for self-reliance	R98.2 m	R100 m	R104.2 m	R4.2 m	Target achieved and exceeded due to the implementation of the resource mobilisation strategy.
Number of partnership agreements signed towards supporting and building the capabilities of communities and households for self-reliance	New indicator	10	14	4	Target achieved and exceeded due to combined efforts by stakeholder relations and project management units.



4.4 Programme 4: Governance and Administration

The Governance and Administration programme is aimed at promoting and maintaining organisational excellence and sustainability through effective and efficient administration, which includes performance, employee wellbeing, cost containment and brand recognition. These were achieved within a sound governance and administration environment. The implementation of this programme is supported by the following functions: combined assurance, provided through Audit, Risk and Governance, and support services, provided by Finance, Supply Chain and IT, Human Resources, and Marketing and Communications.

Strategic objective: To develop and implement systems and processes to improve the efficiency and effectiveness of internal control and organisational performance					
Performance indicator	Actual achievement 2013/14	Planned target 2014/15	Actual achievement 2014/15	Deviation from planned target to actual achievement for 2014/15	Comments on deviations
Percentage achievement of organisational targets as set in the Annual Performance Plan	87.5%	80%	87%	7%	Target achieved. Only three of the twenty three KPI targets on the Annual Performance Plan were not achieved.
Percentage of staff who achieved a performance rating of 3 and above	97.3%	95%	95%	0	Target achieved.
Percentage of positive rating on brand recognition achieved	60%	70%	0	(100%)	Target not achieved due to 90% of key recommendations of the 2013/14 brand recognition survey being implemented during the 2014/15 financial year. The survey will be conducted in the new financial year.
Increase ratio of mandate vs. administration cost as a percentage of funding received	Deferred to 2014/15	60:40	65:35	5:5	Target achieved and exceeded due to an increase in third-party funds received, as well as better management of administrative costs (i.e. R3.7 m saving was achieved) subject to audit.
Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Target achieved.

5. Project case studies and best practices

5.1 Khululeka Community Education Development Centre

Background

Khululeka is a non-governmental organisation (NGO) that aims to make a positive impact on the quality of the education and health care of young children through the professional development and support of ECD Association Forum Members, ECD trainers, practitioners, community workers, parents and caregivers. Khululeka embraces a participatory and holistic approach to the delivery of appropriate ECD programmes by building capacity within the region, encouraging active community involvement and facilitating the development and sustainability of partnerships and community networks of support for children, families and ECD practitioners.

Methodology

Khululeka uses a high-scope ECD orientation programme that aims to:

- equip ECD practitioners with the skills, knowledge, values and attitudes necessary to provide quality education and care for young children;
- upgrade the standards of the ECD programme and practice;
- facilitate the establishment of child-centered active learning environments; and
- increase access to material, resources and equipment that support and extend children's active learning.

ECD practitioners are required to apply themselves to the course implementation requirements for a period of six months, during which time they are provided with practitioner guides and learner support material. Khululeka is developing the capacity of ECD practitioners to deliver and implement quality ECD learning programmes in their own community-based sites, in which children are the central focus.

In order to facilitate an uninterrupted flow of delivery, arrangements are made to transport all the participants to Queenstown, where the Khululeka Centre is based. Participants are transported to Queenstown from Cala on the Sunday afternoon of their training weeks, and are transported back on the Friday afternoon. This arrangement works very well and is implemented for all the groups. ECD practitioners are given the opportunity to note and observe children in the Khululeka demonstration preschool. Practitioners witness the children actively engaging with the material and interacting with their peers and adults in a meaningful manner.

Achievements

- Participants who received training each received toy kits and were capacitated on the benefits and use of the material and equipment included in each toy kit.
- Food gardens were established in the identified sites that received training.
- Of the 40 participants identified and selected for training, one dropped out in the middle of the training. The remaining 39 participants were trained and received the toy kits.

Challenges

- Although Khululeka programme staff were under pressure to achieve the set targets within the 10-month period that was allocated for the programme, eight weeks of intensive residential training was completed on time and 40 ECD sites were resourced with educational toys. The establishment of a food garden was facilitated on each of the sites.



- The low literacy levels of some of the participants resulted in some not being able to fully engage in the group sessions, which affected their ability to internalise the content and implement it adequately in their ECD sites.
- Inadequate infrastructure, poorly resourced sites and overcrowding were found to be the major factors that contributed to the severely constrained practitioners working effectively with the children, and hampered their progress in providing quality ECD programmes.

Conclusion

- The Khululeka programme has been concluded and the attrition rate has been impressive with only one dropout, which had nothing to do with the programme itself.
- One of its major challenges outlined by the centre was the low literacy levels of some of the participants. However, the centre came up with strategies to overcome this challenge, for example, including more individual tasks, and practical demonstrations that included observation visits in the Khululeka children demonstration crèche.
- The introduction of toys and books into the sites motivated the practitioners to improve the quality of their ECD services, despite their dire circumstances, which were characterised by inadequate infrastructure and poorly resourced sites.
- The gardening skills were not only transferred to the participants, but also to community members. Parents and community members were exposed to gardening skills during the construction of the keyhole and trench gardens at the ECD sites.
- Some parents have been recruited to maintain the established gardens at the ECD sites, even without any salaries. The practitioners have been equipped with knowledge and skills to better manage their ECD sites. The same can be said for the gardening skills. The impact of these can only be measured in time when the levels of the gardens' productivity can be assessed and evaluated.
- A visit to one of the ECD sites showed that the practitioners have started to implement a structured daily programme where none previously existed. They have started plans for daily activities, and the room has been re-arranged to accommodate the new equipment and toys received from Khululeka, which are now accessible to the children.

5.2 Ncebakazi Day Care Centre

Background

Ncebakazi Day Care Centre was started by a group of mothers of children with disabilities in 1998. The concept was based on the fact that there were no educational facilities in the community of Mbekweni that children with disabilities could attend or where they could be looked after. The Roman Catholic Church granted the centre the land for the day care site in 2005.

The centre is still operating from this site. The specific objectives of the Ncebakazi Day Care Centre are to:

- provide toys and learning material for use by the children at the centre for their cognitive development;
- offer a stimulating learning environment in which children actively engage with a range of materials to ensure school-readiness; and
- establish a vegetable garden to ensure that the children receive basic nutrition.

The project was started with the aim of assisting all children with disabilities in the Mbekweni community by offering a stimulating learning environment, as well as ensuring that they receive basic nutrition through food gardens in the centre. The vegetable garden at the project site also contributes to the soup kitchen, which is run by Catholic Welfare Development on the same site. The soup kitchen provides nutritious meals to people on tuberculosis (TB) and human immunodeficiency virus (HIV) medication.

Findings

- The centre was meant for children with disabilities only. However, due to the limited centres in the community to look after children, Ncebakazi ended up taking in all children, even those without disabilities. The DSD only supports 20 disabled children. The centre currently operates with a capacity for 120 children.
- The vegetable garden is too small to provide basic nutrition for the number of children in the centre. The project intended to cover a bigger space or land for planting vegetables. However, it could not do that because it was only given a certain portion of the space for planting vegetables.

Challenges

- The project has been struggling to register the other 100 children with the DSD since 2012. The centre was registered with a capacity for 100 children, but only 20 children with disabilities have been registered.
- Practitioners are sometimes not paid their salaries or are paid less because some parents are not paying or cannot afford to pay school fees at all.
- Due to the small size of the vegetable garden, it is very difficult to sustain the supply of vegetables for nutritional purposes.
- Only committee members of the project attended the capacity-building training on financial management and governance.

Recommendations

It is recommended that the NDA plays an advocacy role in assisting the project with the registration of the other 100 children with the DSD.

Conclusion

- The project was started with the purpose of assisting children with disabilities, but looking at the project currently, more than 60% of the children there are not disabled.
- The project will have to form more partnerships to sustain the centre, even after the NDA grant has come to an end, because one of the findings was that the parents do not pay school fees. The number of children has increased over the years, but the financial resources remain the same or are even getting less.
- Committee members should also play a fundraising role for the project and become active in the project, and not only come to meetings once in a month.
- Actions have been taken on most of the crucial issues raised in the due diligence report, except for the NDA assisting the principal with the registration of the other 100 children to receive the DSD subsidy.

5.3 Phaphamang Environmental Organisation

Background

Phaphamang Environmental Organisation is a community-based organisation (CBO) established and registered as an NPO in February 2002. It started operating in the areas of Sebokeng in the Emfuleni Municipality, dealing with illegal dumping and the greening of those areas. It was started with 28 members who were concerned about the environment. The beneficiaries started cleaning up the dumping area around the wetlands, which was later turned into a vegetable garden and park. The main aim of the project is to empower previously disadvantaged communities with skills and resources so that they can sustain their lives and become less dependent on government grants and handouts. It also seeks to address concerns about food security in impoverished communities, especially in this period of global recession and other social ills. The organisation also took the initiative to organise the surrounding schools to take part in a water conservation competition and to encourage the learners to have an interest in environmental studies and agriculture.



Methodology

The specific objectives of Phaphamang are to:

- improve economic growth by creating 50 sustainable jobs;
- encourage locals to establish food gardens as a means of living;
- produce quality vegetables in tunnels and on open land;
- sell the products to the market and donate some to the needy and destitute; and
- improve the lives of people by alleviating poverty and food insecurity.

In assisting the project to achieve these specific objectives, the NDA allocated a grant fund of approximately R1 million towards the purchase and erection of three tunnels, as well as the pump. The following production methods are used for vegetable production in the tunnels.

- Soil preparation, seed beds and land care: Clearing weeds off the land, making seed beds, sowing seeds and applying fertilizer to the soil, improving air circulation, watering the planted seeds, and scouting to control pests and diseases in plants on a daily basis.
- Transplanting, crop management, watering the seedlings and weed control: When the seedlings are ready, seed beds will have to be prepared and the seedlings will have to be transplanted.
- Weeding and irrigation maintenance: Project members remove all weeds, and irrigate and maintain all gardens.
- Harvesting and cleaning/washing of crops: When the produce is ready, harvesting takes place and the produce is cleaned so that it is ready for market and consumption.
- Packaging and pricing: Crops like cucumbers, tomatoes, spinach and onions are packaged.
- Selling: Most of the produce is sold to the local communities and a supply contract has been signed with the Vereeniging Fresh Produce Market.
- All matured crops are sold to the local market, vendors and communities at large.

Findings

- The project has not yet received any capacity-building interventions.
- One tunnel is supposed to accommodate approximately 950 crops, but due to the shortage of tunnels, almost 3 000 crops are planted in each tunnel, which is very overcrowded.
- The project is going to purchase a bakkie when it receives the last tranche in order to supply vegetables to the market. A saving has been made on the tunnels purchased and the project team is in the process of procuring an extra tunnel.
- The project does not use any chemicals on its crops. The produce is all organic.
- The project team members are very passionate about water conservation, hence old grass is recycled and spinach is mulched in order to only water twice a week.
- The project also believes in permaculture, whereby water is trapped whenever it rains.

The project has learnt a lot about inter-cropping, where onions are planted in between the crops.

- The organisation managed to increase the four sites that it initially had to eight sites. It is therefore growing in stature and making strides in the community.
- The project managed to exceed its objective of creating 50 jobs. A total of 54 jobs have been created.

Challenges

The main challenges of the project are as follows:

- There are lots of moles that are eating the crops.
- There is a high demand for vegetables and there is only a limited number of tunnels in which to grow more crops in order to meet the demand of the market.
- The harsh weather conditions destroy the tunnels, and replacing or repairing the tunnels is very costly. To reduce this damage, the project has come up with an intervention to cover the plastic tunnels with nets.

Conclusion

Phaphamang project members are very passionate about saving the environment and creating jobs in the community. The project is also innovative and is always researching ways to minimise costs that might have a negative impact on the project. All the projects are located within school premises, whereby they can provide the produce grown in these gardens for free to schools as part of a school feeding scheme. Based on this, it is really a poverty alleviation programme.

The project has purchased an additional tunnel from savings and revenue made, and is in the process of procuring a bakkie for the delivery of the produce.

Recommendations

- The project supplies 500 bunches of spinach per day to Pick n Pay. The demand is 800 to 900 bunches. Due to the limited number of tunnels, it is therefore unable to meet the demand.
- The project should apply for sustainability funding, with which it can purchase and erect more tunnels to grow its profits.



7. Strategy to overcome areas of underperformance

The organisation did not achieve the following targets on the Annual Performance Plan, and has developed a number of key strategies to overcome the underperformed targets. The table below summarises the areas of underperformance

No	Programme	Targets not achieved	Strategies to address the underperformance
6.1	1.	Percentage of CSOs demonstrating improved knowledge	The cause of the failure to meet the target was due to low improvement scores on financial management, resource mobilisation and project management. This can be linked to the duration of training and time spent on mentoring in these three interventions. The programme is planning to increase the number of days for training and the mentorship period for these interventions.
6.2	2.	Number of evaluation reports on outcomes and impact of the NDA programme	The delay was due to the slow response of internal contracting, procurement and payment processes. These have been rectified and the project has started implementation, within time frames and milestones to be achieved throughout the project life cycle.
6.3	4.	Percentage of positive rating on brand recognition achieved	Non-delivery on this line item was due to the need to implement the recommendations of the 2013/14 brand awareness survey before measuring the impact of communication activities undertaken. The NDA will undertake a brand survey in 2015/16 to measure the impact of interventions that were put in place to increase brand visibility. The organisation will also increase its communication platforms and outreach activities to various communities.

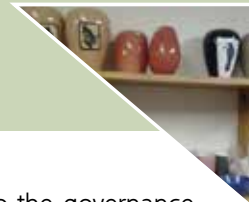
8. Changes to planned targets

There were no changes to planned targets and performance indicators during the period under review.



PART C

Report on Governance



The Board of the NDA is responsible for upholding the corporate governance principles and adhering to the governance prescripts. The Board is accountable for the performance of the NDA. The current NDA Board was appointed for a period of three years, commencing in November 2010. The Board's term was extended from November 2013 to a further period, limited to the date of appointment of a new Board. The annual report for this financial year will be the fourth performance report of the NDA under the leadership and guidance of the current Board.

8.1 Portfolio Committee

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. It is concerned with service delivery and enhancing economic growth. During the year under review, two meetings were held with the Portfolio Committee for the presentation of the NDA's strategic plan and the annual report. The Committee noted progress on the implementation of the NDA's mandate and its impact to its key stakeholders, CSOs.

8.2 Executive Authority

In terms of the PFMA, the NDA has an Accounting Authority as the Board. 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 the 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.

8.3 Accounting Authority

The Board is the Accounting Authority (as defined in the PFMA) and, as such, the members have a collective responsibility to meet the fiduciary duties outlined in the PFMA, Treasury Regulations, 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, Act No 108 of 1998, as amended. The Board composition is in compliance with the requirements of the National Development Agency Act. Eleven Board members were appointed. During the year under review, two members resigned and one Board member passed on. This change in the composition did not affect the continuing implementation of the Board as the National Development Agency Act provides that any amendment in the Board's composition shall not impair the operations of the organisation. The remaining Board members continued to play their oversight role.

The role of the Board

In addition to the provisions on 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 CEO.
- Approving the organisational structure, human resources 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 or 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 the remuneration of members.
- Changes to the National Development Agency Act and the Agency agreement.

8.4 Board Charter

A Board Charter defines the NDA Board's oversight responsibilities. This is to be read in conjunction with the National Development Agency Act, the PFMA, Treasury Regulations and the Board subcommittees' 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.

8.5 NDA Board

Board members	Designation (in terms of the public entity Board structure)	Date appointed	Date resigned	Qualifications	Other committees or task teams
Mr Malose Kekana	NDA Chairman	November 2010	N/A	<ul style="list-style-type: none"> • BCom, University of the Witwatersrand • Executive Leadership Development programmes, US educational institutions 	<ul style="list-style-type: none"> • Currently also serves as Chairman of Ithala Bank



Board members	Designation (in terms of the public entity Board structure)	Date appointed	Date resigned	Qualifications	Other committees or task teams
Ms Thabi Shange	NDA Deputy Chairman	November 2010	N/A	<ul style="list-style-type: none"> · MBA (Finance and Marketing), University of Exeter Business School, United Kingdom · BA Hons (Development Studies), University of the Witwatersrand · BA (Geography and History), National University of Lesotho · Concurrent Certificate in Education, National University of Lesotho · Certificate in Governance, Institute of Directors in Southern Africa (IoDSA) 	<ul style="list-style-type: none"> · Chief Executive Officer of Ubuqotho Integrity Institute (Pty) Ltd
Ms Bibi Khan	Board member	November 2010	N/A		<ul style="list-style-type: none"> · Founding member of South African Women in Dialogue (SAWID) · National Steering Committee Member: Progressive Women's Movement of South Africa
Mr Andrew Madella	Board member	November 2010	29 October 2014	<ul style="list-style-type: none"> · Currently completing master's degree in Public Administration, University of Stellenbosch. · BA Hons in Public Administration, University of Stellenbosch. · B Philosophy, University of Stellenbosch · Certificate in Construction Management, Cape Peninsula University of Technology · Higher Diploma in Social Work, University of the Western Cape 	<ul style="list-style-type: none"> · Secretary-General for Disabled People South Africa
Ms Malekgoloane Malapane	Board member	November 2010	N/A	<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 	

Board members	Designation (in terms of the public entity Board structure)	Date appointed	Date resigned	Qualifications	Other committees or task teams
Ms Rowena Lozizwe Mdhlalose	Board member	November 2010	N/A	<ul style="list-style-type: none"> Programme in Provincial Government in Transition, University of the Witwatersrand 	
Ms Mandisa Monakali	Board member	November 2010	8 October 2014	<ul style="list-style-type: none"> Diploma in Development Studies and Diploma in Gender Studies, University of Cape Town Certificate in Adult Education, University of Cape Town Certificate in Gender and Development, The Hague, Netherlands 	<ul style="list-style-type: none"> Currently serves as an Executive Director of Ilitha Labantu
Mr Zolile Ngcakani	Board member	4 September 2012	N/A	<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 	<ul style="list-style-type: none"> Currently serves as a Commissioner in the National Defence Force Service Commission
Mr Peter Thabethe	Board member	November 2010	N/A	<ul style="list-style-type: none"> Master's in Development Communication, University of Pretoria BAgric Hons, Fort Hare University BAgric, Fort Hare University 	
Ms Nokuzola Tolashe	Board member	November 2010	N/A		<ul style="list-style-type: none"> Former Chairperson of Portfolio Committee on Roads and Transport Secretary-General: ANC Women's League Member of the standing committees on Education, Sport, Arts and Culture, Youth, Gender and the Disabled Member of the ANC National Executive Committee Member of the ANC National Working Committee



Board members	Designation (in terms of the public entity Board structure)	Date appointed	Date resigned	Qualifications	Other committees or task teams
Rev Mcebisi Xundu	Board member	November 2010	Deceased 21 January 2015	<ul style="list-style-type: none"> · Honorary Doctorate of Divinity, Interdenominational Theological Seminary, Atlanta, USA · Diploma in Development Studies, Institute of Social Studies, The Hague, Netherlands · Certificate in Theology, St Beds College, Umtata 	<ul style="list-style-type: none"> · Served as a President of the National Welfare Leaders' Council

The Board has the following three committees:

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

8.6 Attendance of Board meetings

The table below discloses relevant information on the Board and Committee meetings attended by Board members.

Board members	Board meetings	Audit and Risk Committee meetings	Human Resources and Remuneration Committee meetings	Projects, Research and Development Committee meetings
Mr Malose Kekana	6	No	No	No
Ms Thabi Shange	6	9	No	No
Ms Bibi Khan	6	8	No	1
Mr Andrew Madella*	1		3	No
Ms Malekgoloane Malapane	2	5	No	No
Ms Lozizwe Mdhlalose	No	No	No	1
Ms Mandisa Monakali*	1	No	3	No
Mr Zolile Ngcakani	7	8	No	1
Mr Peter Thabethe	1	No	No	No
Ms Nokuzola Tolashe	No	No	No	No
Rev Mcebisi Xundu [†]	3	No	2	1

*Ms Monakali resigned with effect of 12 March 2014 on 8 October 2014.

*Mr Madella resigned with effect of 29 October 2014 on 13 January 2015.

[†]Rev Xundu passed away on 21 January 2015.



The table below discloses relevant information on the attendance of Board meetings by Board members.

Board members	29 April 2014	30 May 2014	29 July 2014	30 October 2014	20 November 2014	22 January 2015	16 February 2015	Total
Mr Malose Kekana	Yes	No	Yes	Yes	Yes	Yes	Yes	6
Ms Thabi Shange	Yes	Yes	No	Yes	Yes	Yes	Yes	6
Ms Bibi Khan	Yes	Yes	No	Yes	Yes	Yes	Yes	6
Mr Andrew Madella	Yes	No	No	No	No	No	No	1
Ms Malekgoloane Malapane	Yes	Yes	No	No	No	No	No	2
Ms Lozizwe Mdhlashe	No	No	No	No	No	No	No	0
Ms Mandisa Monakali	No	Yes	No	No	No	No	No	1
Mr Zolile Ngcakani	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7
Mr Peter Thabethe	Yes	No	No	No	No	No	No	1
Ms Nokuzola Tolashe	No	No	No	No	No	No	No	0
Rev Mcebisi Xundu	No	Yes	Yes	Yes	No	No	No	3

8.7 Attendance of Audit and Risk Committee meetings

The table below discloses relevant information on the attendance of Audit and Risk Committee meetings.

Board members	25 April 2014	21 May 2014	28 July 2014	24 October 2014	19 November 2014	11 December 2014	26 January 2015	16 February 2015	30 March 2015	Total
Ms Thabi Shange	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	9
Ms Bibi Khan	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	8
Ms Malekgoloane Malapane	Yes	Yes	Yes	Yes	Yes	No	No	No	No	5
Mr Zolile Ngcakani	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	8

8.8 Attendance of Projects, Research and Development Committee meetings

The table below discloses relevant information on the attendance of Projects, Research and Development Committee meetings.

Board members	16 May 2014	Total
Mr Zolile Ngcakani	Yes	1
Ms Bibi Khan	Yes	1
Mr Andrew Madella	No	0
Ms Lozizwe Mdhlalose	Yes	1
Mr Peter Thabethe	No	0
Rev Mcebisi Xundu	Yes	1

8.9 Attendance of Human Resources and Remuneration Committee meetings

The table below discloses relevant information on the attendance of Human Resources and Remuneration Committee meetings.

Board members	15 May 2014	20 May 2014	22 August 2014	Total
Ms Mandisa Monakali	Yes	Yes	Yes	3
Mr Andrew Madella	Yes	Yes	Yes	3
Ms Lozizwe Mdhlalose	No	No	No	0
Ms Nokuzola Tolashe	No	No	No	0
Rev Mcebisi Xundu	Yes	Yes	No	2



8.10 Remuneration of Board members

The remuneration of Board members is aligned to National Treasury's tariffs on Board and Committee fees. The Board fee includes a one-day preparation fee for ordinary Board members and a two-day preparation fee for the Chairperson. Three members of the Board representing and employed by the state are not remunerated. However, they are eligible to receive subsistence and travel claims. For the period January to March 2014, Ms Malapane was remunerated as she was no longer in the employ of the state, and the organisation was not yet in receipt of the new nominee for the state.

Board members	Remuneration	Other allowance	Other re-imbursements	Total
Mr M Kekana	R101 500	N/A	-	R101 500
Ms T Shange	R96 000	N/A	-	R96 000
Ms B Khan	R92 500	N/A	R5 616	R98 116
Ms A Madella	R15 000	N/A	-	R15 000
Ms M Malapane	R25 000	N/A	R2 402	R27 402
Ms L Mdhlalose*	-	N/A	-	-
Ms M Monakali	R16 500	N/A	-	R16 500
Mr Z Ngcakani	R86 500	N/A	R6 006	R92 506
Mr P Thabethe*	-	N/A	-	-
Ms N Tolashe	-	N/A	-	-
Rev M Xundu	R32 500	N/A	-	R32 500
Total	R465 500		R14 024	R479 524

* These Board members do not receive Board fees because they are government employees.

8.11 Risk management

The NDA implements enterprise-wide risk management through the legal and risk unit, in which 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. Furthermore, risk management is strengthened through the implementation of an approved Fraud Prevention Plan, Whistle Blowing Policy, Disaster Recovery Plan and Fraud Hotline. Since the internal audit unit's Coverage Plan is risk-centric, once compiled, the risk register is submitted to the internal audit unit to inform its Coverage Plan. All the reports from the Fraud Hotline are also submitted to the internal audit unit for investigation and follow up.

A follow-up on both regulatory and audit findings is also undertaken as part of the Audit Turnaround Strategy to assess corrective action on the findings. This is also reported and submitted to the Executive Committee, Audit and Risk Committee, the Board and the Auditor-General.

8.12 Internal Audit Unit

The internal audit activity evaluates the adequacy and effectiveness of the internal controls and recommendations for improvement, which encompass 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. For the year under review, the following audits were undertaken:

- Review of management accounts
- Review of performance information
- Audit Turnaround Strategy
- Investment process
- Procurement
- Information technology
- Project audit
- Ad-hoc audits

In addition to the above, the Institute of Internal Auditors conducted a quality assurance review on the internal audit unit during 2014/15. The NDA is pleased to report that its internal audit unit achieved general conformance with the International Professional Practice Framework of the internal auditing profession. This milestone of meeting the professional standards required of internal auditors both in South Africa and worldwide is an achievement of which the organisation is proud.



8.13 Compliance with laws and regulations

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

8.14 Fraud and corruption

The NDA has an approved Fraud Prevention Plan that is accessible to its internal stakeholders. This plan outlines mechanisms and procedures to be followed in detecting, reporting and mitigating 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. Furthermore, the NDA has a Fraud Hotline where all fraudulent issues or events are reported. The internal audit unit is tasked to investigate and follow up on reported cases.

8.15 Minimising conflict of interest

Annually, declaration of interest forms are distributed to Board members and NDA staff members to facilitate the recording of any interest that might impact on the NDA. Furthermore, a declaration of interest form on agenda items is completed and signed at every management or Board and Committee meeting. Where an interest is declared, the member is requested to recuse himself or herself when the item is discussed.

8.16 Code of conduct

The NDA's code of conduct was developed and approved by the Board during the reporting period. The purpose of the code of conduct 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 a guideline to employees on what is expected of them from an ethical point of view, both in their individual conduct and in their relationships with others. The policy has been workshopped and distributed to all staff members to ensure that they are aware of the salient clauses in the policy and that their conduct conforms to the NDA's values.

8.17 Health, safety and environmental issues

To deliver on the OHS policy objective, the NDA appointed an OHS officer and new representatives across all its offices. 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 the OHS policy and procedure have been instituted to prevent OHS-related incidents and fatalities. The results of these interventions have been satisfactory as no major OHS-related incidents or fatalities were reported.

8.18 Company Secretary

The Company Secretary plays two pivotal roles in providing secretarial and advisory services to the Board and its committees. Furthermore, 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 the custodian of the register of Board and Committee decisions, the gift register and the policy register.

8.19 Social responsibility

During the year under review, the NDA, through its ECD campaign, established a portal through which staff members, Board members and stakeholders can make pledges to needy ECD centres on the database.

8.20 8.20 Audit and Risk Committee Report

The purpose of the NDA's Audit and Risk Committee 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 PFMA. The operation of the Committee is governed by the Audit and Risk Committee Charter, which provides clear guidelines with regard to membership, authority and responsibilities.

The members of the Audit and Risk Committee were as follows:

- Ms T Shange (Chairperson)
- Ms M Malapane
- Ms B Khan
- Mr Z Ngcakani

The CEO, Chief Financial Officer, Chief Audit Executive, Manager: Legal and Risk, and the Auditor-General have a standing invitation to attend Audit and Risk Committee meetings. These meetings were well attended by Committee members. The Company Secretary acts as the secretariat to the Committee.

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 PFMA and Treasury Regulation 27.1. The Audit and Risk 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.



Evaluation of internal controls

The Committee directs, monitors and evaluates the activities of the internal audit function. Through the internal audit function, the Committee is able to report on the effectiveness of the internal control systems and to assess whether the internal audit function is fulfilling its roles effectively and efficiently.

In the conduct of its duties, the Committee has, inter alia, reviewed the following:

- The effectiveness of the internal control systems
- The operational risk areas covered in the scope of internal and external audits
- The adequacy, reliability and accuracy of financial information provided to 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 the internal audit annual coverage plan and coordination with external auditors, the reports of significant investigations and the response of management to specific recommendations
- Where relevant, the independence and objectivity of external auditors

The system of internal control applied by the Agency over financial risk management is effective, efficient and transparent. In line with the PFMA and the King III Report on Corporate Governance requirements, the internal audit unit provides the Committee and management with assurance that the internal controls are appropriate and effective.

This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes, reports of the internal auditors, the Audit Report on the annual financial statements and the Management Report of the Auditor-General.

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

The following internal audit work was completed during the year under review:

- Review of management accounts
- Review of performance information
- Audit Turnaround Strategy
- Investment process
- Procurement
- Information technology
- Project audit
- Ad-hoc audits
- Quality assurance review

In-year management and monthly/quarterly report

The NDA has been reporting to the DSD and National Treasury on a quarterly basis as required by the PFMA.

The audits mentioned above revealed that controls are adequately designed. Compliance to policies, systems and processes has been identified as a challenge in certain instances. Areas have been identified where controls could be improved. The internal audit unit is satisfied with management responses and the agreed action to address the audit findings, which are monitored through the Audit Turnaround Strategy.

Evaluation of the annual report

The Committee has:

- reviewed and discussed the audited annual financial statements included in the annual report with the Auditor-General;
- reviewed the Auditor-General's management report and management's responses;
- reviewed the accounting policies and practices;
- evaluated the audited financial statements included in the annual report and, based on the information provided to the Committee, considered that the said statements comply in all material respects with the requirements of the Treasury Regulations, the PFMA requirements, as well as South African Standards of GRAP; and
- reviewed the NDA's report on performance information.

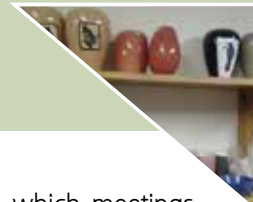
The monitoring of the Agency's performance is a key function of the management, executive management and the Agency. The Committee has no direct line responsibility for the Agency's performance measurement. However, the Committee has ensured, principally through the internal audit function, that the 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 2014/15.

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

In 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 and Risk 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 contribution 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.

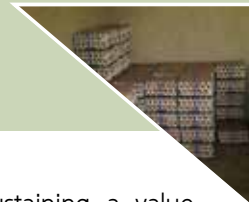
We are pleased to present our report for the financial year ended 31 March 2015.

Ms Thabi Shange
Chairperson of the Audit and Risk Committee
National Development Agency
Date: 31 July 2015



PART D

Human Resources Management



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

- Employee performance management framework: The NDA has a specific mandate to support CSOs by granting funds to implement programmes and projects aimed at eradicating poverty, and to facilitate debate to inform development policies. This requires the NDA to continuously review its performance management system, specifically in relation to the setting of appropriate key performance indicators and performance targets for the organisation. Performance management is essentially concerned with the overall performance of the organisation, i.e. the development and monitoring of performance indicators and standards for the organisation as a whole. In order to ensure that the organisation meets its organisational performance indicators and standards, the performance management system was reviewed and automated for all individual employees within the organisation.
- The training and development of staff was undertaken in line with the approved Workplace Skills Plan to address key training priorities in core and support functions.
- Improvement of employee perceptions/improving the working environment: One of the key dimensions to achieve the results as set out in the Strategic Plan is to ensure that the NDA has a healthy working environment at all levels that enables employees to perform at their best. Employees aspire to work in an atmosphere that is safe, respectful, empowering and caring, free of harassment, discrimination and arbitrary behaviour, and in which there is a balanced work-life plan. A positive working environment rewards and empowers staff for their efforts. It also contributes to retention, reduces staff turnover, improves job satisfaction and contributes to lower degrees of stress. In addition to this, there is an important element of personal responsibility on the part of all to improve their surroundings. This entails individual behaviour based on the NDA's values and understanding different roles and responsibilities within teams and the organisation.

9.1 Human resources oversight statistics

The NDA has seven directorates that carry out both its primary and secondary mandates. These are Development Management, Research and Development, Marketing and Communications, Finance, Supply Chain Management and Information Technology, Governance Services, Human Resources, and the Office of the CEO. As at 31 March 2013, the NDA had 168 employees, including interns, within its total workforce. The table below summarises the audited expenditure and provides an indication of the personnel cost per programme and salary band.

9.1.1 Personnel cost by programme

Programme	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a percentage of total expenditure (%)	Number of employees	Average personnel cost per employee (R'000)
Capacity Building	171 213	36 228	14	130	279
Research and Development	4 793	4 615	1	7	659
Resource Mobilisation	610	2 691	0	3	897
Governance and Administration	95 847	24 501	8	47	521
Total	272 463	68 035	23	187	364

9.1.2 Personnel cost by salary band

Level	Personnel expenditure (R'000)	Percentage of personnel expenditure to total personnel	Number of employees	Average personnel cost per employee (R'000)
Top Management	8 695	13	7	1 242
Senior Management	17 090	25	22	777
Professional qualified	28 316	41	62	456
Skilled	10 566	16	39	271
Semi-skilled	327	0	4	82
Unskilled	1 177	2	12	98
Other* (internships)	1 864	3	41	45
Total	68 035	100	187	364

9.1.3 Performance rewards

The NDA has an automated performance management system for setting and measuring performance objectives, which are aligned with 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 rewards, which are based on the approved performance management policy.

The table below represents the performance rewards per salary band as at 31 March 2015.



Level	Performance rewards (R'000)	Personnel expenditure (R'000)	Percentage of performance rewards to total personnel cost (%)
Top Management	342	8 695	0,50
Senior Management	784	17 090	1,15
Professional qualified	1 146	28 316	1,68
Skilled	394	10 566	0,58
Semi-skilled	12	327	0,02
Unskilled	47	1 177	0,07
Other	-	1 864	0
Total	2 725	68 035	4

9.1.4 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 499 477 was spent on 46 learning and development interventions in 2014/15.

Programme	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a percentage of personnel cost	Number of employees trained	Average training cost per employee
Capacity Building	36 228	900	2%	52	R17
Research and Development	4 615	89	2%	6	R15
Resource Mobilisation	2 691	101	4%	3	R34
Governance and Administration	24 501	409	2%	24	R17
Total	68 035	1 499	2%	85	R18

A total of 85 employees were capacitated. Of these, 56 attended short courses and seminars that were facilitated by accredited training service providers. However, it should be noted that these employees attended more than one intervention. Some 26 bursaries or study assistance were awarded to employees to pursue long-term studies towards the attainment of a formal qualification. A provision was also made for employees' professional affiliation with professional bodies to ensure that they remain abreast of trends in their respective career fields.

9.1.5 Employment and vacancies

The NDA will continue to work towards maintaining the vacancy rate of 4.3% through filling critical vacancies, while achieving its employment equity targets.

The table below summarises the NDA's employment and vacancies report for 2014/15.

Programme	Number of employees 2013/14	Approved posts	Number of employees 2014/15	Vacancies	Percentage of vacancies
Capacity Building	91	111	130	2	1
Research and Development	6	7	17	0	0
Resource Mobilisation	0	3	3	0	0
Governance and Administration	46	51	47	6	3
Total	143	187	191	8	4

Levels	Number of employees 2013/14	Approved posts	Number of employees 2014/15	Vacancies	Percentage of vacancies
Top Management	6	7	7	2	25
Senior Management	25	29	22	3	37.5
Professional qualified	42	57	62	1	12.5
Skilled	28	36	39	2	25
Semi-skilled	4	3	4	0	0
Unskilled	11	12	12	0	0
Other (internship)	27	32	41	0	0
Total	143	176	187	8	5

The NDA is operating at a 95.7% occupancy rate against the approved staff establishment, with the remaining 4.3% recorded as the vacancy rate. It should be noted where the NDA had vacancies internal arrangements were made through the appointment of internal staff members on acting and secondments contracts.

9.1.6 Employment changes

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

Levels	Employment as at 1 April 2014	Appointments	Terminations
Top Management	6	0	1
Senior Management	25	5	2
Professional qualified	42	8	6
Skilled	28	6	2
Semi-skilled	4	1	1
Unskilled	11	1	0
Other (internships)	27	14	1
Total	143	35	13



9.1.7 Reasons for staff leaving

The table below outlines the attrition trends in relation to the number of staff that left the organisation during 2014/15. Quarterly statistics are reported, and the annual turnover rate is an average of the four quarterly statistics.

Reason	Number	Percentage of total number of staff leaving
Death	1	4%
Resignation*	16	67%
Dismissal	2	8.3%
Retirement	1	4%
Ill health	0	0
Expiry of contract	3	12.5%
Other	-	
Total	24	

*This is inclusive of interns who left the NDA

As at 31 March 2015, a staff turnover rate of 4.5% was recorded. The highest staff turnover, as reported above, is due to employee resignations and the expiry of contracts. Overall, 24 employees left the NDA. Most of these positions have been filled.

9.1.8 Labour relations: Misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	1
Written warning	2
Final written warning	0
Dismissal	2
Total	5

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

9.1.9 Equity target and employment equity status

The tables and graphs below are based on the formats prescribed by the Employment Equity Act, Act No 55 of 1998, and the Department of Labour. The NDA's employment equity is profiled according to gender, disability, race, salary grade and by occupational categories. The numbers reflected in the tables below only relate to the number of employees as at 31 March 2015. 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	3	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	29	0	2	0	1	0	1	0
Semi-skilled	2	0	0	0	0	0	0	0
Unskilled	9	0	1	0	0	0	0	0
Interns	28	0	1	0	0	0	0	0
Total	114	2	7	1	2	1	1	1

The NDA's employment profile is mostly represented 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 the targets.



Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	0	0	1	0	0	0	0
Senior Management	11	0	2	0	0	1	0	1
Professional qualified	23	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	1	0	0	0	0	0	0	0
Interns	11	0	2	0	0	0	0	0
Total	51	0	5	1	0	1	0	1

Males make up only 34.1% of the total staff complement, 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, also for compliance purposes.

9.1.10 Staff with a disability

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

Currently, the NDA has three certified employees with disabilities, translating to a 1.8% target for employing people with disabilities. This is 0.2% below the 2% target set by government. This will be addressed during the 2015/16 financial year by targeting human resources practices towards persons with disabilities.



PART E

Financial Statements

Financial statements

For the year ended 31 March 2015



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Report by the Board on the Annual Financial Statements

This report is presented in terms of Treasury Regulation 28.1.1 and the Public Finance Management Act, Act No. 1 of 1999, as amended (PFMA), and is focused on the financial results and financial position of the NDA. Information pertaining to the NDA's state of affairs, its business and performance against pre-determined objectives are disclosed elsewhere in the annual report. The prescribed disclosure of emoluments in terms of Treasury Regulation 28.1.1 is reflected in Note 7 of the annual financial statements.

The Board acknowledges that it is responsible for the preparation and integrity of the annual financial statements and related information included in the annual report. In order for the Board to discharge these responsibilities, as well as those bestowed on it in terms of the PFMA and other applicable legislation, it has developed and maintains a system of internal controls.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded and transactions executed and recorded in accordance with generally accepted business practices, as well as the Board's policies and procedures. Monitoring of these controls includes a regular review of their operations by the Board and independent oversight by an audit committee.

The financial statements are prepared in accordance with South African Statements of Generally Recognised Accounting Practices (GRAP) and incorporate disclosure in line with the accounting philosophy of the Board and the requirements of the PFMA. The financial statements are based on appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates.

The Board believes that the NDA, as an agency of government that is assured of continued government funding, will be a going concern in the year ahead and has, for this reason, adopted the going-concern basis in preparing the annual financial statements.

The annual financial statements, as set out on pages 68 to 104, were approved by the Board on 31 July 2015 and are signed on its behalf by:



Interim Accounting Authority



Chief Executive Officer



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 68 to 104, which comprise the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information 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 board of directors, which constitutes 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 Practice (SA standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 2015 and its financial performance and cash flows for the year then ended, in accordance with South African Standards of Generally Recognised Accounting Practice and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Report on other legal and regulatory requirements

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) 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

- 8.** 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 2015:
- Programme 1: Capacity Building on pages 26 to 27
 - Programme 2: Research and Development on pages 28 to 29
- 9.** I evaluated the reported performance information against the overall criteria of usefulness and reliability.
- 10.** 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 National Treasury's Framework for managing programme performance information (FMPPI).
- 11.** I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 12.** I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 1: Capacity Building and
 - Programme 2: Research and Development

Additional matter

- 13.** 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

- 14.** Refer to the annual performance report on pages 26 to 31 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

- 15.** I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for Capacity Building. 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

- 16.** 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:



Procurement and contract management

- 17.** Sufficient appropriate audit evidence could not be obtained that a contract was awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding, as required by the SCM Regulation, Treasury Regulations 16A6.3(a) and Preferential Procurement Regulations.
- 18.** 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

- 19.** 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 the annual performance report and the findings on non-compliance with legislation included in this report.

Financial and performance management

- 20.** Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
- 21.** Compliance with relevant legislation is not regularly monitored, and non-compliance is not timeously addressed.

Auditor-General

Pretoria

30 July 2015



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Statement of Financial Performance

As at for the year ended 31 March 2015

	Note	2015 R	2014 R
Revenue			
Non-exchange revenue			
Transfer revenue	4	249 480 685	215 957 507
Exchange revenue			
Other income	5	4 827 890	699 596
Finance income		5 712 120	5 060 454
Total revenue		260 020 695	221 717 557
Expenditure			
Mandate expenses			
Disbursements to NDA-funded projects		50 016 704	73 132 930
Disbursements to third-party-funded projects		25 772 829	10 908 776
Disbursements to third-party capacity-building programme		45 370 856	30 228 000
Biomass project costs		-	2 960 553
Projects and programme direct costs		30 973 818	26 187 516
Programmes research and evaluation		4 792 631	5 010 793
Capacity building support costs		19 689 091	6 830 071
Administration expenses			
Accommodation and travel		5 074 038	6 595 174
Audit fees		2 771 347	2 485 666
Board fees	7.1& 7.2	465 500	1 008 000
Consulting and professional fees		2 002 141	2 594 969
Depreciation and amortisation		1 311 762	997 625
Scrapping of property, plant and equipment		282 390	124 929
Provision for doubtful debts		103 458	-
Operating leases		11 170 871	10 099 738
Staff costs	8	57 915 201	51 080 909
IT communication costs		2 530 087	2 452 286
Relocation of offices		2 597 697	75 582
General expenses	6	9 622 271	8 427 617
Net deficit		(12 441 997)	(19 483 577)



Statement of Financial Position

As at 31 March 2015

	Note	2015 R	2014 R
Assets			
Non-current assets			
Property, plant and equipment	10	4 151 117	3 456 854
Intangible assets	11	320 280	522 808
		4 471 397	3 979 662
Current assets			
Cash and cash equivalents	13	109 287 533	126 046 920
Receivables from exchange transactions	14.1	2 025 564	1 920 195
Receivables from non-exchange transactions	14.2	333 712	86 339
		111 646 809	128 053 454
Total assets		116 118 206	132 033 116
Liabilities			
Current liabilities			
Payables from exchange transactions	15.1	7 046 845	9 648 808
Payables from non-exchange transactions	15.2	2 310	12 875
Short-term employee benefits	16	7 486 438	6 558 420
Accrual for committed projects	17	2 408 575	4 779 432
Unutilised third-party project funds	18	41 753 710	41 171 256
		58 697 878	62 170 791
Total liabilities		58 697 878	62 170 791
Net assets			
Accumulated surplus		57 420 328	69 862 325
Total liabilities and net assets		116 118 206	132 033 116

Financial statements

For the year ended 31 March 2015

Statement of changes in net assets

For the year ended 31 March 2015

	2015	2014
	R	R
Opening accumulated surpluses	69 862 325	89 345 902
Net deficit for the year	(12 441 997)	(19 483 577)
Balance at 31 March 2015	57 420 328	69 862 325



Cash flow statement

For the year ended 31 March 2015

	Note	2015 R	2014 R
Cash flows from operating activities			
Receipts			
Transfer revenue received		250 063 139	244 869 860
Interest received		5 531 043	5 060 454
Other receipts		4 656 224	699 596
Payments			
To employees and Board members		(78 133 141)	(68 647 195)
To NDA-funded projects		(52 387 557)	(73 286 956)
To third-party-managed projects		(25 772 829)	(10 013 218)
To third-party-managed capacity-building programme		(45 370 856)	(30 228 000)
To suppliers		(73 259 823)	(49 448 513)
Net cash (outflows) inflows from operating activities	19	(14 673 500)	19 006 028
Cash outflows from investing activities			
Acquisition of property, plant and equipment		(2 034 063)	(1 838 745)
Acquisition of intangible assets		(51 824)	
Net cash outflows from investing activities		(2 085 887)	(1 838 745)
Net (decrease) increase in cash and cash equivalents		(16 759 387)	17 167 283
Cash and cash equivalents at beginning of year		126 046 920	108 879 637
Cash and cash equivalents at end of year	13	109 287 533	126 046 920

Statement of Comparison of Budget and Actual Amounts

For the year ended 31 March 2015

	Approved budget R	Actual R	Variance R
Receipts			
Transfer revenue	249 480 685	249 482 685	-
Other income	39 606 476	4 827 890	(34 778 586)
Finance income	3 475 451	5 712 120	2 236 669
Total receipts	292 562 612	260 020 695	(32 541 917)
Payments			
	290 459 610	272 462 692	17 996 918
Disbursements to NDA-funded projects	68 588 777	50 016 704	18 572 073
Disbursements to third-party-funded projects	25 772 829	25 772 829	-
Disbursements to third-party capacity-building programme	45 370 856	45 370 856	-
Projects and programme implementation costs	28 807 243	30 973 818	(2 166 575)
Programme research and evaluation	5 700 000	4 792 631	907 369
Capacity building	18 142 017	19 689 091	(1 547 074)
Accommodation and travel	5 342 690	5 074 038	268 652
Audit fees	2 400 000	2 771 347	(371 347)
Board fees	730 275	465 500	264 775
Consulting and professional fees	1 520 000	2 002 141	(482 141)
Depreciation and amortisation	-	1 311 762	(1 311 762)
Scrapping of property, plant and equipment	-	282 390	(282 390)
Provision for doubtful debts	-	103 458	(103 458)
Operating leases	11 682 943	11 170 871	512 072
Staff costs	57 755 393	57 915 201	(159 808)
IT communication costs	5 345 413	2 530 087	2 815 326
Relocation of offices	2 629 732	2 597 697	32 035
General expenses	10 671 442	9 622 271	1 049 171
Net receipts/(payments) before capital expenditure	2 103 002	(12 441 997)	(14 544 999)
Capital expenditure	(2 103 002)	(2 085 887)	(17 115)
Net payments	-	(14 527 884)	(14 527 884)



Notes to the annual financial statements

For the year ended 31 March 2015

1. Accounting policies

1.1 Principal accounting policies

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

1.2 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 the reporting as specified by the PFMA.

1.2.1 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

1.2.2 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 31 – Intangible assets

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

1.2.4 The NDA has elected, in accordance to GRAP 24, to make approved budgets publicly available.

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

- (a) Receivables from non-exchange transactions, including taxes and transfers
- (b) Taxes and transfers payable
- (c) Trade and other payables from exchange transactions

Notes to the annual financial statements (continued)

For the year ended 31 March 2015

1.2.6 The amount and nature of any restrictions on cash balances are required and have been disclosed in Note 12.

1.2.7 Offsetting

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

1.2.8 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 reclassification 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 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 is practicable, and the prior-year comparatives are restated accordingly.

1.3 Functional and 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.

1.4 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 Project withdrawal

A project will be withdrawn from committed projects funds when the project no longer meets the requirements of a liability, i.e. there is no present obligation arising from past events and it is not probable that settlement of the liability will result in outflow of economic benefits.

1.6 Property, plant and equipment

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



Notes to the annual financial statements (continued)

For the year ended 31 March 2015

Initial recognition and measurement

Property, plant and equipment, comprising computer equipment, office equipment, furniture and motor vehicles, is stated at cost less accumulated depreciation and any accumulated impairment losses.

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses initially recognised as soon as the acquired asset is available for use by the entity.

Costs include expenditure incurred initially to acquire or construct an item of property, plant and equipment, and costs incurred subsequently 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.

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 or service potential will flow to the entity and the cost of the property, plant and equipment item can be reliably measured.

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 assets.

The revised estimated maximum useful lives of property, plant and equipment are as follows:

Computer equipment	3– 10 years
Equipment	6–10 years
Furniture	6–13 years
Leasehold improvements	3 years

Notes to the annual financial statements (continued)

For the year ended 31 March 2015

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

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

1.7 Intangible assets

Initial recognition and measurement

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses initially recognised as soon as the acquired 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 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.

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 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.



Notes to the annual financial statements (continued)

For the year ended 31 March 2015

1.8 Impairment

Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets. The entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the statement of financial performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. 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. The NDA assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the NDA estimates the recoverable service amount of that asset. An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the statement of financial performance.

The carrying amounts of the entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of net selling price and value in use.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the statement of financial performance whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment been recognised in prior years.

Notes to the annual financial statements (continued)

For the year ended 31 March 2015

1.9 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

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the period of the lease. The difference between the amounts recognised as an expense and the contractual payments recognised as an operating lease asset or liability. This liability is not discounted.

1.10 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 flows 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 comprise 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 an insignificant risk of changes in value. The cash balances include cheques not honoured by the bank. These are initially and subsequently recorded at fair value.

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, and cash, these non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.



Notes to the annual financial statements (continued)

For the year ended 31 March 2015

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.

1.11 Conditional and unconditional non-exchanged revenue

1.11.1 Non-exchange 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.

1.11.2 External project funding

External project funding revenue represents conditional funds received from other sources (DSD: Free State ECD, DSD: Mpumalanga and Biomass project funds) with conditions attached to them. These are measured at the fair value of the consideration received or receivable. Exchange revenue comprises finance income and other operating income, and is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

Exchange revenue – 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.

Notes to the annual financial statements (continued)

For the year ended 31 March 2015

1.12 Finance income

Finance income costs comprise the interest expense on unwinding of the discount on provisions and impairment losses recognised on financial assets.

1.13 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 will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

Provisions are not recognised for future operating losses.

1.14 Employee benefits

Post-employment benefits

Retirement

The entity contributes to a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee-benefit expense in surplus or deficit when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Medical

No contributions are made by the entity to the medical aid of retired employees.



Notes to the annual financial statements (continued)

For the year ended 31 March 2015

Short- and long-term benefits

The cost of all short-term employee benefits, such as salaries, bonuses, medical and other contributions, is recognised during the period in which the employee renders the related service.

A liability is recognised for the amount expected to be paid under the short-term performance bonus policy and any leave pay accrued to employees if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The entity recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

2. Public sector practices and policies

2.1 Irregular expenditure

Irregular expenditure means expenditure incurred in contravention of or not in accordance with a requirement of any applicable legislation, including the PFMA and regulations issued in terms of the PFMA by National Treasury.

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the irregularity unless it is impracticable to determine, in which case reasons therefor are provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery. Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are derecognised when settled or subsequently written off as irrecoverable.

2.2 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and wasteful expenditure incurred. Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery. Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are derecognised when settled or subsequently written off as irrecoverable.

Notes to the annual financial statements (continued)

For the year ended 31 March 2015

2.3 Unauthorised expenditure

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received;
- approved by Parliament or the Provincial Legislature without funding and written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

3. 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 terms of the National Development Agency Act, Act No 108 of 1998, as amended. The NDA grants funds to CSOs that implement development projects in poor communities and strengthen the institutional capacity of these organisations as mandated by the National Development Agency Act.

The entity's registered offices are as follows:

26 Wellington Road

Parktown

Johannesburg

2193



Notes to the annual financial statements (continued)

For the year ended 31 March 2015

	2015 R	2014 R
4. Non-exchange revenue		
Transfer revenue	178 337 000	171 713 000
Utilised portion of project funds (DSD: Free State ECD)	9 615 326	1 410 404
Utilised portion of project funds (DSD: Mpumalanga)	1 273 764	-
Utilised portion of project funds (DSD: North West)	7 411 048	4 000 853
Utilised portion of project funds (SASSA school uniforms)	1 952 041	4 777 595
Utilised portion of project funds (Economic Development Northern Cape)	4 304 623	719 926
Utilised portion of project funds (Biomass project)	-	2 960 553
Utilised portion of funds pledged by donors	1 238 751	88 254
Provincial NPO capacity-building project	45 348 132	30 122 013
Surplus on Biomass project fund	-	164 909
	249 480 685	215 957 507
5. Other income		
Management fees: programme management	4 520 560	640 000
Refund from projects	181 196	-
Recoveries from insurance and staff	126 134	59 596
	4 827 890	699 596

Notes to the annual financial statements (continued)*For the year ended 31 March 2015*

	2015 R	2014 R
6. Miscellaneous		
Bank charges	141 453	134 575
Transaction charges	579 632	674 669
Meeting recordings	268 927	333 340
Catering	411 473	328 075
Insurance	294 523	296 759
Postage and courier	265 469	191 533
Security services	104 685	12 501
Donations and sponsorships	397 671	492 312
Media monitoring	104 880	105 695
Software licence renewal	1 056 787	331 340
Subscriptions and memberships	72 767	79 981
IT consumables	334 844	202 972
Interest and penalties	10 701	20 904
Offsite storage	108 953	57 857
Entertainment	-	12 532
'Adopt an ECD' pledges disbursed	-	88 253
Advisory centres	118 875	283 055
Marketing and promotions	1 842 497	2 022 675
Repairs and maintenance	543 858	546 150
Printing and stationery	1 278 216	565 954
Seminars, workshops and conferences	701 337	870 821
Telephone and faxes	984 723	775 664
	9 622 271	8 427 617

**Notes to the annual financial statements (continued)**

For the year ended 31 March 2015

7. Salaries and allowances paid to members of the Board and executive management**7.1 31 March 2015 – Board fees**

	Appointment date	Termination date	Fees for services as Board member R
Members of the Board			
Mr M Kekana (Chairperson)	1 November 2010	-	101 500
Ms T Shange	1 November 2010	-	96 000
Ms B Khan	1 November 2010	-	92 500
Ms A Madella	1 November 2010	-	15 000
Ms R Mdhlalose*	1 November 2010	13 January 2015	-
Mr M Thabethe*	1 November 2010	-	-
Ms M Malapane	1 November 2010	-	25 000
Ms M Monakali	1 November 2010	8 October 2014	16 500
Rev M Xundu	1 November 2010	21 January 2015	32 500
Ms N Tolashe	1 November 2010	-	-
Mr Z Ngcakani	10 January 2012	-	86 500
Total			465 500

* These members do not receive Board fees because they are government employees.

Notes to the annual financial statements (continued)

For the year ended 31 March 2015

7.2 31 March 2014 – Board fees

	Appointment date	Termination date	Fees for services as Board member R
Members of the Board			
Mr M Kekana (Chairperson)	1 November 2010	-	217 000
Ms T Shange	1 November 2010	-	123 000
Ms B Khan	1 November 2010	-	147 500
Ms A Madella	1 November 2010	-	91 000
Ms R Mdhlalose	1 November 2010	-	-
Mr M Thabethe*	1 November 2010	-	-
Ms M Malapane	1 November 2010	-	27 500
Ms M Monakali	1 November 2010	-	48 500
Rev M Xundu	1 November 2010	-	127 500
Ms N Tolashe	1 November 2010	-	27 500
Mr Z Ngcakani	10 January 2012	-	167 500
Audit Committee – independent member			
Mr V Naicker	1 August 2011	8 November 2013	31 000
Total			1 008 000

* These members do not receive Board fees because they are government employees.

Notes to the annual financial statements (continued)

For the year ended 31 March 2015

7.3 31 March 2015 - Executive Management remuneration

Initials and surnames of Executive	Designation	Appointment date	Termination date	Basic salary		Performance bonus		Contributions to retirement and medical benefits		Total	
				R	R	R	R	R	R	R	R
Dr V Nhlapo	Chief Executive Officer	19 July 2010		1 408 029		124 269		284 091		1 816 389	
Mr R Mogano	Director Development Management	5 May 2003	30 October 2014	638 266		98 713		139 893		876 872	
Ms LC Mangcu	Director Marketing and Communication	23 February 2006	-	1 100 701		48 923		221 533		1 371 157	
Ms H Mansour	Chief Audit Executive	24 November 2005	-	1 050 728		74 067		283 579		1 408 374	
Mr B Magongo	Research and Knowledge Management Executive	1 September 2012	-	1 089 172		97 845		233 061		1 420 078	
Mr P Zwane	Chief Financial Officer	10 May 2010	-	1 130 518		97 845		191 715		1 420 078	
Ms PN Ngwasheng	Acting: Human Resources Executive		-	830 268		48 870		190 540		1 069 678	
Mr DR Mokale	Acting: Company Secretary		-	976 653		112 322		130 693		1 219 668	
Dr AV Bouwer	Acting: Development Management Executive		-	1 065 231		67 179		138 412		1 270 822	
Total				9 289 566		770 033		1 813 517		11 872 846	



Notes to the annual financial statements (continued)

For the year ended 31 March 2015

7.4 31 March 2014 - Executive Management remuneration

Name	Appointment date	Termination date	Basic salary		Performance bonus		Contributions to retirement and medical benefits		Total	
			R	R	R	R	R	R	R	R
Dr V Nhlapo	19 July 2010		1 368 724		44 791		327 427		1 740 942	
Mr R Mogano	5 May 2003	-	1 022 942		34 922		228 755		1 286 619	
Ms LC Mangcu	23 February 2006	-	1 024 060		34 615		216 790		1 275 465	
Ms H Mansour	24 November 2005	-	985 280		20 380		266 960		1 272 620	
Mr B Magongo	1 September 2012	-	1 021 261		11 539		219 589		1 252 389	
Mr S Lewatle	1 November 2008	28 February 2014	968 191		34 615		168 589		1 171 395	
Mr P Zwane	10 May 2010		1 030 339		23 077		210 511		1 263 927	
Total			7 420 797		203 939		1 638 621		9 263 357	



Notes to the annual financial statements (continued)

For the year ended 31 March 2015

8. Staff costs

Department	2015 R	Percentage split	2014 R	Percentage split
Mandate staff costs	21 177 332	27%	17 939 786	26%
Direct mandate salaries	21 177 332	27%	17 939 786	26%
Administration and Governance staff costs	46 858 406	59%	42 862 942	62%
Provincial offices	12 695 054	16%	10 475 034	15%
National offices project admin	5 047 061	7%	4 438 504	6%
Research and Development	4 613 234	6%	4 030 756	6%
Internal Audit	4 196 079	5%	3 763 079	5%
Office of the CEO	6 327 627	8%	6 106 315	9%
Marketing and Communication	4 152 965	5%	3 825 287	6%
Finance and Information Technology	7 218 196	9%	6 317 290	9%
Human Resources	2 608 190	3%	3 906 677	6%
Other staff administrative costs	11 056 795	14%	8 217 967	12%
Staff training cost	1 499 477	2%	833 566	1%
Performance bonus	4 082 860	5%	2 461 822	4%
Other staff-related costs	5 474 458	7%	4 922 579	7%
Total Administration and Governance staff costs	57 915 201	73%	51 080 909	74%
Total staff costs	79 092 533	100%	69 020 695	100%

Notes to the annual financial statements (continued)

For the year ended 31 March 2015

9. Disclosure notes on statement of budget and actual

The budget is approved on the accrual basis by functional classification. The approved budget covers the financial period from 1 April 2014 to 31 March 2015. The budget and actual are prepared on the accrual basis. The financial statements are prepared using a classification of expenses by function.

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

1. Receipts

- 1.1 Other income (-R34 778 586): This variance is due to funds transferred from accumulated funds for the purpose of funding disbursements to projects approved for funding in prior years and ring-fenced expenditure.
- 1.2 Net finance income (+R2 236 669): This variance is due to underestimation of interest income at the time of preparation of the budget.

2. Payments

- 2.1 Disbursement and commitment to NDA-funded projects (+R18 572 073):
This variance is due to funds approved to projects not yet disbursed to these projects at the end of the financial year and project requirements that were procured at year-end, but not yet delivered to funded projects.
- 2.2 Projects and programme implementation costs (-R2 166 575):
This negative variance is due to more project monitoring that was conducted than was planned. The new funding model required more projects to be visited during the programme formulation than was anticipated.
- 2.3 Programme research and evaluation (+R 907 369):
This variance is due to a planned study (NDA five-year impact study) that was not performed in the current year due to delays in the finalisation of the contract with a service provider.
- 2.4 Audit fees (-R371 347):
This variance is due to higher costs of performing audits, including disbursements, than was planned.
- 2.5 Board fees (+R264 775):
This variance is due to fewer Board and subcommittee meetings that were held during the year than was planned. This was partly due to the resignation of some members during this period.
- 2.6 ICT costs (+R2 815 326):
This variance is due to the planned ICT systems project that did not materialise due to delays in the finalisation of the organisational needs assessment undertaken by the State Information Technology Agency (SITA).



Notes to the annual financial statements (continued)

For the year ended 31 March 2015

10. Property, plant and equipment

	Depreciation rate %	Cost R	Accumulated depreciation R	Carrying amount R
10.1 31 March 2015				
Computer equipment	12.50 - 33.33	3 955 194	(1 309 720)	2 645 474
Office equipment	10.00 - 16.67	741 869	(347 120)	394 749
Furniture	10.00 - 16.67	2 918 756	(1 807 862)	1 110 894
Leasehold improvements	33.33	1 177 512	(1 177 512)	-
		8 793 331	(4 642 214)	4 151 117

Reconciliation of carrying amounts:

	Computer equipment R	Office equipment R	Furniture R	Lease improvements R	Total R
Carrying amount 1 April 2014	1 984 919	353 641	1 020 170	98 124	3 456 854
Additions during the year	1 409 313	199 567	425 183	-	2 034 063
Scrapping	(247 690)	(27 151)	(7 549)	-	(282 390)
Depreciation during the year	(664 445)	(146 313)	(333 545)	(98 124)	(1 242 427)
Adjusted depreciation	163 377	15 005	6 635	-	185 017
Carrying amount 31 March 2015	2 645 474	394 749	1 110 894	-	4 151 117

Proceeds from insurance to the value of R55 374 (R90 798) to replace assets stolen during the year have been included in the reported deficit.

No property, plant and equipment were pledged as security and no restrictions were placed on title deeds relating to any item of property, plant and equipment at the end of the financial year ended 31 March 2015.

Notes to the annual financial statements (continued)

For the year ended 31 March 2015

	Depreciation rate	Cost	Accumulated depreciation	Carrying amount
	%	R	R	R
10.2 31 March 2014				
Computer equipment	12.50–33.33	3 715 883	(1 730 964)	1 984 919
Office equipment	10.00–16.67	1 070 691	(717 050)	353 641
Furniture	10.00–16.67	2 515 965	(1 495 795)	1 020 170
Leasehold improvements	33,33	1 177 512	(1 079 388)	98 124
		8 480 051	(5 023 197)	3 456 854

Reconciliation of carrying amounts:

	Computer equipment	Office equipment	Furniture	Lease improvements	Motor vehicles	Total
	R	R	R	R	R	R
Carrying amount 1 April 2013	999 702	346 248	1 038 645	490 629	1 020	2 876 244
Additions during the year	1 359 994	177 963	300 788	-	-	1 838 745
Scrapping during the year	(70 545)	(29 589)	(23 164)	-	-	(123 298)
Depreciation during the year	(577 627)	(137 491)	(290 106)	(392 505)	(1 020)	(1 398 749)
Adjusted depreciation	273 395	(3 490)	(5 993)	-	-	263 912
Carrying amount 31 March 2014	1 984 919	353 641	1 020 170	98 124	-	3 456 854

No property, plant and equipment were pledged as security and no restrictions were placed on title deeds relating to any item of property, plant and equipment at the end of the financial year ended 31 March 2014.



Notes to the annual financial statements (continued)

For the year ended 31 March 2015

11. Intangible assets

	Amortisation rate %	Cost R	Accumulated amortisation R	Carrying amount R
31 March 2015				
ERP system	20.00	1 944 104	(1 739 597)	204 506,67
Project monitoring system and other software	20.00	226 635	(110 861)	115 773,82
		2 170 738	(1 850 458)	320 280

Reconciliation of carrying amounts:

	ERP system R	Project monitoring and other software R	Total R
Carrying amount 1 April 2014	408 989	113 819	522 808
Additions	-	51 824	51 824
Adjusted amortisation	(204 517)	(49 835)	(254 352)
Carrying amount 31 March 2015	204 472	115 808	320 280

No intangible assets were pledged as security and no restrictions were placed on title deeds relating to any item of intangible assets at the end of the financial year ended 31 March 2015.

	Amortisation rate %	Cost R	Accumulated amortisation R	Carrying amount R
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11.1 Intangible assets 31 March 2014

ERP system	20.00	1 944 104	(1 535 115)	408 989
Project monitoring system and other software	20.00	174 810	(60 991)	113 819
		2 118 914	(1 596 106)	522 808

No intangible assets were pledged as security and no restrictions were placed on title deeds relating to any item of intangible assets at the end of the financial year ended 31 March 2015.

Reconciliation of carrying amounts:

	ERP system R	Project monitoring and other software R	Total R
Carrying amount 1 April 2013	167 350	219 878	387 228
Disposals		(1 631)	(1 631)
Adjusted amortisation	241 639	(104 428)	137 211
Carrying amount 31 March 2014	408 989	113 819	522 808

Notes to the annual financial statements (continued)

For the year ended 31 March 2015

12. Changes in estimates

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 of the assets differed from previous estimates. The effect of the change in estimates is as follows:

	Depreciation before adjustment	Depreciation after adjustment	Effect of change
Asset category			
Computer equipment	664 445	501 060	163 377
Office equipment	131 308	146 313	15 005
Furniture	326 810	333 545	6 635
	1 427 464	1 242 447	185 017

13. Cash and cash equivalents

	2015 R	2014 R
Cash-on-hand	9 436	18 681
Call and current accounts	68 554 326	80 894 734
Money market accounts	40 723 771	45 133 505
	109 287 533	126 046 920

The investments and bank balances are held at reputable South African banks and none of the cash is encumbered. Of the cash held by the NDA, R109 287 533 (2014: R126 046 920); R53 446 765 (2014: R64 513 543) represents funds committed to project funds at the end of the financial year.

Also included in the cash balances is an unutilised portion of conditional grants managed on behalf of third parties to the value of R41 753 711 (2014: R41 171 256). Refer to Note 18.



Notes to the annual financial statements (continued)

For the year ended 31 March 2015

14. Receivables

	2015 R	2014 R
14.1 Receivables from exchange transactions		
Interest accrued	532 459	351 382
Rental deposits	1 493 105	1 568 813
	2 025 564	1 920 195
14.2 Receivables from non-exchange transactions		
Employee-related advances	156 595	25 175
Other receivables	586 516	367 105
	743 111	392 280
Allowance for credit losses	(409 399)	(305 941)
	333 712	86 339

The allowance for credit losses relates to debtors raised for amounts due to the entity. Legal processes are underway 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 represents salary advances to employees and travel advances to employees for travel purposes. The travel advances are expensed upon receipt of actual invoices and receipts that indicate how the advance was spent

15. Payables

15.1 Payables from exchange transactions

	2015 R	2014 R
Trade payables	6 414 845	9 068 931
Operating lease liabilities	632 000	579 877
	7 046 845	9 648 808

15.2 Payables from non-exchange transactions

	2015 R	2014 R
Staff creditors (travel claims)	1 629	7 795
Other creditors	681	5 080
	2 310	12 875

The above creditors are not past their due dates and the terms and conditions of these creditors have not been renegotiated.

Notes to the annual financial statements (continued)

For the year ended 31 March 2015

16. Short-term employee benefits

	2015 R	2014 R
Accrual for leave		
Opening balance	3 690 817	3 141 664
Provision raised current year	936 910	887 598
Leave pay-out	(402 850)	(338 445)
Closing balance	4 224 877	3 690 817
Accrual for 13th cheque		
Opening balance	483 205	461 689
Provision raised current year	2 055 257	1 919 074
Pay-out	(2 003 158)	(1 897 558)
Closing balance	535 304	483 205
Accrual for performance bonus		
Opening balance	2 384 397	1 573 568
Under-provision from previous year	1 356 602	
Provision raised current year	2 726 257	2 461 823
Pay-out	(3 740 999)	(1 650 993)
Closing balance	2 726 257	2 384 398
Total employee benefits accruals	7 486 438	6 558 420

17. Accrual for committed projects

	2015 R	2014 R
Opening balance	4 779 430	1 077 345
Approved for payment to NDA-funded projects	50 024 425	73 132 930
Approved for payment to third-party projects	25 772 829	10 908 778
Cash disbursements to NDA-funded projects	(48 524 487)	(73 286 956)
Cash disbursed to third-party-managed funds	(29 643 622)	(7 052 665)
Closing balance	2 408 575	4 779 432

The accrual for committed projects represents payments approved to be disbursed to funded projects during the financial year.



Notes to the annual financial statements (continued)

For the year ended 31 March 2015

18. Unutilised third-party funds

	2015 R	2014 R
Opening balance		
Funds received	41 171 256	12 093 995
Funds disbursed from partners	71 726 139	73 156 860
Funds disbursed and committed – third-party-funded projects	(71 143 685)	(44 079 599)
	41 753 710	41 171 256

Utilised external project funds represent funds received and managed by the entity to implement poverty alleviation projects on behalf of other government departments and partners. The balance outstanding 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.

19. Notes to the cash flow statement

	2015 R	2014 R
Deficit from operations	(12 441 997)	(19 483 577)
<i>Adjusted for non-cash flow items:</i>		
Depreciation and amortisation	1 311 762	997 626
Scrapping of property, plant and equipment	282 390	124 929
Operating/(deficit) before changes in working capital	(10 847 845)	(18 361 022)
(Increase) in accounts receivable	(352 743)	(197 888)
(Decrease)/increase in accounts payable and provisions	(1 102 073)	33 862 850
(Decrease)/increase in committed projects	(2 370 839)	3 702 087
Net cash (outflow)/inflow from operating activities	(14 673 500)	19 006 027

20. Financial risk management

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

- Credit risk
- Liquidity risk
- Interest rate risk

Notes to the annual financial statements (continued)

For the year ended 31 March 2015

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 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.

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.

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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.

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.

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 trusts.



Notes to the annual financial statements (continued)

For the year ended 31 March 2015

20.1 Credit risk

Exposure to credit risk

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

	Carrying amount 2015 R	Carrying amount 2014 R
Cash and cash equivalents	109 287 533	126 046 920
Trade and other receivables	2 462 734	2 006 534
	111 750 267	110 688 284

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

	Carrying amount 2015 R	Carrying amount 2014 R
Private institutions	2 295 746	1 981 359
Employee advances	10 393	25 175
	2 306 139	2 006 534

	2015 R	2014 R
Impairment losses		
Impairment provision at beginning of year	305 941	318 941
Impairments during the year	103 458	(13 000)
	409 399	305 941

Notes to the annual financial statements (continued)

For the year ended 31 March 2015

20.2 Liquidity risk

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

31 March 2015

	Carrying amount R	Contractual cash flows R	6 months or less R	6–12 months R	12 months or more R
Trade and other payables	7 049 155	7 049 139	7 049 139	-	-
Short-term employee benefits	7 486 438	7 486 438	-	7 486 438	-
Accrual for committed projects	2 408 575	2 408 576	2 408 576	-	-
Unutilised external income received in advance	41 753 710	41 753 711	-	41 753 711	-
	58 697 878	58 697 861	9 457 715	49 240 149	-

Financial instruments

20.3 Liquidity risk (continued)

31 March 2014

	Carrying amount R	Contractual cash flows R	6 months or less R	6–12 months R	12 months or more R
Trade and other payables	9 661 683	9 661 683	9 661 683	-	-
Short-term employee benefits	6 558 420	6 558 420	-	6 558 420	-
Accrual for committed projects	4 779 432	4 779 432	4 779 432	-	-
Unutilised external income received in advance	41 171 256	41 171 256	-	41 171 256	-
	62 170 791	62 170 791	14 444 115	47 729 676	-



Notes to the annual financial statements (continued)

For the year ended 31 March 2015

20.4 Fair values

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:

	Carrying amount 2015 R	Carrying amount 2014 R
Cash and cash equivalents	109 287 533	126 046 920
Receivables from exchange transactions	2 025 564	1 920 195
Receivables from non-exchange receivables	333 712	86 339
Payables from exchange transactions	(7 046 845)	(9 648 808)
Payables from non-exchange transactions	(2 310)	(12 875)
Accrual for committed projects	(2 408 575)	(4 779 432)
Short-term employee benefits	(7 486 438)	(6 558 420)
Unutilised external project funds	(41 753 710)	(41 171 256)
	52 948 931	65 882 663

21. Taxation

No provision has been made for income taxation as the NDA is exempt from income taxation in terms of section 30 of the Income Tax Act of 1962, as amended.

22. Operating lease commitment

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

	Not later than 1 year R	Between 2 and 5 years R	Total R
31 March 2015			
Total future minimum lease payments under operating lease contracts	7 412 501	12 851 667	20 264 168
31 March 2015			
Total future minimum lease payments under operating lease contracts	5 029 117	6 355 731	11 384 848

Notes to the annual financial statements (continued)

For the year ended 31 March 2015

23. Commitments

23.1 Committed project evaluations

At the end of the financial year, management had approved and ring-fenced an amount of R744 084 (2014: R20 843 333) for project evaluations. The expenditure had not yet been incurred at the end of the financial year.

23.2 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:

	2015 R	2014 R
Funds committed to projects	<u>53 446 765</u>	<u>64 513 543</u>

24. 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 over 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.

25. Related-party transactions

25.1 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.

25.2 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.

25.3 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.

25.4. 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 7.



Notes to the annual financial statements (continued)

For the year ended 31 March 2015

26. Irregular, 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; or
- makes or permits an irregular, fruitless and wasteful expenditure.

26.1 Reconciliation of irregular expenditure

	2015 R	2014 R
Opening balance	14 531 915	4 558 454
Irregular expenditure current year	1 698 964	9 973 461
Closing balance	16 230 879	14 531 915

26.2 Analysis of irregular expenditure awaiting condonation

	2015 R	2014 R
Current year	1 698 964	9 973 461
Previous year	14 531 915	4 558 454
Closing balance	16 230 879	14 531 915

A matter concerning non-compliance with the Preferential Procurement Policy Framework amounting to R4 090 575 is still under audit consideration as at the date of these financials.

26.3 Details of irregular expenditure – current year

	2015 R
Procurement process not followed	1 698 964
Closing balance	1 698 964

Notes to the annual financial statements (continued)

For the year ended 31 March 2015

26.4 Reconciliation of fruitless and wasteful expenditure

	2015 R	2014 R
Opening balance	649 123	602 874
Fruitless and wasteful expenditure current year	22 395	46 249
	<u>671 518</u>	<u>649 123</u>

2015

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

2014

- R20 951: Penalties on late payment of PAYE to SARS and Telkom
- R25 298: Tender advertising expenditure incurred twice

27. Subsequent events

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.



NDA

National
Development
Agency



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