

Presentation to the Parliamentary Portfolio Committee 15 November 2023



NATIONAL LOTTERIES COMMISSION
a member of the **dtic** group

Annual Report 2022/23 & Quarter 2 2023/24 Financial and Non-Financial Performance Reports

NLC BOARD DELEGATION



Prof B Pityana

**NLC Board
Chairperson**



Ms B Ferguson

**NLC Board
member**



Ms P Mvulane

**NLC Board
member**



Mr T Bonakele

**NLC Board
member**



Mr L October

**NLC Board
member**



Ms I Ramafola

**Minister's
Nominee**

NLC MANAGEMENT TEAM

1. Ms Jodi Scholtz, NLC Commissioner
2. Ms Tina Maharaj, CFO
3. Ms Tintswalo Nkuna, Regulatory Compliance Executive
4. Mr Mothibi Ramusi, CIO
5. Ms Anashnee Maharaj-Domun, Acting COO
6. Mr Crete Mashego, Acting SM Strategy & Performance
7. Mr Vincent Jones, CAE
8. Ms Khau Moloko, SM: HCM



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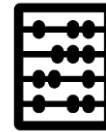
Other Matters

The NLC's mandate rests on three areas



REGULATE

the National Lottery, other lotteries, and sports pools.



PROMOTE KNOWLEDGE & AWARENESS

by developing & implementing educational & informational measures to educate the public about lotteries



DISTRIBUTE

a portion of the revenue from the National Lottery and sports pools to good causes through the National Lottery Distribution Trust Fund (NLDTF).

The NLC's unique role



Sole regulator

- ✓ Sole regulator for lotteries and sports pools in South Africa



Largest grant funder

- ✓ Over R1,2 billion (2021-22FY) allocated to beneficiaries across the country, the NLC is the largest grant funder in SA.



Catalyst for social upliftment

- ✓ Driven by the vision of social upliftment – anchored in the NDP, UN SDGs and AU Vision.

ANNUAL REPORT 2022|23

Presentation to the
Portfolio Committee on
Trade and Industry



Annual Report
2022|23

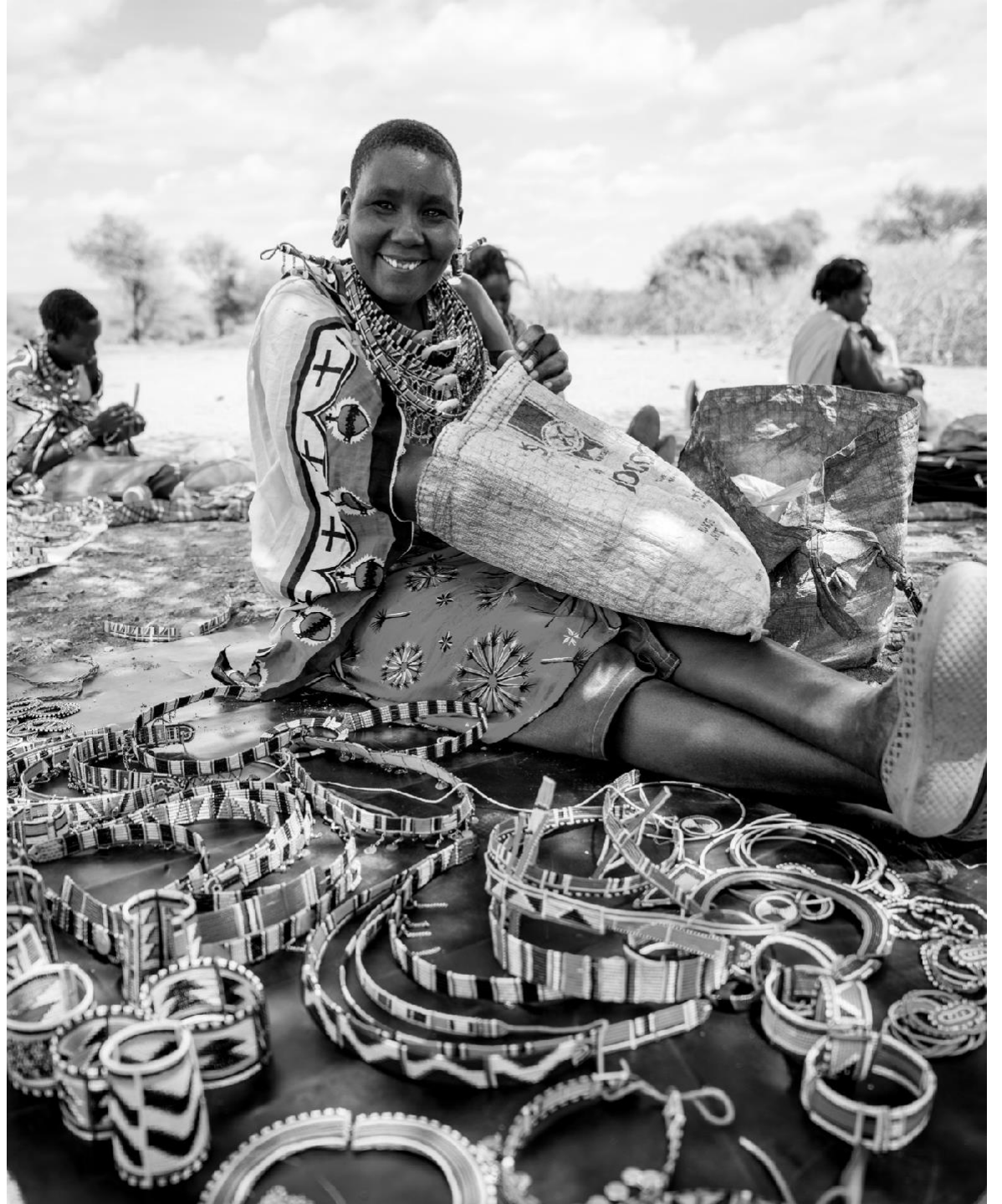
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Overview

The National Lotteries Commission's 2022/23 Annual Report provides information on work done in line with its mandate to among others:

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



Highlights: Illegal Lotteries

100%

of all identified and reported lottery schemes were investigated.

Output: Protecting the interests and preventing harm to participants

Programme 2: Regulatory Compliance

Purpose: To ensure that the trust and integrity of the lottery landscape is maintained through exercising our regulatory oversight in enforcing safe and sustainable lotteries and sports pools.

Highlights: Retailer Inspections



802

retailer inspections conducted

Output: Retailer inspections to ensure the integrity of the National Lottery

Programme 2: Regulatory Compliance

Purpose: To ensure that the trust and integrity of the lottery landscape is maintained through exercising our regulatory oversight in enforcing safe and sustainable lotteries and sports pools.

Highlights: Fundraising Lotteries



R57 851 177.00

revenue generated by 71 schemes registered by NPOs
for society [fundraising] lotteries

Programme 2: Regulatory Compliance

Purpose: To ensure that the trust and integrity of the lottery landscape is maintained through exercising our regulatory oversight in enforcing safe and sustainable lotteries and sports pools.

Highlights: Monitoring and Evaluation



2336

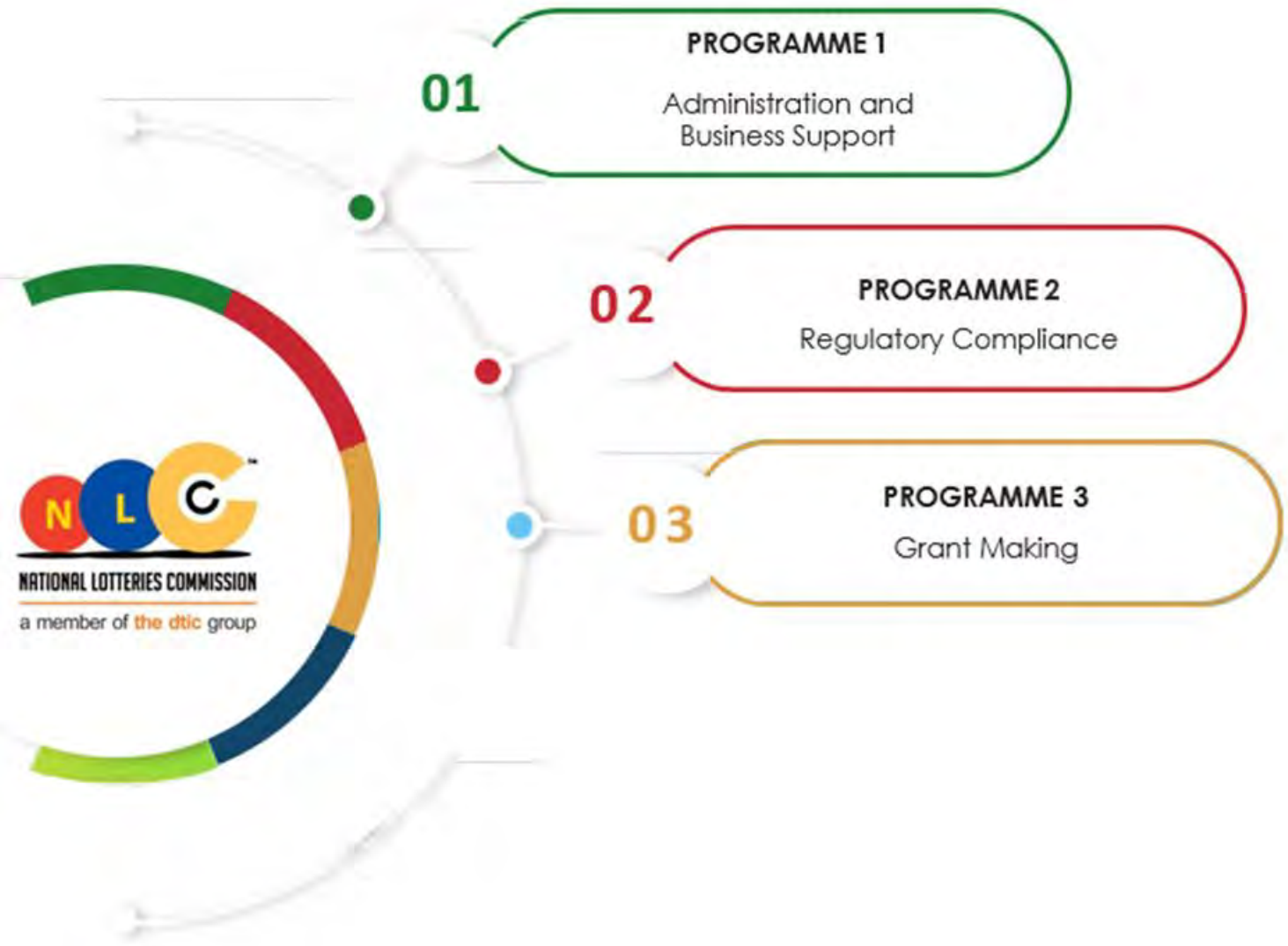
monitoring reports completed

Output: Monitoring and Evaluation of funded projects

Programme 3: Grant Making

Purpose: Supporting a sustainable and impactful civil society sector to boost economic growth, inclusion and to enable meaningful transformation.

Part 2: Performance Information



Performance Information

01

PROGRAMME 1

Administration and
Business Support



NATIONAL LOTTERIES COMMISSION

a member of the dtic group

3.1. Programme 1: Administration and Business Support

PURPOSE	To ensure that the NLC remains a professional and sustainable organisation with innovative and agile frameworks, systems and standards that are globally competitive.
SUB-PROGRAMS	<ul style="list-style-type: none">• Corporate Performance• Human Capital• Business Development & Research• Marketing and Communications• Information and Communication Technology (ICT)• Finance• Supply Chain Management• Legal• Secretariat
INSTITUTIONAL OUTCOMES	<ul style="list-style-type: none">• A professional and sustainable organisation• Innovative and agile frameworks, systems and standards that are globally competitive

Performance Information

01

PROGRAMME 1

Administration and
Business Support

Outcome	Output	Actual Achievement 2022/23
A professional And sustainable organization	Optimal performance and effective adaptation of employees	Achieved. The structure, systems, processes and policies as defined in the Future-Fit People Strategy was aligned.
	Protect and Strengthen the NLC Brand	Achieved. The NLC Brand Management Plan was implemented and monitored.
	Strategic Partnerships at national and provincial level	Not Achieved. <u>4 out of 9</u> Strategic partnerships with key stakeholders (national and provincial) were developed and implemented.

Performance Information

01

PROGRAMME 1

Administration and
Business Support

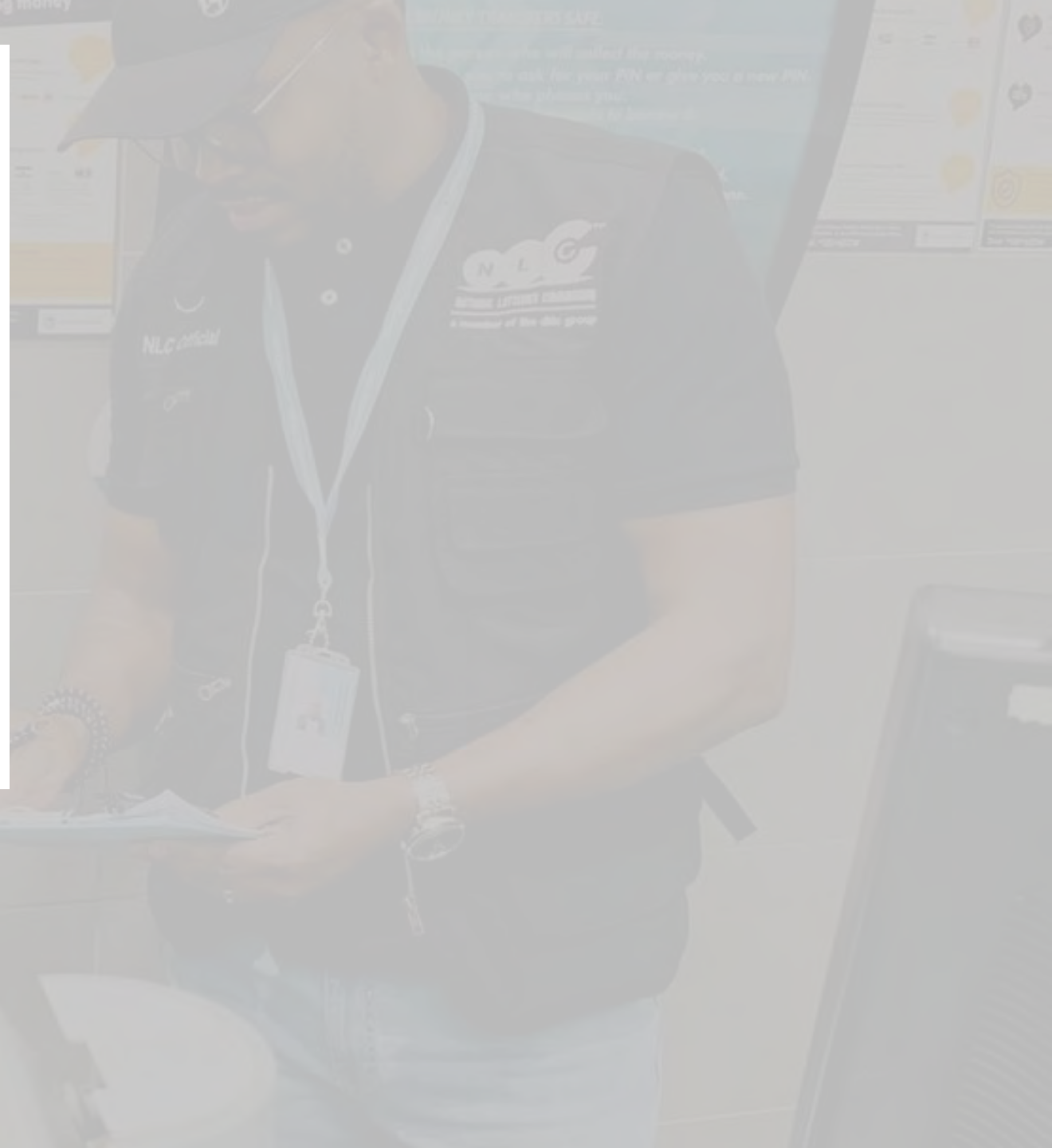
Outcome	Output	Actual Achievement 2022/23
Innovative and agile frameworks, systems and standards that are globally competitive	Optimise returns to good causes	Achieved. 93% (*target = 90%) of grants paid in line with the regulated 60-day timeframe.
	Promoting transformation in the economy to enable greater inclusion and growth	Achieved. Three ESD programs were implemented.
	Driving digital transformation	Achieved. The Digital Transformation Strategy was formulated.

Performance Information



02

PROGRAMME 2
Regulatory Compliance



3.2. Programme 2: **Regulatory Compliance**

PURPOSE	To ensure that the trust and integrity of the lottery landscape is maintained through exercising our regulatory oversight in enforcing safe and sustainable lotteries and sports pools.
SUB-PROGRAMS	<ul style="list-style-type: none">Regulatory ComplianceLotteries Enforcement
INSTITUTIONAL OUTCOMES	<ul style="list-style-type: none">Safe and sustainable lotteries and sports pools

Performance Information



Outcome	Output	Actual Achievement 2022/23
Safe and sustainable lotteries and sports pools	Fair and safe national lottery	Achieved. National Lottery monitoring matrix was implemented.
	Fair and safe sports pools	Achieved. The Sports Pools monitoring matrix was implemented.
	Enhanced Regulatory Activities	Achieved. Two (2) regulatory activities were decentralized to the provinces.

Performance Information



Outcome	Output	Actual Achievement 2022/23
Safe and sustainable lotteries and sports pools	Retailer Inspections to ensure the integrity of the National Lottery	Achieved. 802 (*target 700) retailer inspections were conducted.
	Protecting the interests and Preventing harm to participants	Achieved. 100% of all identified and reported lottery schemes were investigated

Performance Information



03

PROGRAMME 3
Grant Making

3.3. Programme 3: Grant Making

PURPOSE	Supporting a sustainable and impactful civil society sector to boost economic growth, inclusion and to enable meaningful transformation.
SUB-PROGRAMS	<ul style="list-style-type: none">• Operations – Grant-Funding• Monitoring and Evaluation• Provincial Offices• Distributing Agencies
INSTITUTIONAL OUTCOMES	<ul style="list-style-type: none">• A sustainable and impactful civil society sector

Performance Information

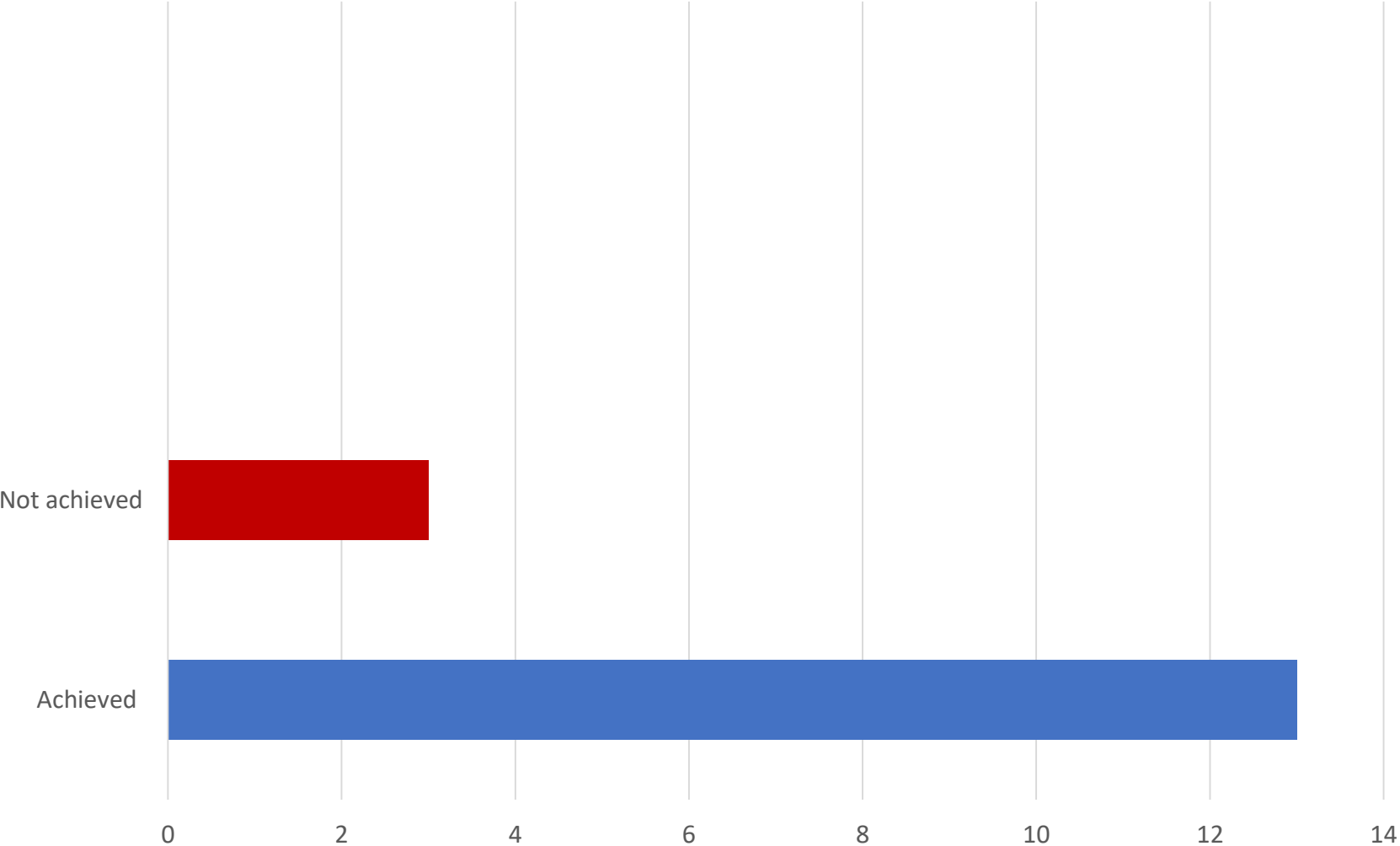
03

PROGRAMME 3
Grant Making

Outcome	Output	Actual Achievement 2022/23
A sustainable and Impactful civil society sector	Regulation 3A(1)(a)	Not Achieved. 61% of applications were adjudicated within 150 days
	Funding aligned to the Developmental needs of South Africa	Achieved. 100% (*target 10%) of all allocations made to districts of the District Development Model
	Monitoring and Evaluation of funded projects	Achieved. 2336 (*target 2000) monitoring reports were completed

Performance Information: Achievement on targets

The NLC achieved 13 out of 15 APP targets in 2022/23



Performance Information: **Targets not met**

Outcome	Output	Actual Achievement 2022/23	Deviation from target	Reason for deviation
A professional and Sustainable organization	Strategic Partnerships at national and provincial level	Not Achieved. 4 strategic partnerships with key stakeholders (national and provincial) were developed and implemented.	5 partnerships not signed	Strategic partnerships MOUs were not timeously signed by external partners.
A sustainable and Impactful civil society sector	Regulation 3A(1)(a)	Not Achieved. 61% of applications were adjudicated within 150 days	39% underachievement	The Charities Distributing Agency commenced adjudication in the first week of June 2022.

Financial Information

Salient Comparative Information

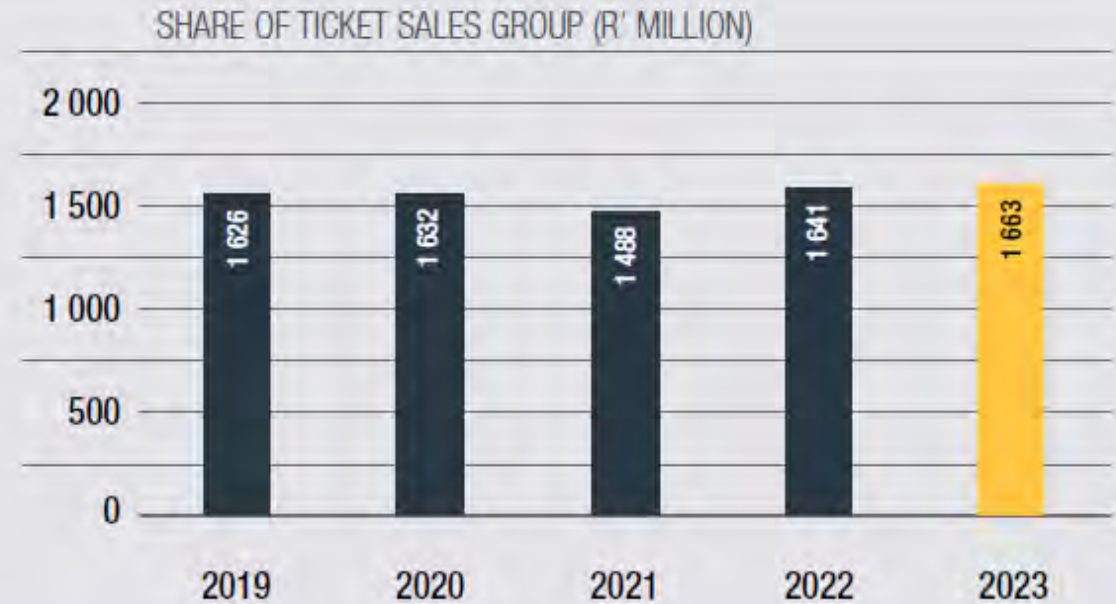


CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

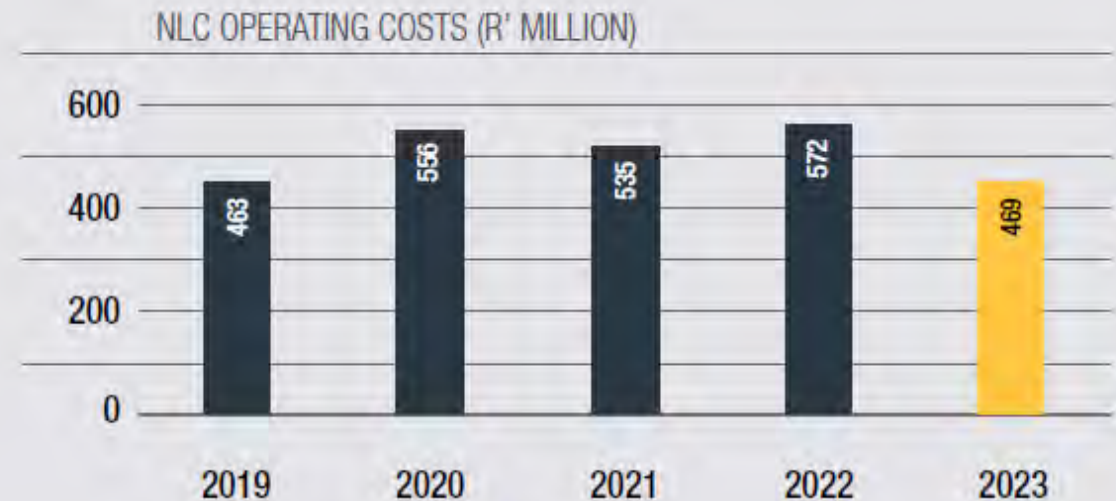
Revenue Collection

Sources of revenue	2022/23		
	Estimate R'000	Actual Amount Collected R'000	(Over)/Under Collection R'000
Share of ticket sales	1 613 456	1 663 400	(49 944)
Interest Received	75 016	124 207	(49 191)
Society & Other Lotteries	80	96	(16)
Revenue from Participants Trust	10 903	6 739	4 164
Withdrawals	20 000	24 200	(4 200)
Sundry Income	4 000	4 664	(664)
License Signing Fees	2 500	2 777	(277)
Unclaimed & expired prizes	140 000	155 033	(15 033)
Total	1 877 955	2 010 217	(132 262)

Revenue from share of ticket sales marginally increased by 1% to R1.66 billion. The increase is attributable to the introduction of new online sale partners and the high Jackpot Prizes that drove Player Participation. There were 12 notable Jackpots during the financial year.



NLC operational costs have decreased by 18% mainly due to the reduced legal fees, consultants, advertising and publicity.

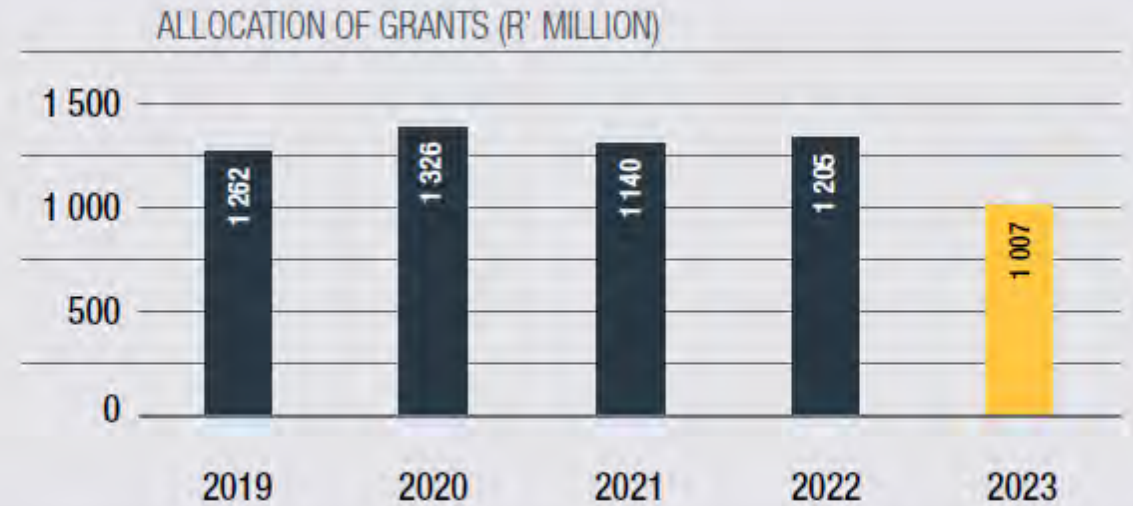


RECONCILING NOTES TO THE ANNUAL FINANCIAL STATEMENT DISCLOSURE

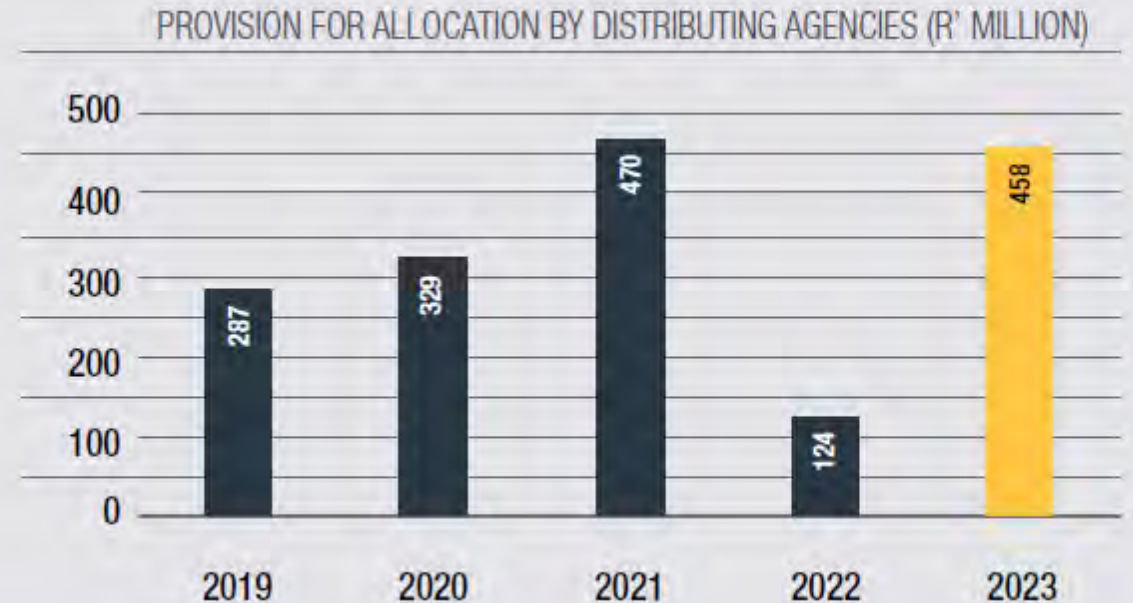
Description	2022/2023 R'000	2021/2022 R'000
Irregular expenditure that was under assessment in 2021/2022	-	-
Irregular expenditure that relates to 2021/22 and identified in 2022/23(##)	-	148 335
Irregular expenditure for the current year	94 412	26 982
Total	94 412	175 317

(##) During the year ended on 31 March 2023, an amount of R148.3 million was identified as irregular expenditure incurred in 2021/22 financial year. The irregular expenditure was discovered during the 2022/23 financial year when revisiting the population.

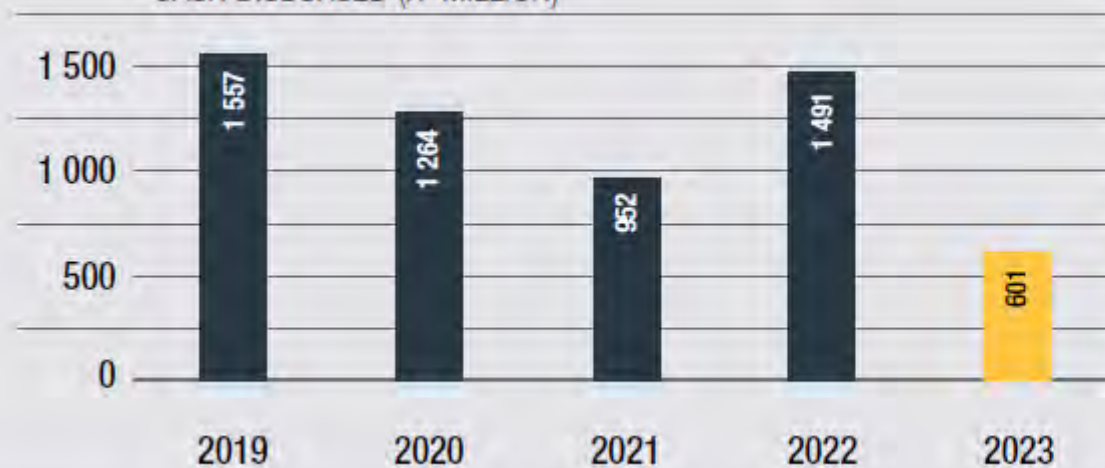
The 16% reduction in grant allocations is mainly attributable to a moratorium on Proactive funding during the year under review.



Provision for Allocation by Distributing Agencies have increased by 268% due to current year grant allocations and delayed payments as a result of implementation of additional controls in the grant funding unit such as conducting site visits to validate existence of the projects and minimise fraud risk.

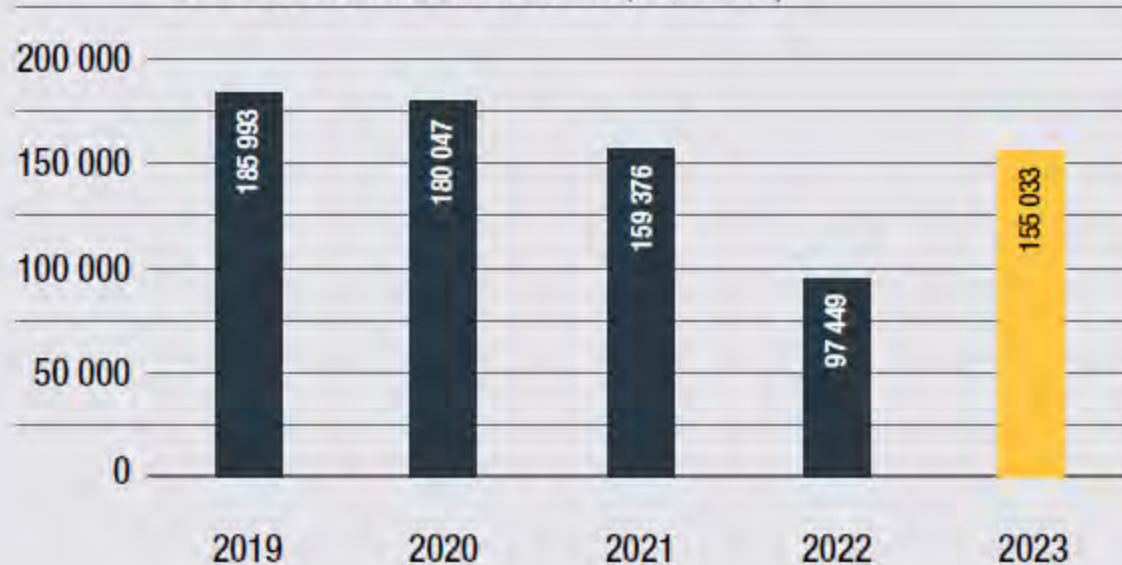


CASH DISBURSED (R' MILLION)



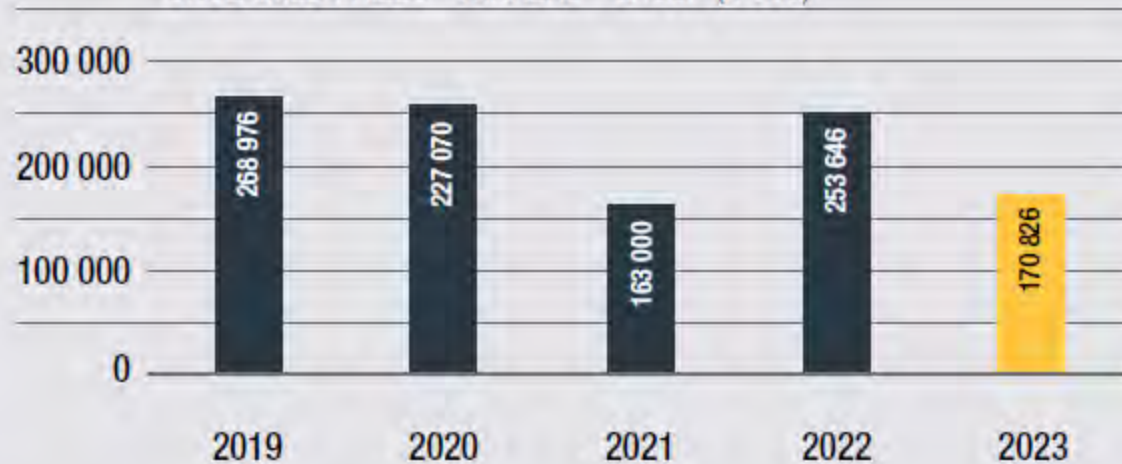
Payments to beneficiaries have decreased by 60% due to delays in payments process as a result of implementation of additional controls, for example, conducting site visits and requesting affidavits from beneficiaries to minimise fraud risk.

EXPIRED AND UNCLAIMED PRIZES (R' MILLION)



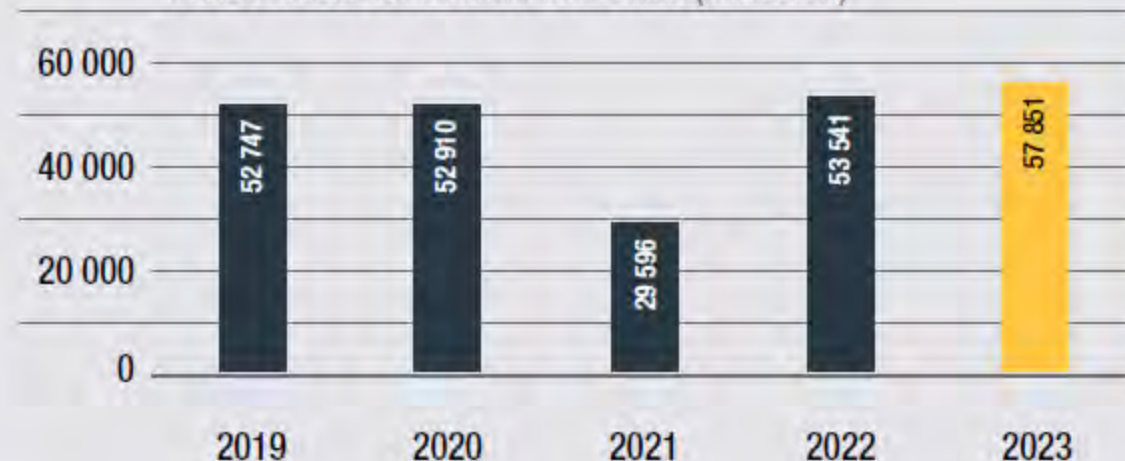
The 60% increase is mainly attributable to three notable division 1 jackpot prizes that expired during the financial year

UNCLAIMED PRIZES - WINNERS - GROUP (R'000)



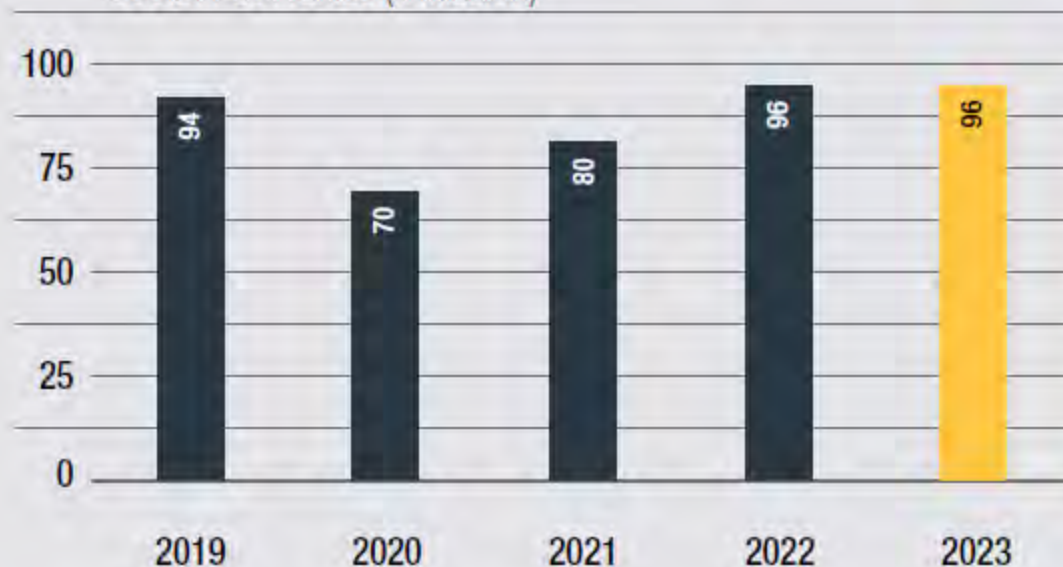
The 33% decrease is because of more winners claiming their prizes compared to previous year. The Operator continue with its campaigns to communicate in various platforms when prizes are won and when prizes are about to expire.

FUNDS RAISED BY SOCIETY LOTTERIES (R'MILLION)



The 8% increase is due to new societies that were approved for the year and managed to conduct their society lottery schemes, there has also been increased support from players who bought tickets in support of these schemes. Society lottery ticket sales are mainly driven by promotions at shopping malls and events attended by the public.

SOCIETY LOTTERIES (R'MILLION)



There has been no movement in fees received from Society and Scheme Registrations from the prior year. The NLC shall continue to educate and create awareness on society lotteries in order to assist Non-Profit Organisations (NPO's) to generate their own revenue to contribute to the sustainability of the NPS's

NLC Audit Outcomes 2022/23



A U D I T O R - G E N E R A L
S O U T H A F R I C A

NLC Audit Outcomes 2022/23

“Instability in leadership and the accounting authority was the key contributor to audit outcome of the NLC entity remaining stagnant (**qualified with material findings**).

The Commissioner was appointed on 1 February 2023 and the chairperson of the accounting authority was appointed on 1 September 2022.

The fully substantive board was appointed in May 2023.

It is anticipated that with a fully capacitated accounting authority and stability at leadership level, this entity will make strides towards implementing actions to address prior year audit findings and thus result in positive movement in audit outcomes”

- Statement by Auditor General to PPC
10 October 2023



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QUARTER 2 PERFORMANCE

Q2 PERFORMANCE TARGETS – PROGRAMME 1

OUTCOME	OUTPUTS	OUTPUT INDICATORS	QUARTER 2 2023/24 MILESTONES	ACHIEVED / NOT ACHIEVED	REASONS FOR VARIANCE
A professional and ethical organisation	Optimal performance and effective adaptation of employees	1.1 Develop and implement the organisational review and redesign strategy	Develop the organisational review and redesign strategy	Achieved Organisational and redesign strategy has been developed.	
	Proactively Addressing NLC's vulnerabilities	1.2 The enterprise-wide Fraud Risk Assessment is conducted	Conduct the assessment on end-to-end processes for HCM, Finance & Regulatory Compliance with all relevant stakeholders	Not achieved Incapacity constraints led to the target not being met. Service provider was only appointed towards the end of Q2	The assessment set to commence in Q3. We anticipate the draft detection and prevention plan to be produced at the end of Q3.
	Proactively identify and reduce vulnerabilities that led to corruption, fraud, waste, abuse, and mismanagement.	1.3 Develop, implement and enforce the Consequence and Ethics Management Strategy	Conduct Integrity testing and checks for all NLC officials. Conduct phase 1 of the lifestyle audits, focusing on NLC Management and Grant Funding officials.	Not achieved All NLC officials have been scheduled, however only 196 Staff members were tested and 29 declined thus far. Phase 1 of Lifestyle audits not yet implemented. Risk Based Lifestyle audit framework / methodology developed presented to	The Integrity tests policy has been formulated for Board's consideration . The remaining staff members will embark on the exercise in Q3 and Q4 after the policy has been approved by the board. Lifestyle audit policy for the NLC to be developed and consulted with Labour. Lifestyle reviews and lifestyle investigations will be implemented during Quarter 3 & 4 as per the

Q2 PERFORMANCE TARGETS – PROGRAMME 1

OUTCOME	OUTPUTS	OUTPUT INDICATORS	QUARTER 2 2023/24 MILESTONES	ACHIEVED / NOT ACHIEVED	REASONS FOR VARIANCE
Innovative and responsive systems and processes	Building our capabilities to enable honest engagements with our stakeholders	2.1 The grantee/applicant survey is conducted	Implement the survey	Not Achieved The target was not met as the research panel was declared irregular. A revised ToR was released to the market with a narrower scope and appointment occurred at the end of August	The survey is underway and the draft report is only expected to materialise in January 2024
	Driving digital transformation	2.2 Phase 1 of the digital transformation strategy is implemented	Implement phase 1 of the digital transformation strategy	Achieved The project is on track as per the project plan. The functional spec defined the requirements for the Digitization Solution Platform. The publication of the tender is in process	.

Q2 PERFORMANCE TARGETS – PROGRAMME 2

OUTCOME	OUTPUTS	OUTPUT INDICATORS	QUARTER 2 2023/24 MILESTONES	ACHIEVED / NOT ACHIEVED	REASONS FOR VARIANCE
Credible and sustainable lotteries and sports pools	A fair and safe national lottery & sports pools	3.1 The National Lottery & Sports Pools monitoring matrix implemented	Implementation of the National Lottery & Sports Pools Monitoring Matrix	Achieved The National Lottery and Sports Pools Monitoring Matrices were implemented.	
	Protecting the interests and preventing harm to participants through effective regulation	3.2 Educate 1000 stakeholders on the harmful effects of gaming	Educate 500 stakeholders on the harmful effects of gaming	Achieved 527 stakeholders were educated on the harmful effects of gaming.	Overachievement is due to the fact that there were more attendees than initially anticipated.
	Protecting the interests and preventing harm to participants through effective regulation	3.3 Percentage increase in the number of compliant lottery schemes	20% of lottery schemes are compliant	Achieved 57% of identified lottery schemes were compliant.	Identified and applicant societies were willing to comply with registration requirements.
	Protecting the interests and preventing harm to participants through effective regulation	3.4 Know Your Customer (KYC) Strategy for online lottery play developed	Conduct the analysis	Achieved The service provider was appointed, and the analysis of the available data was conducted.	

Q2 PERFORMANCE TARGETS – PROGRAMME 3

OUTCOME	OUTPUTS	OUTPUT INDICATORS	QUARTER 2 2023/24 MILESTONES	ACHIEVED / NOT ACHIEVED	REASONS FOR VARIANCE
A sustainable and impactful civil society sector	Strategic Partnerships to enhance the research- based funding model	4.1 Number of strategic partnerships formalised and implemented for the research-based model	Formalise the relationship with strategic partners	Not Achieved The board approved the policy as at the end of Q2. The ToR had to be realigned to the Research-Based Policy and was not timeously advertised.	ToR to be issued in Q3 and appointment to occur in Q4. The entire target must be revised during mid-term review.
	Funding model aligned to the developmental needs of South Africa	4.2 Impact Assessment Evaluation on Small Grants is conducted	Conduct the assessment	Not Achieved The target was not met as the research panel's declaration of irregularity . A revised ToR was released to the market with a narrow scope and appointment occurred at the end of August	The assessment is underway, the KPI and tool workshop is scheduled for Q3, and the draft report is expected in January 2024
	Assurance that NLDTF funds are utilised for the intended purpose	4.3 3000 Monitoring assessments completed	Complete 1500 monitoring assessments	Achieved Cumulative 1594 monitoring assessments were completed.	The overachievement is due to a high number of site-visits conducted
	Investing in the sustainability of funded organisations by transferring skills to beneficiaries	4.4 Number of structured capacity building programs implemented nationally	Pilot the reviewed model	Not Achieved Measures to appoint a service provider for piloting of the revised model resulted in non-responsive submissions on two attempts; therefore, the model could not be piloted within the specified time frame.	Propose that the target is changed to "Pilot the revised model" for Q3 and "Pilot the revised model and submit a review report" for Q4.

Q2 PERFORMANCE TARGETS – NLC 4.0 MODERNISATION PLAN

Phases	Actual Activity	Key Outputs & Deliverables	Quarterly Timeframes
Phase 1	Strategy Refinement and Development of Implementation Plan.	Implementation Plan.	Q1 - Apr -Jun 2023 - Completed
Phase 1	Operations Solution Definition.	As-Is Functional Analysis.	Q2 – Jun -Aug 2023 - Completed
Phase 1	Operations Solution Definition.	To-Be Functional Specification and agreed Digitisation Solution Platform.	Q2 – Jul – Aug 2023 - Completed Including Business Rules
Phase 1	Operations Solution Definition.	New Integrated Business System Platform “To Be: Functional and Technical Specifications.	Q2- Jul- Aug – Sept 2023 Proof of Concept completed using SCM
Phase 2	Operations Solution Implementation.	Develop Operations Solution specified functionality.	Q3 – Oct – Dec 2023 - In process on track Change Management Programme Underway Communication Plan to be developed
Phase 2	Operations Solution Implementation.	Procure High Availability Broadband MPLS-SD-WAN, APN infrastructure.	Q3 – Oct – Dec 2023 - In process on track Tender being finalised
Phase 2	Operations Solution Implementation.	Procure High Availability Storage and Processing Infrastructure.	Q3 – Oct – Dec 2023 - In process on track Tender being finalised
Phase 2	Operations Solution Implementation.	Updated functional Corporate and ICT. Governance Environment.	Q3 – Oct – Dec 2023 - In process on track. Service Provider Appointed Updated completion date Q4 2023/2024
Phase 2	Operations Solution Implementation.	Development and Alpha Testing of Operations Solution specified functionality.	Q4 – Jan - Mar 2024
Phase 3	Operations Solution Deployment.	To be reviewed and updated Q4 2022/2023.	Q1 – Apr-Jun 2024/2025
Phase 3	Operations Solution Institutionalisation.	To be reviewed and updated Q4 2022/2023.	Q2 & Q3 – Jul – Dec 2024

Q2 PERFORMANCE

Total Number of Targets	Not Achieved	Achieved
13	6	7
100%	46%	54%

MINISTERIAL IMPACT TARGETS 2023/24 QUARTER 2 PROGRESS



MINISTERIAL IMPACT TARGETS – Q2

CORE TARGETS	WHAT IT IS ABOUT	WHAT IS EXPECTED FROM THE NLC	WHAT HAVE WE DELIVERED AS THE NLC
Driving R40 billion in additional local output committed or achieved	This output is intended to show the impact of the dtic group interventions on manufacturing and productive services output. It will be measured on a gross basis, from projects that are championed by the dtic group or through social compacting. This includes for example, projects financially supported by the dtic group; projects which entail localisation of a product previously imported; projects which result from competition agreements where a merging entity commits to supplier development; and projects which expand production to meet new export demand.	Local procurement of goods and services, enforcing requirements in licensing requirements etc.	The total amount of R 6 850 938.26 was spent on procurement relating to local content. The highest spent was on security services where the services consist of an element of local content on uniform/clothing.
Supporting R700 billion in manufacturing exports	This output reflects the impact of interventions across the dtic group which result in exports of manufactured goods. Interventions contributing to this output include the dtic group's contribution to a stable and predictable production and trade environment; financial support to companies wishing to enter the export market; provision of duty rebates to encourage export of value-added goods; and sector policies such as the Automotive Production and Development Programme (APDP) that underpins South Africa's successful export of Autos to demanding markets in the US and EU.	Funding projects with a potential of developing skills or goods which can be exported (ACNH DA),	A project was funded for learnership (training) in environmental conservation programme, amounting to R 1,763,003.80. NL:C also funded the purchase of penguin chicks, eggs and incubators in the WC and EC, amounting to R 2,821,753.00

MINISTERIAL IMPACT TARGETS – Q2

CORE TARGETS	WHAT IT IS ABOUT	WHAT IS EXPECTED FROM THE NLC	WHAT HAVE WE DELIVERED AS THE NLC
Million Jobs Supported or covered by Master Plans	This output reflects the reach of the dtic group's interventions in terms of jobs. It is measured as the total number of permanent, full-time jobs in the firms and sectors that have received financial or non-financial support from the dtic group. It includes firms that have accessed dtic group financial support; are covered by a sector masterplan which is in implementation; are benefiting from partnership agreements such as the EEIP; are benefiting from trade measures such as tariffs, rebates or sector interventions such as the APDP; or are located in an SEZ.	Jobs supported from the NLC (NLDTF) funded projects across the sectors provided in the Lotteries Act	Of the sample of projects verified by monitoring and evaluation by Q2, 5,191 jobs, through NLC funded projects were created or retained. Out of this total, 3,528 were permanent jobs created while 1,525 were temporary jobs. In addition, 107 secondary jobs were created.
R30 Billion in support programmes administered by or in partnership with the dtic-group	This output reflects the value of financial support provided by the dtic group to enterprises. It is measured as the value of financial support approved (but not necessarily disbursed) by the dtic, IDC and NEF including grants, loans, and equity and export promotion funds. Also included in the definition are financial disbursements from competition settlements, disbursements by the Social Employment fund, and BEE-mandated funds such as the employment equity investment programme (EEIP). In addition, the IDC and NEF will contribute R 24.2 billion to the annual target of R30 billion.	NLC funding provided for projects through the NLDTF	Due to adjudication of applications having commenced late in quarter two, only R35,433,629.00 was allocated during the quarter under review.

MINISTERIAL IMPACT TARGETS – Q2

CORE TARGETS	WHAT IT IS ABOUT	WHAT IS EXPECTED FROM THE NLC	WHAT HAVE WE DELIVERED AS THE NLC
1000 Case studies of firms, workers, entrepreneurs, professionals or communities impacted by the dtic measures; including 12 local films/ documentaries telling the SA story	This output refers to production of 1 000 case studies of firms, workers, entrepreneurs, professionals or communities impacted by the dtic measures; including 12 local films/documentaries telling the SA story. The output will be measured through a simple count of the dtic success stories profiled by the dtic programmes and entities through written case studies, examples used in presentations, website highlights, advertising campaigns and social media platforms; as well as financing of 12 films that tell the SA story, including aspects of our painful history development of charging infrastructure.	NLC = 200 (50 per quarter)	51 good stories case studies have been packaged for profiling.
52 Community Outreach Programmes by the dtic Group	This output refers to the undertaking of community outreach programmes by relevant programmes and entities within the dtic group. This entails: (1) Community outreach sessions showcasing the range of government support and programmes available to SMMEs (which includes bringing the dtic, DFIs, SARS and CIPC and other relevant agencies. (2) Information dashboards on each district; or (3) Coordination meeting with other entities to integrate dtic efforts within the district development model to bring the three spheres' contributions together.	20 education and awareness workshops in districts on the legislation	57 Education and Awareness workshops were conducted across nine provinces during the period.

MINISTERIAL IMPACT TARGETS Q2

CORE TARGETS	WHAT IT IS ABOUT	WHAT IS EXPECTED FROM THE NLC	WHAT HAVE WE DELIVERED AS THE NLC
Oversight of other entities to ensure that at least 95% of planned KPIs are achieved	This output refers to the implementation of effective oversight of the balance of the dtic's entities excluding the DFIs. The main measure is the production of Action Minutes which assess the efficiency of Technical Infrastructure institutions by ensuring that 95% of KPI's of their APP's are achieved.	Oversight over the regulatory entities and ensuring that 95% of KPIs on their APPs are achieved.	54% in Q2

ADDITIONAL APP PRIORITIES FROM THE MINISTER



13 ADDITIONAL PRIORITIES – Q2

MATTER	ACTIONS	QUARTER 2 PROGRESS
1. Complete implementation actions on the SIU findings to date, to complement the work of the law enforcement agencies, including integrity measures involving staff, recipients and Board members of the NLC	<ul style="list-style-type: none"> Lifestyle Audits as well as integrity testing will be actioned in the 2023/24 FY as per the APP indicator 1.3. 	<ul style="list-style-type: none"> Lifestyle audits has not yet commenced. Completed the Lifestyle Audit Framework. The Lifestyle audit policy currently being developed which will be consulted with Labor during Quarter 3. Lifestyle Reviews to commence in Quarter 3 based on a risk-based model.
2. Complete the review of the pro-active funding programme	<ul style="list-style-type: none"> Moratorium placed on proactive-funding (now referred to as research-based funding) The Policy and procedure is being reviewed Strategic partners identification & vetting as the implementors of research-based funding as per the APP indicator 4.1 	<p>Moratorium is still in place.</p> <p>The research-based policy is being resubmitted to the Board in October for consideration.</p> <p>The ToR has also been aligned and will be advertised in Q3.</p>

13 ADDITIONAL PRIORITIES – Q2

MATTER	ACTIONS	QUARTER 2 PROGRESS
3. Finalise investigations of all transactions involving consultants over the past 10 years, including law firms, IT services and public relations services	<ul style="list-style-type: none"> • Create a repository of all forensic investigation reports where the scope involved the investigation of service providers. • Compile a list of all service providers (Law Firms, IT Service and PR Services); • Generate payment reports for all transactions to the identified service providers. 	<p>• A Forensic investigation service provider was appointed to investigate the appointment and payment of 14 service providers where irregular expenditure was identified which includes a Law, IT and Public Relations firms. The Forensic report has been received and the Commission has started with the implementation of the recommendations.</p> <p>• Supplier payment reports have been generated for the past 10 Financial years and the Internal Audit Division is in the process of identifying and grouping the respective service providers for further analyses.</p> <p>• A total of 1752 service providers were identified amounting to R 1,74 billion over a ten-year period. The first phase of the reviews will consider payments to Law Firms, IT, PR and consulting firms.</p>

13 ADDITIONAL PRIORITIES – Q2

MATTER	ACTIONS	QUARTER 2 PROGRESS
4. Initiate a wider investigation beyond the pro-active funding projects, to include all contracts by the NLC and all channels through which payments were made by or on behalf of the NLC	<ul style="list-style-type: none"> Conduct a desktop assessment on the appointment of the service providers and payments made to identify any possible red flags. When detailed investigations are required, follow the investigation process. 	<ul style="list-style-type: none"> The NLC responded to 167 requests received from the Special Investigations Unit for grant funding files in relation to pro-active funding and application-based investigations. All contracts and channels of payments will be considered during the exercise performed in Priority 3.
5. Investigations into the activities of the regions of the NLC	<ul style="list-style-type: none"> GF matters covered by the SIU (SIU to provide update to the Minister) Acquisition of buildings, electrical work, engineers, etc require discussion and a separate ToR 	During the quarter, a total of sixteen (16) site visits were conducted in the provinces of Northern Cape, Free State, Limpopo, and Western Cape by the Forensic Investigation team.

13 ADDITIONAL PRIORITIES – Q2

MATTER	ACTIONS	QUARTER 2 PROGRESS
6. Review all previous forensic and internal reports and consider recommendations for systemic changes to avoid opportunities for corruption	<ul style="list-style-type: none"> Initiate a process to create a repository and database of all previous reports: <ul style="list-style-type: none"> Forensic reports (conducted internally) Forensic Reports (conducted externally) Internal Audit Reports (Per Financial year) AGSA Reports (per financial year) <p>Capture reports, findings and recommendations in a database.</p> <p>Confirm and validate implementation of recommendations and provide an assessment per report in terms of completion</p>	<ul style="list-style-type: none"> A detailed Forensic Investigation Register has been compiled. Implementation of recommendations arising from Forensic Reports are tracked on a quarterly basis. This includes opening of criminal cases, disciplinary action, civil recovery, and improvement in internal controls. A list of all previous outsourced forensic investigation reports (managed by the legal services unit) were requested and captured on a Forensic Register. The review of these forensic reports is in process, and the verification of the implementation of recommendations will be tracked on the Forensic Case register until an electronic case management system is implemented. Internal audit report findings are included in a tracking register where implementation of recommendations is tracked quarterly. The report is presented to the Board Audit and Risk Committee quarterly.
7. Review findings of Auditor General in management reports over the past 10 years	<ul style="list-style-type: none"> Repeat findings register to be formulated for analysis and review 	<ul style="list-style-type: none"> A tracking register has been compiled for the current AGSA findings and recommendations. A request has been submitted to the AGSA for Audit reports for the period 2012 to 2020. The AGSA methodology includes the follow up on the implementation of previous years findings and conclusion on the implementation thereof in the current years audit report. All previous outstanding AGSA is carried over if unresolved.

13 ADDITIONAL PRIORITIES – Q2

MATTER	ACTIONS	QUARTER 2 PROGRESS
8. Support for whistle-blowers who were threatened or dismissed	<ul style="list-style-type: none"> As per the NLC Reparation Project 	The Board supported the establishment of a Reparation committee and the process is underway..
9. Addressing the position of communities or NGOs who were deprived of the support for which the NLC funding was designed	<ul style="list-style-type: none"> The process has commenced as per APP indicator 2.1 wherein a survey of applicants will be undertaken to determine the basis for improvement of service delivery for the NLC 	The survey is in progress.
10. Promoting transparency: consider publication of monthly reports on beneficiaries with details of project geo-location	<ul style="list-style-type: none"> Publication of monthly payments will be implemented from June 2023 (geo-location not possible at this stage but we will include the province) 	Monthly payments have been published since June 2023. During the second quarter, 494 projects were paid for good causes to the value of R163.8 million.

13 ADDITIONAL PRIORITIES – Q2

MATTER	ACTIONS	QUARTER 2 PROGRESS
11. Oversight visits to project sites by NLC Board	<ul style="list-style-type: none"> Ops to devise a project plan for quarterly visits of projects by the Board 	The oversight visits to the provinces being undertaken by the Chairman will continue to be rolled-out.
12. Approve grant funding that positively impacts on communities and the targeted sectors, and that is free from corruption.	<ul style="list-style-type: none"> Implementation of internal controls including the inspectorate function; risk-based model & review of the AS-IS business process Implementation of the Dx Strategy to enhance systems that improve transparency in the GF value chain 	The Pre-Inspection Risk Matrix was finalized and is being implemented. This ensures that projects with medium and high thresholds are validated before any processing of applications begins.
13. Publish requests for proposals for the new Lotto license, evaluate the applications and make recommendations on suitable firms	<ul style="list-style-type: none"> The Section 13 RFP Notice was issued by the Minister in August 	<p>The RFP Briefing Session was held on 30 and 31 August, following the Section 13 Notice, wherein prospective applicants for the Fourth National Lottery and Sports Pools Licence were briefed on the Licencing process.</p> <p>The RFP document was made available for sale on 31 August. Several interested parties have since bought the RFP document.</p>

MONITORING AND EVALUATION

DATA PER PROVINCE

PROJECT MONITORING: PROVINCES

Province	Q1	Q2	Sector				Total YTD
			Charities	Arts	Sport	Miscellaneous	
Eastern Cape	99	107	106	15	72	3	206
Free State	61	55	66	29	19	2	116
Gauteng	106	146	68	69	108	7	252
Kwa-Zulu Natal	103	99	86	41	71	4	202
Limpopo	101	103	141	18	40	5	204
Mpumalanga	68	78	71	30	42	3	146
Northern Cape	46	53	56	17	25	1	99
North-West	86	103	81	61	45	2	189
Western Cape	99	81	59	31	87	3	180
Total	769	825	744	311	509	30	1 594

For the Quarter under review a total of 825 project monitoring assessments were undertaken against a target of 750. Cumulative project monitoring assessments is 1 594. Most of the monitoring assessments were conducted within the Charities sector with the highest percentage of 47%, followed by the Sport and Recreation sector at 32%, Arts and Culture sector at 19%, and 2% for Miscellaneous.

MONITORING AND EVALUATION

JOB CREATION STATS

Province	No of permanent jobs created / retained		No of temporary jobs created / retained		Total
	Q1	Q2	Q1	Q2	
Eastern Cape	148	250	19	43	460
Free State	156	240	68	29	493
Gauteng	198	242	82	105	627
Kwa-Zulu-Natal	211	244	189	244	888
Limpopo	335	303	252	138	1028
Mpumalanga	190	396	5	61	652
North-West	229	115	112	63	519
Northern Cape	35	22	15	23	95
Western Cape	140	74	0	12	226
Grand Total	1 642	1 886	742	718	4 988

A total of 2,604 jobs were created or retained by NLC funded projects for Q2 from the sampled data. KZN Province provided the highest number of jobs (488) while Northern Cape province recorded the lowest (45).

MONITORING AND EVALUATION

JOB CREATION BY DESIGNATED GROUPS

Sector	PWD		Youth		Adults		Total YTD
	Q1	Q2	Q1	Q2	Q1	Q2	
Charities	10	1	412	547	1 321	1 448	3 739
Arts and Culture	0	3	278	295	240	241	1 057
Sport and Recreation	0	0	60	0	13	0	73
Miscellaneous	0	0	34	28	16	41	119
Total	10	4	784	870	1 590	1 730	4 988

A total of 870 (33%) jobs were created for youth,
1,730 (66%) for adults and
4 (0,15%) for People Living with Disabilities (PWD).

Q2 FINANCIAL PERFORMANCE

	Unaudited (2022/23) (R'000)	Annual Target 2023/24 (R'000)	Q1 2023/24 (R'000)	Q2 2023/24 (R'000)	YTD Sept 2023/24 (R'000)
Lottery Ticket Sales (incl. VAT)	7 127 066	7 232 319	1 748 646	1 749 523	3 498 169
Share of ticket sales	1 641 380	1 815 499	408 905	448 790	857 695
Lottery fees and Societies	96	62	20	6	26
Grant Allocations	1 172 631	1 401 749	-	35 434	35 434
Cash Disbursements	1 490 721	N/A	113 063	163 819	276 882
Turnaround times for 1st tranches	35 days	60 days	125 days	210 days	159 days

- As of 30 September 2023, NLDTF contributions from the sale of national lottery tickets amounted to R858 million (30 September 2022: R821 million), which translates to a year-to-date increase of 4.5%.
- There is an underperformance of 4% against the year-to-date budget of R897 million in September 2023.
- Fees from lotteries and societies amount to R26 thousand for the period ended August 2023.
- Grants of R35 million have been allocated to date and R277 million of disbursements have been processed.
- The liability as of 30 September 2023 was R219 million (31 August 2022: R 225 million), a 3% decrease year to date. As from October 2022, the increase in the liability is due to moratorium on payments for projects in some sectors and the revised processes in the Grant Funding space.
- Turnaround times relating to the first tranche payments are at 159 days vs the legislated turnaround time of 60 days and processes have been implemented to reduce these turnaround times.



STATEMENT OF FINANCIAL PERFORMANCE



	Budget	Actual	Variance	Reasons
Revenue from non-exchange transactions	968 799	923 040	5%	
Revenue from share of ticket sales	896 613	857 695	4%	The variance is mainly due to the jackpots being won, resulting in the jackpots starting at their baseline levels.
Unclaimed and unexpired prize money	70 000	57 721	18%	The was a less number of unclaimed prizes which expired during the period than anticipated.
Interest from the Participants Trust	769	5 272	585%	The interest from NLPT is over-performing due to increase in interest rates
RFP Lottery Fee - Application Fee	-	935	100%	The revenue received relates to fees to access the RFP document.
Revenue from exchange transactions	56 123	102 827	83%	
Interest income	55 092	102 398	86%	Variance is largely attributed to the increase in interest rates and the increase to the NLDTF bank balance.
Lottery fees and Societies	31	32	4%	
Sundry Income	1 000	397	60%	There has been less beneficiaries that returned funds than anticipated
Total Revenue	1 024 922	1 025 867		

STATEMENT OF FINANCIAL PERFORMANCE



			Year to Date R'000	
	Budget	Actual	Variance	Reasons
Expenses	(999 218)	(248 311)	75%	
Net Grants Allocated	(700 654)	(17 971)	97%	The DA have adjudication have been off to a slow start
Employee Costs	(152 041)	(144 116)	5%	The variance is as result of positions that were budgeted for which have not yet been filled .
				The variance in goods and service is maily driven by under-spending in the following line items
				Consulting fees
				Board fees
				Outsource service
				Advertising & Publicity
				Travel & Accommodation
				Staff training
Goods and service	(146 522)	(86 224)	41%	Staff welfare
Net Surplus/(Deficit)	25 704	477 556		

STATEMENT OF FINANCIAL POSITION

R'000	Period ended September 2023	Year-end 31 March 2023
Non-current assets	204 443	203 756
Current assets	3 188 305	3 000 124
Total assets	3 392 748	3 203 880
Non-current liabilities	2 597	3 306
Current liabilities	596 915	720 832
Total liabilities	599 512	724 138
Equity	2 952 288	2 479 744
Total equity and liabilities	3 392 748	3 203 881

- Slight improvement in the financial position of the group compared to 31 March 2023.
- This is attributable mainly lower allocations offset by the weekly sales deposits by the operator.
- The non- current assets have seen a slight movement due to the intangible asset that is not depreciable, and it makes up a major part of the balance for the asset account.
- The current liabilities have decreased due payments made to beneficiaries and winners claiming their prizes.



a member of the dtic group

CASE STUDIES QUARTER 2



National Lotteries Commission

30 June · 🌐

Today in Pretoria, we welcomed @netballsa led by CEO Ms Blanche de LA Guerre as we officially joined in [#NetballFriday](#) in the build-up to the tournament next month!

Over the years, @netballsa has received over R20 million in grants from the NLC for various development programmes and competitions.

More recently, a grant for the Netball World Cup Legacy Project was approved, and this will see the construction of netball courts and capacity building across the country to grow ... [See more](#)



NLC Funded
Organisation:

Netball SA



Tshisa Talent is with Vanesa Thee Poet-star Mal-Tee and Poetess Xikombelo.

28 September at 12:35 · Plettenberg Bay · 🌐

The online poetry competition has officially come to an end!! Congratulations to the winners of our online poetry competition Vanesa Maleta👑 and Xikombelo🌟👑

Come see your favorites on the 7th October at the African Waves Arts Festival Discovery stage!

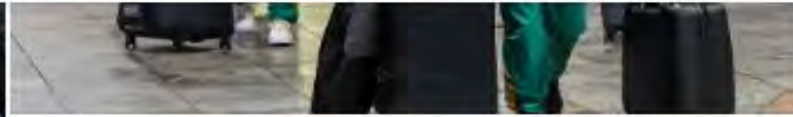
The Africa Waves Arts Festival is proudly sponsored by the [National Lotteries Commission](#)

[#tshisa4arts](#) [#plettarts](#) [#africawaves](#) [#tshisatalent](#) [#Plett](#) [#plettitsafeeling](#) [#Tshisa](#) [#awaf](#)



NLC Funded
Organisation :

Tshisa Talent



University Sport South Africa

21 July · 🌐


✈️ First group of [#TeamSA](#) at OR Tambo International Airport for their flight to the World University Games.

[#Chengdu2021](#) [#BetterNeverStops](#) Chengdu 2021 FISU World University Games
Department of Sport, Arts and Culture National Lotteries Commission FISU
[FASU-Africa University Sports](#)

NLC Funded
Organisation:

University
Sports SA

NLC Funded Organisation: Usapho Foundation

A screenshot of a social media post from the Usapho Foundation. The post features a photograph of several people's hands holding large, interlocking wooden gears. In the top left corner of the photo is the Usapho logo, which consists of a stylized 'i' and 'u' in blue and yellow, followed by the text 'USAPHO' in blue and 'BUILDING BETTER FAMILIES' in smaller blue letters. At the bottom of the photo is a yellow banner with the text 'OUR PARTNERS' in large, bold, black letters, and 'A Heartfelt Thank You to National Lotteries' in smaller black letters below it. To the right of the photo is a dark navigation bar with icons for zooming in (+), zooming out (-), and a share icon. Below the photo is a grey circular button with a white right-pointing arrow. To the right of the photo is the social media post content, which includes the Usapho logo, the name 'Usapho Foundation', the date '18 September', and three dots for more options. The post text reads: 'At Usapho Foundation, we are elated to extend our heartfelt appreciation to our esteemed partner **National Lotteries Commission**, for their invaluable partnership in our shared pursuit of creating a positive and lasting impact in our community.' This is followed by another paragraph: 'As we continue this remarkable journey together, we want to acknowledge **National Lotteries Commission** dedication and passion for making a difference.' The post concludes with 'Your commitment to our cause inspires us to keep pushing boundaries and striving f... See more' and '— with **National Lotteries Commission**.'

USAPHO
BUILDING BETTER FAMILIES

OUR PARTNERS
A Heartfelt Thank You to National Lotteries

Usapho Foundation
18 September · 🌐

At Usapho Foundation, we are elated to extend our heartfelt appreciation to our esteemed partner **National Lotteries Commission**, for their invaluable partnership in our shared pursuit of creating a positive and lasting impact in our community.

As we continue this remarkable journey together, we want to acknowledge **National Lotteries Commission** dedication and passion for making a difference.

Your commitment to our cause inspires us to keep pushing boundaries and striving f... [See more](#)

— with **National Lotteries Commission**.

#InclusionRevolution

You're the real heroes [Special Olympics South Africa!](#)

#FundingForImpact



NLC Funded
Organisation:

Special Olympics
South Africa



Special Olympics South Africa

6 September · 🌐

🌟 APPRECIATION POST 🌟

We are immensely grateful to the [National Lotteries Commission](#) for their continued support towards the athletes of Special Olympics South Africa.



National Lotteries Commission

Published by Millicent Sithole · 24 August ·

Memeza Community Safety launches innovative project today at Daveyton (Ekurhuleni), to combat Gender Based Violence (GBV) and prevent crime.

This **National Lotteries Commission** funded project leverages cutting-edge technology to empower individuals and community to respond effectively to crime and GBV incidents.

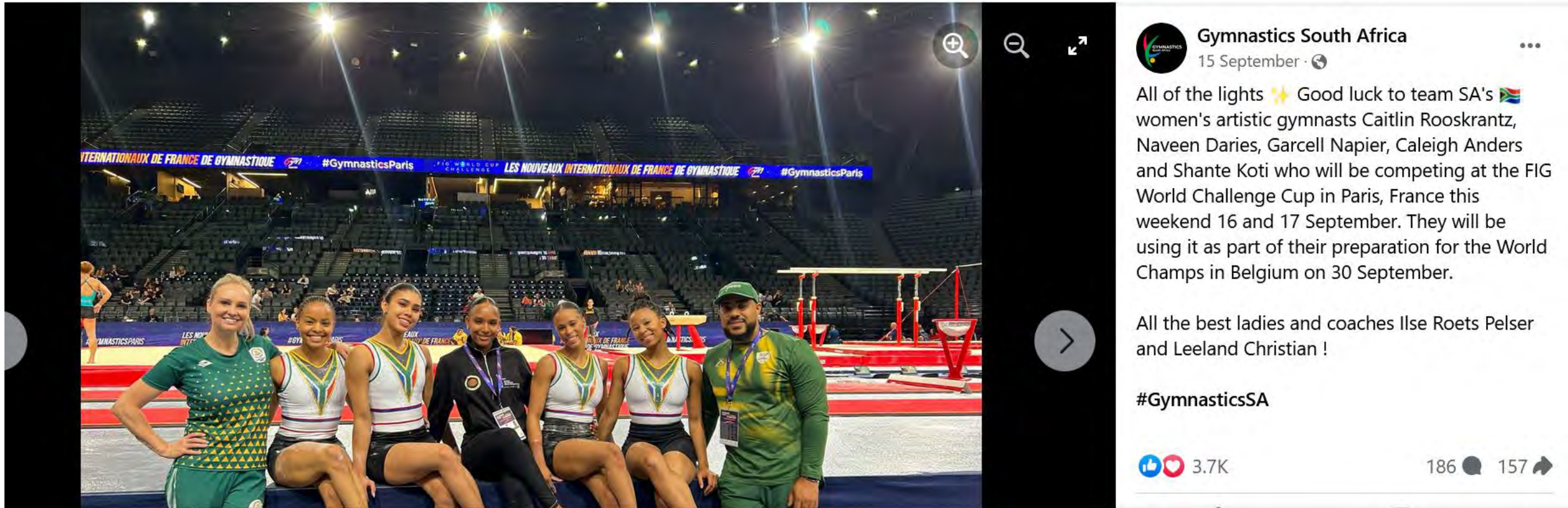
[#FundingForImpact](#)



NLC Funded
Organisation:

Memeza
Community
Safety –
Gauteng

NLC Funded Organisation: Gymnastics South Africa – GP





National Lotteries Commission

Published by Instagram · 28 September at 12:29 ·



The NLC Chairperson Prof NB Pityana second visit on the 28 of September 2023 was at ST Bernard's hospice in East London. This is part of the NLC Stakeholder Engagement drive to check immediate outcomes on the funded projects from NLC Grant Funding.

[#FundingForImpact](#)

[#ChangingLives](#)



NLC Funded
Organisation
Visit:

ST Bernard's
Hospice –
Eastern Cape



National Lotteries Commission

Published by Instagram · 27 September at 21:36 ·

Site visit by NLC Chairperson Prof NB Pityana to Masimanyane Women Support (GBV) in East London today. This is part of the NLC Stakeholder Engagement drive to check immediate outcomes on the funded projects from NLC Grant Funding.

#Funding for impact
#changinglives



NLC Funded
Organisation Site
Visit:

Mosimanye Women
Support in East
London – Eastern
Cape



National Lotteries Commission

7 September · 🌐

Compliance assessment of Fundraising Lottery scheme .

Today, our Regulatory Compliance team visited [South African Bone Marrow Registry \(SABMR\)](#) in Cape Town, to assist the organisation with full compliance on how to run a lawful lottery in line with the Lotteries Act and its Regulations.

SABMR is an NLC funded organisation that searches (both locally and internationally) for donors for patients in need of bone marrow stem transplantation.... [See more](#)



Regulatory Compliance: Fundraising Lotteries. South African Bone Marrow Registry (SABMR)



National Lotteries Commission

8 September · 🌐



Compliance assessment of Fundraising Lottery scheme.

This week, the Regulatory Compliance team also visited the [Rape Crisis Cape Town Trust](#), to assist the organisation with full compliance on how to run a lawful lottery in line with the Lotteries Act and its Regulations.

[#FundraisingLotteries...](#) See more



Regulatory Compliance:
Fundraising Lotteries.
Rape Crisis Cape Town



The background features a large, hand-drawn style blue circle in the center. Surrounding it are several faint, light gray circular patterns, some with dashed lines and arrows indicating rotation. In the top right corner, there is a logo for the National Lotteries Commission (NLC) and a circular scale with numbers from 0 to 210.

Thank You